UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended **December 31, 2025**

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

For the transition period from__________________________to __________________________

Commission File Number: **001-36532**

Sphere 3D Corp.

(Exact name of Registrant as specified in its charter)

Ontario, Canada	**98-1220792**
(Jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*

243 Tresser Blvd, 17th Floor
Stamford, CT 06901
(Address of principal executive offices)

(647) 952-5049
(Registrant's telephone, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Shares	ANY	Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act:
None

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

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

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

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

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

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

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

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2025 was approximately $16.0 million based on the closing price on The Nasdaq Capital Market reported for such date.

As of March 23, 2026, there were 3,767,086 shares of the registrant’s common shares outstanding.

SPHERE 3D CORP.

TABLE OF CONTENTS

This Annual Report on Form 10-K contains forward-looking information that involves risks and uncertainties. This forward-looking information includes, but is not limited to, statements with respect to management's expectations regarding the future growth, results of operations, performance and business prospects of Sphere 3D. This forward-looking information relates to, among other things, future business plans and business planning process, uses of cash, and may also include other statements that are predictive in nature, or that depend upon or refer to future events or conditions. The words "could", "expects", "may", "will", "anticipates", "assumes", "intends", "plans", "believes", "estimates", "guidance", and similar expressions are intended to identify statements containing forward-looking information, although not all forward-looking statements include such words. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events.

Although forward-looking statements in this Annual Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include without limitation those discussed under the heading "Risk Factors" in *Part I, Item 1A.* below, as well as those discussed elsewhere in this Annual Report. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Annual Report. Readers are urged to carefully review and consider the various disclosures made in this Annual Report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects. References to "Notes" are to the notes included in our Notes to Consolidated Financial Statements.

Any reference to "Sphere 3D", "the Company", "we", "our", "us", or similar terms refers to Sphere 3D Corp. and its wholly owned subsidiaries. The information, including any financial information, disclosed in this Annual Report on Form 10-K (the "Annual Report") is stated as at December 31, 2025 or for the year ended December 31, 2025, as applicable, unless otherwise indicated. Unless otherwise indicated, all dollar amounts are expressed in U.S. dollar and references to "$" are to the lawful currency of the United States ("U.S.").

PART I

Item 1. Business

Overview

Sphere 3D was incorporated under the Business Corporations Act (Ontario) on May 2, 2007 as T.B. Mining Ventures Inc. On March 24, 2015, we completed a short-form amalgamation with a wholly-owned subsidiary. In connection with the short-form amalgamation, we changed our name to "Sphere 3D Corp." Any reference to the "Company", "Sphere 3D", "we", "our", "us", or similar terms refers to Sphere 3D Corp. and its subsidiaries. In January 2022, we commenced operations of our Bitcoin mining business and are dedicated to becoming a leader in the blockchain and cryptocurrency industry. We have established and continue to grow an enterprise-scale mining operation through the procurement of mining equipment and partnering with experienced service providers. In December 2023, we sold our service and product segment which focused on containerization and virtualization technologies along with data management products that enabled workload-optimized solutions. We plan to continue to focus on growing our Bitcoin mining operation.

On February 9, 2026, we filed an Articles of Amendment to effect a share consolidation (also known as a reverse stock split) of our issued and outstanding common shares in the ratio of 1-for-10. The share consolidation was effective on February 9, 2026. Our common shares began trading on an adjusted basis on the Nasdaq Capital Market at the opening of trading on February 10, 2026. All share and per share amounts have been restated for all periods presented to reflect the share consolidation.

Business Combination

On March 5, 2026, we and Cathedra Bitcoin Inc. ("Cathedra"), entered into a definitive agreement to combine the two companies, in an all-stock transaction, to create a high density computing power infrastructure company focused on high-performance compute, digital assets, energy optimization, and development of power and infrastructure. The strategic combination is anticipated to enable near-term vertical integration, positioning the new entity to accelerate scalable, high-efficiency deployment across North America by leveraging a focus on low-cost power, and operational efficiency. Under the terms of the definitive arrangement agreement, entered into on March 5, 2026 (the "Arrangement Agreement"), we have agreed to acquire all of the issued and outstanding shares of Cathedra (the "Transaction"), subject to customary closing conditions, including regulatory, court, and shareholder approvals, such that upon consummation of the Transaction, Cathedra will be a wholly-owned subsidiary of the Company. If the Arrangement Agreement is terminated in certain specified circumstances, we or Cathedra would be required to pay the other party a termination fee of $0.5 million.

Bitcoin and Blockchain

Bitcoin is a decentralized digital currency that operates on a peer-to-peer network, allowing users to send and receive payments without relying on banks or central authorities. It runs on a public blockchain, a distributed ledger where all transactions are recorded and secured through cryptographic verification. Within the Bitcoin ecosystem, there are three key participants: users, miners, and nodes. Users are individuals or businesses that send, receive, or store Bitcoin, typically using wallets. Miners are participants who use computational power to solve complex mathematical puzzles, validating transactions and adding them to the blockchain in exchange for newly minted Bitcoin and transaction fees as a reward for their work. Nodes are computers that maintain a full copy of the blockchain and help verify transactions, ensuring the network remains secure and decentralized. Together, these participants enable Bitcoin to function as a trustless, borderless, and censorship-resistant financial system.

In the Bitcoin network, transactions must be validated before they are added to the blockchain. When a user initiates a transaction, it is broadcast to the network and enters the mempool, where it awaits confirmation. Full nodes verify the transaction by checking the sender's balance and digital signature against the blockchain's history. Once verified, miners compete to include the transaction in a new block through a process called Proof of Work, where they solve a complex cryptographic puzzle to find a valid hash that meets the network's difficulty requirements. The first miner to solve the puzzle broadcasts the new block to the network, and if other nodes verify its validity, it is permanently added to the blockchain. As a reward for securing the network, the winning miner receives a block reward, which consists of newly minted Bitcoin, currently 3.125 BTC, along with transaction fees paid by users. Over time, as the block reward continues to halve approximately every four years, transaction fees will become an increasingly important incentive for miners to continue securing the network. This system ensures Bitcoin remains decentralized, secure, and resistant to inflation.

Bitcoin Mining

We obtain Bitcoin as a result of our mining operations, and when necessary, we sell Bitcoin to support our operations and strategic growth. We mine Bitcoin in states which do not have any material state-specific regulatory restrictions on the mining of Bitcoin. However, it is possible that these states or other states in which we may seek to operate may create laws that would impede Bitcoin mining. We do not currently plan to engage in regular trading of Bitcoin other than sales to convert our Bitcoin into U.S. dollars. Decisions to hold or sell our Bitcoin is currently determined by management by analyzing forecasts and monitoring the market in real time. We have a hybrid treasury strategy to hold Bitcoin when possible and sell to fund working capital requirements.

A key component of the Bitcoin mining business segment is to acquire highly specialized computer servers (known in the industry as "miners"), which operate application-specific integrated circuit ("ASIC") chips designed specifically to mine Bitcoin, and deploy such miners at-scale utilizing our hosting agreements. ASIC miners are the most effective and energy-efficient machines available today, and we believe deploying them at-scale, will enable us to continue growing our hashrate and optimize the output and longevity of our miners as they are deployed.

Our Bitcoin mining operation is focused on maximizing our ability to successfully mine Bitcoin by growing our hashrate (the amount of computer power we devote to supporting the Bitcoin blockchain), to increase our chances of successfully creating new blocks on the Bitcoin blockchain (a process known as "proof of work"). Generally, the greater share of the Bitcoin blockchain's total network hashrate (the aggregate hashrate deployed to solving a block on the Bitcoin blockchain) a miner's hashrate represents, the greater that miner's chances of solving a block and, therefore, earning the block reward. As the proliferation of Bitcoin continues and the market price for Bitcoin increases, we expect additional miner operators to enter the market in response to an increased demand for Bitcoin which we anticipate to follow increased Bitcoin prices. As these new miner operators enter the market and as increasingly powerful miners are deployed in an attempt to solve a block, the Bitcoin blockchain's network hashrate grows, meaning an existing miner must increase its hashrate at pace commensurate with the growth of network hashrate to maintain its relative chance of solving a block and earning a block reward. As we expect this trend to continue, we will need to continue growing our hashrate to compete in our dynamic and highly competitive industry.

As of December 31, 2025, we owned approximately 12,600 miners, of which approximately 4,200 were in service and have a total hashrate capacity of 0.73 exahash per second ("EH/s"). We are strategizing for our future growth by refreshing a significant portion of our fleet with newer-generation machines to bolster efficiency. Beginning March 2025, we have a self-owned 8 megawatt ('MW") facility in Iowa ("Iowa Site"). As of February 2026, with the sale of approximately 7,700 older generation miners not in service for 437 newer generation miners, we have approximately 5,300 miners and our refresh of our miner fleet is substantially complete. Vertically integrating with self-owned facilities, such as our Iowa Site, allows us to reduce our reliance on third-party hosting sites and decrease our overall cost to mine a Bitcoin. As a result of our strategic changes, during the latter part of 2024 and ongoing, mining production has decreased as we focused on our long-term strategic goals of transitioning to lower-cost hosting sites, vertically integrating to own our own site, and refreshing our fleet with newer-generation machines.

In 2025, we mined 111.6 Bitcoin, which represented a decrease of 61.0% over the 286.3 Bitcoin we mined in 2024. The decrease was primarily due to the April 2024 halving event, our transition to lower-cost hosting sites, and refreshing our fleet with newer-generation machines. Based on our existing operations and expected deployment of miners we have purchased, we anticipate continuing to increase exahash throughout 2026. We do not have scheduled downtime for our miners. We periodically perform both scheduled and unscheduled maintenance on our miners. Depending on the type of repair, the miner may run at a reduced speed or be taken offline. We use software programs to monitor the performance of our machines. The miners owned as of December 31, 2025 have an average efficiency (joules per terahash – "J/th") of 22.0 J/th compared to an average efficiency of 27.1 J/th in 2024. We expect efficiency to improve in 2026 to approximately 19.0 J/th. The miner efficiency is an indication of how efficiently we can earn Bitcoin and minimize cost to run the miner. Currently, we intend only to mine Bitcoin and we hold no other cryptocurrency other than Bitcoin. We do not have any power purchase agreements for the supply of power.

As of December 31, 2025, we held approximately 37.3 Bitcoin with a fair value of approximately $3.3 million included on our consolidated balance sheet.

Mining Pools

A mining pool is a service operated by a mining pool operator that pools the resources of individual miners to share their processing power over a network. Mining pools emerged in response to the growing difficulty and network hash rate competing for Bitcoin rewards on the Bitcoin blockchain as a way of lowering costs and reducing the risk of an individual miner's mining activities. The mining pool operator coordinates the computing power of the independent mining enterprises participating in the mining pool. Mining pools are subject to various risks such as disruption and down time. In the event that a pool we utilize experiences down time or is not yielding returns, our results may be impacted.

We are engaged with a Bitcoin mining pool operator as our customer, to provide a service to perform hash calculations for the mining pool operator, which is our only performance obligation. Providing hash calculation services is an output of our ordinary activities. We have a service agreement with Foundry Digital LLC, a mining pool operator, to provide a service to perform hash calculations. In exchange for providing the service, we are entitled to Full Pay Per Share ("FPPS"), which is a fractional share of the fixed Bitcoin award the mining pool operator receives, plus a fractional share of the transaction fees attached to that blockchain less net Bitcoin fees due to the mining pool operator over the measurement period, as applicable. The pay-outs received are based on the expected value from the block reward plus the transaction fee reward, regardless of whether the mining pool operator successfully records a block to the blockchain. In 2024 we also had a service agreement with an additional mining pool operator, Luxor Technology Corporation.

Our fractional share is based on a contractual formula, which primarily calculates the hashrate provided to the mining pool as a percentage of total network hashrate and other inputs. The contracts, which are less than 24 hours and continuously renew throughout the day, are terminable at any time by either party without compensation and our enforceable right to compensation only begins when we start providing the service to the mining pool operator, which begins daily at midnight Universal Time Coordinated ("UTC"). The terms, conditions, and compensation are at the current market rates, and accordingly the renewal option is not a material right. The contract arises at the point that we provide hash calculation services to the mining pool operator, which is the beginning of the contract day at midnight UTC time (contract inception), as customer consumption is in tandem with daily earnings of delivery of the service. According to the customer contract, daily earnings are calculated from midnight-to-23:59:59 UTC time, and the payout is made one hour later at 1:00 AM UTC time.

Hosting Agreements

On November 1, 2025, we entered into a Hosting Agreement with North Campbell HostCo LLC (the "Campbell Hosting Agreement"), for rack space, network services, electrical connections, routine facility maintenance, and technical support of certain of our mining equipment. The Campbell Hosting Agreement has an initial term of 12 months and can be terminated based on certain defaults defined in such agreements.

On April 19, 2024, we entered into a Master Hosting Agreement with Simple Mining LLC ("Simple Mining") for rack space, network services, electrical connections, routine facility maintenance, and technical support of certain of our mining equipment. On September 25, 2024, we entered into Amendment No. 2 to the Master Hosting Agreement ("Simple Mining Hosting") for certain of our mining machines to be hosted at Simple Mining's facility in Iowa. The Simple Mining Hosting agreement has a term of two years and can be terminated by us with 30 days advance notice. On September 25, 2024, we entered into Amendment No. 3 to the Master Hosting Agreement ("Simple Mining XP Hosting") for certain mining machines to be racked at Simple Mining's facility in Iowa until our Iowa Site was completed. The Simple Mining XP Hosting agreement can be terminated by us with 30 days advance notice. In November 2025, the Simple Mining Hosting and Simple Mining XP Hosting agreements were mutually terminated.

On October 18, 2023, we entered into a Hosting Agreement with Joshi Petroleum, LLC (the "Joshi Hosting Agreement") for rack space, network services, electrical connections, routine facility maintenance, and technical support of certain of our mining equipment. The Joshi Hosting Agreement has an initial term of three years with subsequent one year renewal periods until either party provides written notice to the other party of its desire to avoid and given renewal term at least 30 days in advance of the conclusion of the prior initial term or renewal period. Effective January 2, 2026, the Joshi Hosting Agreement was assigned to Evolution Technology LLC.

On April 4, 2023, we entered into a Master Hosting Services Agreement with Rebel Mining Company, LLC (the "Rebel Hosting Agreement") for rack space, network services, electrical connections, routine facility maintenance, and technical support of certain of our mining equipment. The Rebel Hosting Agreement had a term of three years with subsequent one year renewal periods. During the year ended December 31, 2024, we recorded a $0.9 million impairment to prepaid service fees held by Rebel Mining Company and is included in impairment of other assets on the consolidated statement of operations. On January 16, 2025, we terminated the Rebel Hosting Agreement and agreed to a settlement amount of $2.4 million payable to us in satisfaction of all obligations of the Rebel Hosting Agreement and it constitutes a final settlement of all amounts owed by either party of the Rebel Hosting Agreement. For the year ended December 31, 2025, we recorded a $0.3 million impairment for the portion of the settlement that was not received by us and is in default.

Management Agreement

In March 2025, we entered into a management services agreement with Simple Mining LLC ("Simple Mining") to manage our Iowa Site for a term of 12 months, with automatic renewals for subsequent terms of 12 months unless terminated by either party with written notice 30 days prior to the expiration of the then current term.

At-the-Market Offering Program

On January 3, 2025, we entered into a sales agreement (the "AGP Agreement") with A.G.P./Alliance Global Partners (the "Sales Agent"). In accordance with the terms of the AGP Agreement, the Company may offer and sell from time to time through or to the Sales Agent, as agent or principal, the Company's common shares having an aggregate offering price of up to $8.0 million (the "Placement Shares"). The AGP Agreement can be terminated by either party by giving two days written notice.

Neither us nor the Sales Agent are obligated to sell any Placement Shares pursuant to the AGP Agreement. Subject to the terms and conditions of the AGP Agreement, the Sales Agent will use commercially reasonable efforts, consistent with its normal trading and sales practices and applicable state and federal law, rules and regulations and the rules of The Nasdaq Capital Market ("Nasdaq"), to sell the Placement Shares from time to time based upon our instructions, including any price, time or size limits or other customary parameters or conditions we may impose. Sales of the Placement Shares, if any, will be made on Nasdaq at market prices by any method permitted by law deemed to be an "at the market offering" as defined in Rule 415 of the Securities Act of 1933, as amended.

Environmental Issues

At our Iowa Site, we purchase electricity from the electrical grid. No significant pollution or other types of hazardous emissions result from our direct operations, and it is not anticipated that our operations will be materially affected by federal, state or local provisions concerning environmental controls. Our costs of complying with environmental, health and safety requirements have not historically been material.

Some local, state and federal policymakers have expressed concerns over the energy consumption of data centers, including those supporting bitcoin mining, HPC, AI workloads, and the ancillary effects on the environment from that energy consumption. These concerns generally relate to grid reliability. We carefully monitor existing and pending climate change legislation, regulation and international treaties or accords for any material effect on our business or markets that we serve, our operational results, our capital expenditures or our financial position.

Intellectual Property

We actively use specific hardware and software for our Bitcoin mining operations. We do not currently own, and do not have any current plans to seek, any patents in connection with our Bitcoin mining operations.

Competitive Conditions

Our business is highly competitive and operates 24 hours a day, seven days a week. The primary drivers of competition are demand for Bitcoin and the ability to execute miner deployments to generate the highest returns while incurring the lowest costs to mine, thereby achieving maximum efficiency.

Our competition in the Bitcoin mining space fluctuates due to a number of factors, including, but not limited to, the value of Bitcoin rewards for mining, the amount of network hashrate, and the price of Bitcoin. We anticipate that over the long-term there will be a significant increase in the number of Bitcoin miners attempting to enter into, and expand, their Bitcoin mining activities. Our main competitors generally include other Bitcoin mining companies, both publicly listed and private. As more Bitcoin miners enter the mining industry, we expect additional pressure on the industry, with greater competition for access to mining rewards, competition for power and high-quality industrial scale mining infrastructure which is in limited supply.

We rely on both owned mining facilities and hosting arrangements to conduct our business, and the availability and stability of these arrangements remain uncertain and highly competitive. Hosting arrangements, in particular, may be affected by changes in regulations across different countries, while owned facilities present additional risks, including operational challenges, infrastructure maintenance, and energy costs. Significant competition for suitable mining data centers is expected to persist, and government regulations—such as local permitting requirements—could further restrict the ability of both hosted and owned mining operations to begin or continue operating in certain locations. These factors could impact our ability to secure adequate infrastructure to support some of our hashrate and maintain profitable mining operations.

For a more detailed description of competitive and other risks related to our business, see *Item 1A. Risk Factors*.

Protection of Bitcoin Assets

Our share of Bitcoin mined from our pool is initially received by us in wallets we control, which are maintained by BitGo Trust Company, Inc. ("BitGo"), a U.S.-based digital assets exchange. We hold our Bitcoin in cold storage. Bitcoin held in cold storage is reconciled monthly and associated with unique blockchain addresses, with their activity recorded on the blockchain. For security reasons, BitGo does not disclose the geographic location of its cold storage wallets to its customers. Our custody agreement with BitGo provides that BitGo will obtain and maintain at its sole expense insurance coverage in such types and amounts as are commercially reasonable for the custodial services provided under the custody agreement. We do not carry additional insurance coverage on our bitcoin holdings. Further, we are not aware of any insurance providers or other third parties having inspection or other verification rights associated with digital assets held in storage.

Bitcoin we mine or hold for our own account may be subject to loss, theft or restriction on access. Hackers or malicious actors may launch attacks to steal, compromise or secure bitcoins, such as by attacking the bitcoin network source code, exchanges, miners, third-party platforms (including BitGo), cold and hot storage locations or software, or by other means. We may be in control and possession of substantial holdings of Bitcoin, and as we increase in size, we may become a more appealing target of hackers, malware, cyberattacks or other security threats. See Part I, Item 1C. "Cybersecurity" of this Annual Report on Form 10-K.

Industry Trends

Bitcoin market prices have historically been volatile, and fluctuations in Bitcoin prices continue to materially influence the economics of Bitcoin mining and the availability of capital within the industry. Periods of elevated Bitcoin prices have historically enabled mining companies, including publicly traded operators, to access equity and debt capital markets to fund infrastructure expansion, equipment purchases, and operational growth. These capital inflows, together with continued improvements in mining hardware efficiency, have contributed to sustained increases in global network hashrate. As network hashrate has grown, mining difficulty has increased accordingly, resulting in greater competition among miners and increasing the importance of operational efficiency, access to low-cost and reliable energy sources, and prudent capital management. Competitive pressures are expected to persist, particularly during periods in which higher Bitcoin prices incentivize additional network participation.

In addition to changes in Bitcoin prices, miner revenues are influenced by the composition of block rewards, which consist of both the fixed block subsidy and transaction fees paid by network users. Transaction fee levels have historically been volatile and are largely dependent on overall network usage and demand for block space. Increased adoption of Bitcoin and evolving on-chain activity have periodically resulted in higher transaction fees, which are paid directly to miners and supplement the block subsidy earned upon successfully validating a block. Following the April 2024 halving event, which reduced the block subsidy to 3.125 BTC per block, transaction fees may represent a more meaningful component of total miner revenue over time; however, the magnitude and consistency of such fees remain uncertain and may fluctuate significantly.

The Bitcoin mining industry has also continued to evolve structurally, with many operators increasingly emphasizing the value of their underlying power infrastructure and data center capabilities. Access to scalable energy capacity has become a primary competitive differentiator, and certain mining companies have begun exploring or implementing diversification strategies, including high-performance computing, artificial intelligence, and data center hosting applications that leverage existing infrastructure. While these initiatives may provide opportunities to diversify revenue streams and improve asset utilization, they also introduce additional operational, capital, and market risks. As a result, the Bitcoin mining industry is increasingly characterized as a capital-intensive digital infrastructure sector operating at the intersection of energy markets, data center development, and digital asset production.

Governmental Regulations

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

Regulations may substantially change in the future and it is presently not possible to know how those regulations will apply to our businesses, or when they will be effective. As the regulatory and legal environment evolves, we may become subject to new laws and further regulation by the SEC and other agencies, which may affect our mining and other activities. For instance, various bills have been proposed in the U.S. Congress related to our business, which may be adopted and have an impact on us. Additionally, governmental agencies and regulatory authorities, such as the SEC, the Federal Trade Commission and the Financial Crimes Enforcement Network of the U.S. Department of the Treasury, may also enact further regulations related to our business, which may have an impact on us. For additional discussion regarding our belief about the potential risks existing and future regulation pose to our business, see *Item 1A. Risk Factors—Risks Related to Our Business*.

Employees

As of December 31, 2025, we had four employees, two of which were full time.

Item 1A. Risk Factors

An investment in our Company involves a high degree of risk. Each of the following risk factors in evaluating our business and prospects as well as an investment in our Company should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. If any of the following risks occur, our business and financial results could be harmed and the trading price of our common shares could decline.

Risks Related to Our Business

Our total revenue is substantially dependent on the price of Bitcoin and volume of Bitcoin transactions. If such price or volume declines, our business, operating results, and financial condition would be adversely affected.

We generate all of our revenue from Bitcoin mining. As such, any declines in the volume of Bitcoin transactions, the price of Bitcoin, or market liquidity for Bitcoin generally may result in lower total revenue. The price of Bitcoin and associated demand for buying, selling, and trading Bitcoin have historically been subject to significant volatility. The price and trading volume of Bitcoin is subject to significant uncertainty and volatility, depending on a number of factors, including:

- market conditions of, and overall sentiment towards, Bitcoin;
- changes in liquidity, market-making volume, and trading activities;
- trading activities on other cryptocurrency trading platforms worldwide, many of which may be unregulated, and may include manipulative activities;
- investment and trading activities of highly active retail and institutional users, speculators, miners, and investors;

- the speed and rate at which Bitcoin is able to gain adoption as a medium of exchange, utility, store of value, consumptive asset, security instrument, or other financial assets worldwide, if at all;
- decreased investor confidence in Bitcoin and cryptocurrency trading platforms;
- negative media publicity and events relating to the cryptocurrency economy;
- unpredictable social media coverage or "trending" of, or other rumors and market speculation regarding Bitcoin;
- the ability for cryptocurrency to meet user and investor demands;
- the functionality and utility of Bitcoin and its associated ecosystems and networks;
- increased competition from other payment services or other cryptocurrency that exhibit better speed, security, scalability, or other characteristics;
- regulatory or legislative changes and updates affecting the cryptocurrency economy;
- the maintenance, troubleshooting, and development of the blockchain networks underlying assets, including by miners, validators, and developers worldwide;
- the ability for cryptocurrency networks to attract and retain miners or validators to secure and confirm transactions accurately and efficiently;
- ongoing technological viability and security of cryptocurrency and their associated smart contracts, applications and networks, including vulnerabilities against hacks and scalability;
- fees and speed associated with processing Bitcoin transactions, including on the underlying blockchain networks and on cryptocurrency trading platforms;
- financial strength of market participants;
- the availability and cost of funding and capital;
- the liquidity of cryptocurrency trading platforms;
- interruptions in service from or failures of major cryptocurrency trading platforms;
- availability of an active derivatives market for Bitcoin;
- availability of banking and payment services to support cryptocurrency-related projects;
- level of interest rates and inflation; and
- environmental, social, and governance (ESG) concerns about power and water consumption.

There is no assurance that Bitcoin will maintain its value or that there will be meaningful levels of trading activities. In the event that the price of Bitcoin or the demand for trading Bitcoin declines, our business, operating results, and financial condition would be adversely affected.

Our operating results have and will significantly fluctuate due to the highly volatile nature of Bitcoin.

Our operating results are dependent on Bitcoin and the broader cryptocurrency economy. Due to the highly volatile nature of the cryptocurrency economy and the prices of Bitcoin, our operating results have fluctuated, and will continue to fluctuate from quarter to quarter in accordance with market sentiments and movements in the broader cryptocurrency economy. Our operating results will continue to fluctuate significantly as a result of a variety of factors, many of which are unpredictable and in certain instances are outside of our control, including:

- our dependence on offerings that are dependent on Bitcoin trading activity, including trading volume and the prevailing trading prices for Bitcoin, whose trading prices and volume can be highly volatile;
- market conditions of, and overall sentiment towards, the cryptocurrency economy; and
- system failure, outages, or interruptions, including with respect to third-party cryptocurrency trading platforms.

As a result of these factors, it is challenging for us to forecast growth trends accurately and our business and future prospects are difficult to evaluate, particularly in the short term. Further, any decrease in the price of Bitcoin creates a risk of increased losses or impairments. In view of the rapidly evolving nature of our business and the cryptocurrency economy, period-to-period comparisons of our operating results may not be meaningful, and you should not rely upon them as an indication of future performance. Quarterly and annual expenses reflected in our financial statements may be significantly different from historical or projected rates. Our operating results in one or more future quarters may fall below the expectations of securities analysts and investors. As a result, the trading price of our common shares may increase or decrease significantly.

Significant disruption in the cryptocurrency market may harm our reputation.

The price of Bitcoin has increased and decreased significantly during recent periods, and various Bitcoin related companies filed for bankruptcy or otherwise restructured. Due to these disruptions in the cryptocurrency market, among others, our customers, suppliers and other business partners may deem our business to be risky and lose confidence to enter into business transactions with us on terms that we deem acceptable. For example, our suppliers may require higher deposits or advance payments from us. In addition, new regulations may subject us to investigation, administrative or regulatory proceedings, and civil or criminal litigation, all of which could harm our reputation and negatively affect our business operation and the value of our common shares. As of the date of this annual report, we do not believe that our operations or financial conditions associated have been materially impacted by any reputational harm that we may face in light of the recent disruption in the cryptocurrency market. However, there is no guarantee that such disruption or any reputational harm resulting therefrom will not have a material adverse effect on our business, financial condition and results of operations in the future.

The future development and growth of cryptocurrency is subject to a variety of factors that are difficult to predict and evaluate. If cryptocurrency does not grow as we expect, our business, operating results, and financial condition could be adversely affected.

Cryptocurrency built on blockchain technology were only introduced in 2008. Cryptocurrency is designed for different purposes. Bitcoin, for instance, was designed to serve as a peer-to-peer electronic cash system, while Ethereum was designed to be a smart contract and decentralized application platform. Many other cryptocurrency networks, ranging from cloud computing to tokenized securities networks, have only recently been established. The further growth and development of any cryptocurrency and their underlying networks and other cryptographic and algorithmic protocols governing the creation, transfer, and usage of cryptocurrency represents a new and evolving paradigm that is subject to a variety of factors that are difficult to evaluate, including:

- many cryptocurrency networks have limited operating histories, have not been validated in production, and are still in the process of developing and making significant decisions that will affect the design, supply, issuance, functionality, and governance of their respective cryptocurrency and underlying blockchain networks, any of which could adversely affect their respective cryptocurrency;
- many cryptocurrency networks are in the process of implementing software upgrades and other changes to their protocols, which could introduce bugs, security risks, or adversely affect the respective cryptocurrency networks;
- security issues, bugs, and software errors have been identified with many cryptocurrencies and their underlying blockchain networks, some of which have been exploited by malicious actors. There are also inherent security weaknesses in some cryptocurrencies, such as when creators of certain cryptocurrency networks use procedures that could allow hackers to counterfeit tokens. Any weaknesses identified with cryptocurrency could adversely affect its price, security, liquidity, and adoption. 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 compute or staking power on a cryptocurrency network, as has happened in the past, it may be able to manipulate transactions, which could cause financial losses to holders, damage the network's reputation and security, and adversely affect its value;
- if rewards and transaction fees for miners or validators on any particular cryptocurrency network are not sufficiently high to attract and retain miners, a cryptocurrency network's security and speed may be adversely affected, increasing the likelihood of a malicious attack; and

- many cryptocurrency networks are in the early stages of developing partnerships and collaborations, all of which may not succeed and adversely affect the usability and adoption of the respective cryptocurrency.

Various other technical issues have also been uncovered from time to time that resulted in disabled functionalities, exposure of certain users' personal information, theft of users' assets, and other negative consequences, and which required resolution with the attention and efforts of their global miner, user, and development communities. If any such risks or other risks materialize, and in particular if they are not resolved, the development and growth of cryptocurrency may be significantly affected and, as a result, our business, operating results, and financial condition could be adversely affected.

Changing environmental regulation and public energy policy may expose our business to new risks.

Bitcoin mining operations require a substantial amount of power and can only be successful, and ultimately profitable, if the costs we incur, including for electricity, are lower than the revenue we generate from our operations. As a result, any mine we establish can only be successful if we can obtain sufficient electrical power for such mine on a cost-effective basis, and our establishment of new mines requires us to find locations where that is the case. For instance, our plans and strategic initiatives for expansion are based, in part, on our understanding of current environmental and energy regulations, policies, and initiatives enacted by regulators, and any such regulations that may be adopted in the future. Although we are not currently subject to environmental and energy regulations, policies or initiatives related to our Bitcoin mining operations in Missouri, Texas and Iowa, the states in which we mine Bitcoin, if new regulations in these jurisdictions are imposed, or if we begin mining Bitcoin in other jurisdictions that have such regulations, policies or initiatives, the assumptions we made underlying our plans and strategic initiatives may be inaccurate, and we may incur additional costs to adapt our planned business, if we are able to adapt at all, to such regulations.

There continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty for our business because the Bitcoin mining industry, with its high energy demand, may become a target for future environmental and energy regulation. New legislation and increased regulation regarding climate change could impose significant costs on us and our suppliers, including costs related to increased energy requirements, capital equipment, environmental monitoring and reporting, and other costs to comply with such regulations. Further, any future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. One such example is the recently passed legislation in the state of New York imposing a two-year moratorium on certain Bitcoin mining operations that run carbon-based power.

Given the political significance and uncertainty around the impact of climate change and how it should be addressed, we cannot predict how legislation and regulation will affect our financial condition and results of operations. Further, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by us or other companies in our industry could harm our reputation. Any of the foregoing could result in a material adverse effect on our business and financial condition.

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

Mining Bitcoin requires large amounts of electrical power, and electricity costs are expected to account for a significant portion of our overall costs. The availability and cost of electricity may restrict the geographic locations of our mining activities. Any shortage of electricity supply or increase in electricity costs in any location where we plan to operate may negatively impact the viability and the expected economic return for Bitcoin mining activities in that location and may negatively impact our business model. While the increase in cost of power is mitigated by our fixed price contracts, we are unable to control power outages due to factors such as inclement weather or state requests to curtail our use of power may impact our gross profit. Although we do not have any power purchase contracts directly with any utilities, we have been advised by our hosting partners that they have such contracts. In most cases we have a fixed cost of power built into our contracts with our hosting partners.

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

Furthermore, there may be significant competition for suitable cryptocurrency mining sites, and government regulators, including local permitting officials, may potentially restrict our ability to set up cryptocurrency mining operations in certain locations. They can also restrict the ability of electricity suppliers to provide electricity to mining operations in times of electricity shortage, or may otherwise potentially restrict or prohibit the provision of electricity to mining operations. In addition, if cryptocurrency mining becomes more widespread, government scrutiny related to restrictions on cryptocurrency mining facilities and their energy consumption may significantly increase. The considerable consumption of electricity by mining operators may also have a negative environmental impact, including contribution to climate change, which could set the public opinion against allowing the use of electricity for Bitcoin mining activities or create a negative consumer sentiment and perception of Bitcoin. This, in turn, could lead to governmental measures restricting or prohibiting cryptocurrency mining or the use of electricity for Bitcoin mining activities. Any such development in the jurisdictions where we plan to operate could increase our compliance burdens and have a material adverse effect on our business, prospects, financial condition, and operating results. Government regulators in other countries may also ban or substantially limit their local cryptocurrency mining activities, which could have a material effect on our supply chains for mining equipment or services and the price of Bitcoin. It could also increase our domestic competition as some of those cryptocurrency miners or new entrants in this market may consider moving their cryptocurrency mining operations or establishing new operations in the United States.

Additionally, our mining operations could be materially adversely affected by power outages and similar disruptions. Given the power requirements for our mining equipment, it would not be feasible to run this equipment on back-up power generators in the event of a government restriction on electricity or a power outage. 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, it would have a material adverse effect on our business, prospects, financial condition, and operating results.

Concerns about greenhouse gas emissions and global climate change may result in environmental taxes, charges, assessments, penalties or litigation, and could have a material adverse effect on our business, financial condition and results of operations.

The effects of human activity on global climate change have attracted considerable public and scientific attention, as well as the attention of the United States and other governments. Efforts are being made to reduce greenhouse gas emissions, particularly those from coal combustion power plants, upon which some of our hosting facility suppliers may rely for power. The added cost of any environmental taxes, charges, assessments or penalties levied on such power plants, or the cost of litigation filed against such power plants, could be passed on to us. Any enactment of laws or promulgation of regulations regarding greenhouse gas emissions by the United States, or any domestic or foreign jurisdiction in which we conduct business, could have a material adverse effect on our business, financial condition, or results of operations. In addition, as a result of negative publicity regarding environmental concerns associated with Bitcoin mining, some companies have ceased accepting Bitcoin for certain types of purchases, and additional companies may do so in the future, which may have a material adverse effect on our business, financial condition or results of operations.

We rely on hosting arrangements to conduct our business, and the availability of such hosting arrangements is uncertain and competitive and may be affected by changes in regulation in one or more countries.

If we are unable to successfully enter into definitive hosting agreements with mining data centers on favorable terms or those counterparties fail to perform their obligations under such agreements, we may be forced to seek alternative mining data centers to host its mining equipment.

Significant competition for suitable mining data centers is expected to continue, and other government regulators, including local permitting officials, may potentially restrict the ability of potential mining data centers to begin or continue operations in certain locations. They can also restrict the ability of electricity suppliers to provide electricity to mining operations in times of electricity shortage, or may otherwise potentially restrict or prohibit the provision of electricity to mining operations.

We face risks of downtime at hosting sites due to excessive weather or heat, which could have an adverse effect on the mining of Bitcoin and impact our revenues.

A disruption at hosting sites may affect the mining of Bitcoin. Generally, Bitcoin and our business of mining Bitcoin is dependent upon consistent operations at hosting sites. A significant disruption in a hosting site's ability to function due to adverse weather could disrupt mining operations until the disruption is resolved and have an adverse effect on our ability to mine Bitcoin, impacting our revenues.

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

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

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

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

As cryptocurrency may be determined to be investment securities, we may inadvertently violate the Investment Company Act of 1940 and incur large losses and third party liabilities as a result and potentially be required to register as an investment company or terminate operations.

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 of 1940 (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.

As a result of our investments and our mining activities, the investment securities we hold could exceed 40% of our total assets, exclusive of cash items and, accordingly, we could determine that we have become an inadvertent investment company. The cryptocurrency that we own, acquire or mine may be deemed an investment security by the SEC, and although we do not believe any of the cryptocurrency we own, acquire or mine are securities, any determination we make regarding whether cryptocurrency is a security is a risk-based assessment, not a legal standard binding on a regulatory body or court, and does not preclude legal or regulatory action. In general, novel or unique assets such as Bitcoin may be classified as securities if they meet the definition of investment contracts under U.S. law. In recent years, the offer and sale of cryptocurrency other than Bitcoin, most notably Kik Interactive Inc.'s Kin tokens and Telegram Group Inc.'s TON tokens, have been deemed to be investment contracts by the SEC. The SEC has also sued Genesis Global Capital LLC and Gemini Trust Company LLC over their crypto-lending program that allegedly violated investor-protection laws. Therefore, we cannot provide any assurances that Bitcoin we mine or otherwise acquire or hold for our own account will never be classified as a security under U.S. law. If Bitcoin were to be classified as a security under U.S. law, we would be obligated to comply with certain requirements by the SEC, which would cause us to incur significant, non-recurring expenses which would materially and adversely impact our business, prospects, financial condition, and operating results.

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 the date of this report, we do not believe we are an inadvertent investment company. We may take actions to cause the investment securities held by us to be less than 40% of our total assets, which may include acquiring assets with our cash and Bitcoin on hand or liquidating our equity investment securities or B or seeking a no-action letter from the SEC if we are unable to acquire sufficient assets or liquidate sufficient investment securities in a timely manner.

As the Rule 3a-2 exception is available to a company no more than once every three years, and assuming no other exclusion were available to us, we would have to keep within the 40% limit for at least three years after we cease being an inadvertent investment company. This may limit our ability to make certain investments or enter into joint ventures that could otherwise have a positive impact on our earnings. In any event, we do not intend to become an investment company engaged in the business of investing and trading securities.

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 us incurring substantial additional expenses, and the failure to register if required would have a materially adverse impact to conduct our operations.

If regulatory changes or interpretations of our activities require registration as a money services business under the regulations promulgated by The Financial Crimes Enforcement Network under the authority of the U.S. Bank Secrecy Act, we may be required to register and comply with such regulations. If regulatory changes or interpretations of our activities require the licensing or other registration of us as a money transmitter (or equivalent designation) under state law in any state in which we operate, we may be required to seek licensure or otherwise register and comply with such state law. In the event of any such requirement, to the extent we decide to continue operating, the required registrations, licensure and regulatory compliance steps may result in extraordinary, non-recurring expenses to us. We may also decide to cease operations. Any termination of certain operations in response to the changed regulatory circumstances may be at a time that is disadvantageous to investors.

To the extent that our activities cause us to be deemed a money service business under the regulations promulgated by the Financial Crimes Enforcement Network of the U.S. Treasury Department ("FinCEN") under the authority of the U.S. Bank Secrecy Act, we may be required to comply with FinCEN regulations, including those that would mandate us to implement anti-money laundering programs, make certain reports to FinCEN and maintain certain records.

To the extent that our activities cause us to be deemed a money transmitter or equivalent designation under state law in any state in which we operate, we may be required to seek a license or otherwise register with a state regulator and comply with state regulations that may include the implementation of anti-money laundering programs, maintenance of certain records and other operational requirements. Currently, the New York Department of Financial Services has finalized its "BitLicense" framework for businesses that conduct Bitcoin business activity. We will continue to monitor for developments in New York legislation, guidance, and regulations.

Such additional federal or state regulatory obligations may cause us to incur extraordinary expenses, possibly affecting our business in a material and adverse manner. Furthermore, we and our service providers may not be capable of complying with certain federal or state regulatory obligations applicable to money service businesses and money transmitters. If we are deemed to be subject to and determine not to comply with such additional regulatory and registration requirements, we may act to dissolve and liquidate us. Any such action may adversely affect an investment in us.

Regulatory changes or actions in one or more countries or jurisdictions may alter the nature of an investment in us or restrict the use of cryptocurrency in a manner that adversely affects our business, prospects or operations.

As cryptocurrency has grown in both popularity and market size, governments around the world have reacted differently, with certain governments deeming cryptocurrency illegal, and others allowing their use and trade without restriction. In some jurisdictions, such as in the United States, cryptocurrency is subject to extensive regulatory requirements. Several countries have taken and may continue to take regulatory actions in the future that could severely restrict our right to mine, acquire, own, hold, sell or use cryptocurrency or to exchange for local currency. For example, in China it is illegal to accept payment in Bitcoin and other cryptocurrency for consumer transactions and banking institutions are barred from accepting deposits of cryptocurrency.

Cryptocurrency is viewed differently by different regulatory and standards setting organizations globally as well as in the United States on the federal and state levels. For example, the Financial Action Task Force (“FATF”) and the Internal Revenue Service (“IRS”) consider a cryptocurrency as currency or an asset or property. Further, the IRS applies general tax principles that apply to property transactions to transactions involving cryptocurrency.

If regulatory changes or interpretations require the regulation of cryptocurrency under the securities laws of the United States or elsewhere, including the Securities Act of 1933, the Exchange Act and the Investment Company Act or similar laws of other jurisdictions and interpretations by the SEC, the Commodity Futures Trading Commission (“CFTC”), the IRS, Department of Treasury or other agencies or authorities, we may be required to register and comply with such regulations, including at a state or local level. To the extent that we decide to continue operations, the required registrations and regulatory compliance steps may result in extraordinary expense or burdens to us. Should compliance with these laws become overly burdensome and unprofitable we may decide to cease certain operations and change our business model.

Current and future legislation and SEC rule-making and other regulatory developments, including interpretations released by a regulatory authority, may impact the manner in which cryptocurrency is viewed or treated for classification and clearing purposes. In particular, cryptocurrency may not be excluded from the definition of “security” by SEC rule making or interpretation requiring registration of all transactions unless another exemption is available, including transacting in cryptocurrency among owners and require registration of trading platforms as “exchanges”.

Due to concerns around resource consumption and associated environmental concerns, particularly as such concerns relate to public utilities companies, various countries, states, and cities have implemented, or are considering implementing, moratoriums on Bitcoin mining in their jurisdictions. Such moratoriums would impede Bitcoin mining and/or Bitcoin use more broadly. For example, in November 2022, New York imposed a two-year moratorium on new proof-of-work mining permits at fossil fuel plants in the state. Although we do not mine in New York, it is possible that other states may create similar laws that could have a material adverse effect on our business, financial condition and results of operations.

We cannot be certain as to how future regulatory developments will impact the treatment of cryptocurrency under the law. If we fail to comply with such additional regulatory and registration requirements, we may seek to cease certain of our operations or be subjected to fines, penalties, and other governmental action. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue its business model at all, which could have a material adverse effect on its business, prospects or operations and potentially the value of Bitcoin we plan to hold or expect to acquire for our own account.

Our business is dependent on a small number of Bitcoin mining equipment suppliers.

Our business is dependent upon Bitcoin mining equipment suppliers providing an adequate supply of new generation Bitcoin mining machines at economical prices to customers intending to purchase our hosting and other solutions. The growth in our business is directly related to increased demand for hosting services and Bitcoin which is dependent in large part on the availability of new generation mining machines offered for sale at a price conducive to profitable Bitcoin mining, as well as the trading price of Bitcoin. The market price and availability of new mining machines fluctuates with the price of cryptocurrency and can be volatile. In addition, as more companies seek to enter the mining industry, the demand for machines may outpace supply and create mining machine equipment shortages. There are no assurances that cryptocurrency mining equipment suppliers will be able to keep pace with any surge in demand for mining equipment. We currently do not have an agreement with our suppliers to purchase additional machines, and therefore there is no guarantee that we will be able to purchase machines on terms acceptable to us. We intend to complete one or more financings to provide liquidity to purchase additional machines, at which point we expect to enter into an agreement with one or more machine suppliers to purchase additional machines. Further, manufacturing mining machine purchase contracts are not favorable to purchasers and even if we do enter into agreements with our suppliers, we may have little or no recourse in the event a mining machine manufacturer defaults on its mining machine delivery commitments. If we and our customers are not able to obtain a sufficient number of Bitcoin mining machines at favorable prices, our growth expectations, liquidity, financial condition and results of operations will be negatively impacted.

Bitcoin mining machines rely on components and raw materials that may be subject to price fluctuations or shortages, including ASIC chips that have been subject to a significant shortage.

In order to build and sustain our self-mining operations we will depend on third parties to provide us with ASIC chips and other critical components for our mining equipment, which may be subject to price fluctuations or shortages. For example, the ASIC chip is the key component of a mining machine as it determines the efficiency of the device. The production of ASIC chips typically requires highly sophisticated silicon wafers, which currently only a small number of fabrication facilities, or wafer foundries, in the world are capable of producing. We believe that the previous microchip shortage that the entire industry experienced lead to price fluctuations and disruption in the supply of key miner components. Specifically, the ASIC chips have recently been subject to a significant price increases and shortages.

We do not currently have agreements in place for the supply of ASIC chips. There is a risk that a manufacturer or seller of ASIC chips or other necessary mining equipment may adjust the prices based on fluctuations in cryptocurrency prices or otherwise, and the cost of new machines could become unpredictable and extremely high. As a result, at times, we may be forced to obtain Bitcoin mining machines and other hardware at premium prices, to the extent they are even available. Such events could have a material adverse effect on our business, prospects, financial condition, and operating results.

Our miners are designed to mine Bitcoin and may not be readily adaptable to other uses, a sustained decline in Bitcoin value could adversely affect our business and results of operations.

We have invested substantial capital in acquiring miners using ASIC chips designed specifically to mine Bitcoin using the 256-bit secure hashing algorithm (“SHA-256”) as efficiently and as rapidly as possible based on our assumption that we will be able to use them to mine Bitcoin and generate revenue from our operations. Therefore, our Bitcoin mining operations focus exclusively on mining Bitcoin, and our Bitcoin mining revenue is based on the value of Bitcoin we mine. Accordingly, if the value of Bitcoin declines and fails to recover, for example, because of the development and acceptance of competing blockchain platforms or technologies, including competing cryptocurrencies which our miners may not be able to mine, the revenue we generate from our Bitcoin mining operations will likewise decline. Moreover, because our miners use these highly specialized ASIC chips, we may not be able to successfully repurpose them in a timely manner, if at all, to other uses, following a sustained decline in Bitcoin value or if the Bitcoin blockchain stops using SHA-256 for solving blocks. This would result in a material adverse effect on our business and could potentially impact our ability to continue as a going concern.

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

Geopolitical crises may motivate large-scale purchases of cryptocurrency, which could increase the price of cryptocurrency 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 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 downturns may discourage investment in cryptocurrency 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, cryptocurrency, which is relatively new, is 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. Political or economic crises may motivate large-scale acquisitions or sales of cryptocurrency 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 Bitcoin that we mine or otherwise acquire or hold for our own account.

We may not be able to compete with other companies, some of whom have greater resources and experience.

We may not be able to compete successfully against present or future competitors. We do not have the resources to compete with larger providers of similar services at this time. The cryptocurrency industry has attracted various high-profile and well-established operators, some of which have substantially greater liquidity and financial resources than we do. 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, particularly those that have access to competitively-priced energy, could result in our inability to secure acquisitions and partnerships that we may need to expand our business in the future. This competition from other entities with greater resources, experience and reputations may result in our failure to maintain or expand our business, as we may never be able to successfully execute our business plan. If we are unable to expand and remain competitive, our business could be negatively affected.

The mining data centers at which we maintain our mining equipment may experience damages, including damages that are not covered by insurance.

The mining data centers at which we maintain our mining equipment are, and any future mining data centers at which we maintain our mining equipment will be, subject to a variety of risks relating to physical condition and operation, including:

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

For example, the mining data centers at which we maintain our mining equipment could be rendered inoperable, temporarily or permanently, as a result of a fire or other natural disaster or by a terrorist or other attack on the facilities where our mining equipment is located. Although we have multiple sites in an effort to mitigate this risk, these and other measures we take to protect against these risks may not be sufficient. Any property insurance we obtain in the future may not be adequate to cover any 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 mining data centers at which we maintain our mining equipment, such mining data centers 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 our equipment located at such mining data centers.

The dynamic nature of cryptocurrency exchanges which Bitcoin, and other cryptocurrency, are traded on may cause disruptions in the cryptocurrency markets, which may expose us to the effects of negative publicity resulting from fraudulent actors in the cryptocurrency space, and can adversely affect an investment in us.

The cryptocurrency exchanges on which Bitcoin is traded are relatively new. Many cryptocurrency exchanges do not provide the public with significant information regarding their ownership structure, management teams, corporate practices, or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience problems relating to, such cryptocurrency exchanges, including prominent exchanges handling a significant portion of the volume of cryptocurrency trading. In the recent past, a number of companies in the cryptocurrency industry declared bankruptcy. Such bankruptcies have contributed, at least in part, to further price volatility in most cryptocurrencies, a loss of confidence in the participants of the cryptocurrency ecosystem and negative publicity surrounding cryptocurrencies more broadly, and other participants and entities in the cryptocurrency industry have been, and may continue to be, negatively affected. These events have also negatively impacted the demand for the cryptocurrency markets. As a result of these events, many cryptocurrency markets, including the market for Bitcoin, have experienced increased price volatility. The Bitcoin ecosystem may continue to be negatively impacted and experience long term volatility if public confidence decreases. These events are continuing to develop and it is not possible to predict, at this time, every risk that they may pose to us, our service providers, or the cryptocurrency industry as a whole. A perceived lack of stability in the cryptocurrency exchange market and the closure or temporary shutdown of cryptocurrency exchanges due to business failure, hackers or malware, government-mandated regulation, or fraud, may reduce confidence in cryptocurrency networks and result in greater volatility in cryptocurrency values. These potential consequences of a cryptocurrency exchange's failure could adversely affect an investment in us.

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

As cryptocurrency has grown in both popularity and market size, governments around the world have reacted differently to cryptocurrency; certain governments have deemed them illegal, and others have allowed their use and trade without restriction, while in some jurisdictions, such as in the United States, subject to extensive and evolving regulatory requirements. Until recently, little, or no regulatory attention has been directed toward cryptocurrency by U.S. federal and state governments, foreign governments, and self-regulatory agencies. As cryptocurrency has grown in popularity and in market size, the Federal Reserve Board, U.S. Congress, and certain U.S. agencies have begun to examine cryptocurrency in more detail.

One or more countries, including but not limited to China, which have taken harsh regulatory action in the past, may take regulatory actions in the future that could severely restrict the right to acquire, own, hold, sell, or use cryptocurrency or to exchange for fiat currency. In many nations, particularly in China, it is illegal to accept payment in cryptocurrency for consumer transactions and banking institutions are barred from accepting deposits of cryptocurrency. Such restrictions may adversely affect us as the large-scale use of cryptocurrency 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 strategy at all, which could have a material adverse effect on our business, prospects, or operations, and potentially the value of Bitcoin that we mine or otherwise acquire or hold for our own account, and harm investors.

Investors may not have the same protections that exist for traditional stock exchanges.

Traditional 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. Depending on a ledger-based platform's controls and the other policies of the ledger-based platform on which a given cryptocurrency trades, such cryptocurrency may not benefit from the protections afforded to traditional stock exchanges. For ledger-based platforms that do not provide sufficient protections, there is a risk of fraud and manipulation. These factors may decrease liquidity or volume of a given ledger-based platform or of the cryptocurrency industry in general or may otherwise increase volatility of investment securities or other assets trading on a ledger-based system. Such potential decreased liquidity or volume, or increase in volatility may adversely affect us, and could have a material adverse effect on our business, prospects, or operations and potentially the value of Bitcoin that 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 cryptocurrency.

We compete with other users and/or companies that are mining cryptocurrency and other potential financial vehicles, including securities backed by or linked to cryptocurrency 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 cryptocurrency directly. 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 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 strategy at all, which could have a material adverse effect on our business, prospects, or operations and potentially the value of Bitcoin that we mine or otherwise acquire or hold for our own account, and harm investors.

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

There is a risk that some or all of our Bitcoin that we own could be lost or stolen. Cryptocurrency is stored in sites commonly referred to as "wallets" by holders of cryptocurrency which may be accessed to exchange a holder's cryptocurrency. Access to our Bitcoin could also be restricted by cybercrime (such as a denial of service attack). 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 Bitcoin. We expect to hold our Bitcoin in a combination of insured institutional custody services and multi signature cold storage wallets, and maintain secure backups to reduce the risk of malfeasance, but the risk of loss of our Bitcoin cannot be wholly eliminated. Any restrictions on access to our Bitcoin due to cybercrime or other reasons could limit our ability to convert cryptocurrency to cash, potentially resulting in liquidity issues. Currently, we have Bitcoin wallets custodied by Bitgo and Coinbase (each, a "Custodian" and together, the "Custodians"). All of our wallets held by the Custodians are cold wallets. Such arrangements are governed by each Custodian's terms of service, and we do not have an agreement with either Custodian other than such terms of service. When we decide to sell Bitcoin, we transfer it from our digital wallets held by the applicable Custodian to our trading account wallet, which is held by us. We do not currently have a specific policy for how or when to sell Bitcoin for fiat currency to fund our operations for growth or through what exchange we do so, or whether we should hold our mining rewards for investment purposes. Currently, our Bitcoin is not held for long periods of time and it is generally sold in order to fund our operations. Transfers through Bitgo over a certain size require video conference verification to ensure that the request came from one of our authorized signors, and that we in fact authorized the transfer in question.

Hackers or malicious actors may launch attacks to steal, compromise or secure cryptocurrency. As we increase in size, we 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 Bitcoin holdings or the holdings of others held in those compromised wallets. Our loss of access to our private keys or a data loss relating to our digital wallets could adversely affect our investments and assets.

Cryptocurrency is 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 such private keys are lost, destroyed, or otherwise compromised, we will be unable to access our Bitcoin 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 Bitcoin 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 that we mine or otherwise acquire or hold for our own account.

We may not have adequate sources of recovery if our Bitcoin holdings are lost, stolen or destroyed.

We rely on BitGo to facilitate the custody of our Bitcoin. If our Bitcoin holdings are lost, stolen or destroyed under circumstances rendering a party, including BitGo, liable to us, the responsible party may not have the financial resources sufficient to satisfy our claim. For example, as to a particular event of loss, the only source of recovery for us might be limited, to the extent identifiable, to other responsible third parties (e.g., a thief or terrorist), any of which may not have the financial resources (including liability insurance coverage) to satisfy a valid claim of ours. While BitGo maintains insurance coverage of such types and amounts as BitGo asserts to be commercially reasonable for its custodial services provided under our custody agreement with BitGo, including certain commercial crime insurance of limited aggregate principal amount which covers losses stemming from fraud, security breach, hack and asset theft, such insurance coverage may be insufficient to protect us against all losses of our Bitcoin holdings held in custody with BitGo, whether or not stemming from security breaches, cyberattacks or other types of unlawful activity.

Incorrect or fraudulent cryptocurrency transactions may be irreversible.

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrency 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 cryptocurrency from the transaction. 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 Bitcoin rewards could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts. Further, at this time, there is no specifically enumerated U.S. or foreign governmental, regulatory, investigative or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen cryptocurrency. In the event of a loss, we would be reliant on existing private investigative entities to investigate any such loss of our Bitcoin. To the extent that we are unable to recover our losses from such action, error or theft, 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 of and potentially the value of Bitcoin that we mine or otherwise acquire or hold for our own account.

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

The Office of Financial Assets Control of the U.S. Department of Treasury (“OFAC”) requires us to comply with its sanction program and not conduct business with persons named on its specially designated nationals 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 specially designated nationals list. Our policy prohibits any transactions with such specially designated national 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. We do not directly sell Bitcoin to individuals; rather our custodial partners sell Bitcoin on our behalf. We require that our custodial partners who sell our cryptocurrency to have standard industry anti-money laundering (AML), know your customer (KYC) and OFAC policies. 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 monetary fines and penalties, which could harm our reputation.

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

The mathematical protocols under which cryptocurrency is 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 cryptocurrency or tracking cryptocurrency markets form and come to represent a significant proportion of the demand for a cryptocurrency, large redemptions of the securities of those vehicles and the subsequent sale of such cryptocurrency by such vehicles could negatively affect the price and 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 Bitcoin that we mine or otherwise acquire or hold for our own account.

Bitcoin is subject to halving, and our Bitcoin mining operations may generate less revenue as a result.

At mathematically predetermined intervals, the number of new Bitcoin awarded for solving a block is cut in half, which is referred to as "halving." Bitcoin halving occurred in April 2024, at which time the block rewards for Bitcoin halved from 6.25 to 3.125. While we cannot predict the exact date of the next halving, as it is predicated on factors such as the block height and the network hashrate, halving happens every 210,000 blocks, and the next Bitcoin halving is expected to occur in 2028. While Bitcoin prices have historically increased around these halving events, there is no guarantee that the price change will be favorable or would compensate for the reduction in mining rewards. If a corresponding and proportionate increase in the price of Bitcoin does not follow the upcoming or future halving events, the revenue we earn from our Bitcoin mining operations would see a decrease, which could have a material adverse effect on our results of operations and financial condition.

The maximum number of Bitcoins that may be released into circulation is 21 million, and the number of Bitcoin currently in circulation is approximately 19.9 million. As the number of Bitcoin available to be mined narrows, we expect the fees for Bitcoin transactions to increase. Eventually, once the majority of Bitcoin is mined and in circulation, we expect to see revenue from transaction fees to exceed the revenue from mining Bitcoin. Once this occurs, we may need to find additional ways to increase our revenue, which could include entering into other areas within the cryptocurrency industry.

There are risks related to technological obsolescence, the vulnerability of the global supply chain to 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 of mining cryptocurrency, including hardware and electricity costs, associated with mining cryptocurrency are lower than the price of cryptocurrency. As our mining facility operates, 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 physical 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.

Also, because we expect to depreciate all new miners, our reported operating results will be negatively affected. Further, the global supply chain for cryptocurrency miners is presently heavily dependent on China. Should disruptions to the China-based global supply chain for cryptocurrency hardware occur, we may not be able to obtain adequate replacement parts for existing miners or to obtain additional miners from the manufacturer on a timely basis. Such events could have a material adverse effect on our ability to pursue our new strategy, which could have a material adverse effect on our business.

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. As a result, our business and operations may suffer.

The reward for mining cryptocurrency in the future may decrease, and the value of cryptocurrency may not adjust to compensate us for the reduction in the rewards we receive from our mining efforts.

There is no guarantee that price fluctuations of cryptocurrency will compensate for the reduction in mining rewards. If a corresponding and proportionate increase in the trading price of a cryptocurrency or a proportionate decrease in mining difficulty does not follow the decrease in rewards, the revenue we earn from our Bitcoin mining operations could see a corresponding decrease, which would have a material adverse effect on our business and operations.

The value of Bitcoin may be subject to pricing risk and has historically been subject to wide swings.

Bitcoin 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 cryptocurrency, inflating and making its market prices more volatile or creating "bubble" type risks for cryptocurrency.

We may not be able to realize the benefits of forks. Forks in a cryptocurrency network may occur in the future which may affect the value of cryptocurrency held by us.

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 transactions to convert currencies between the two forks. A fork in a cryptocurrency could adversely affect our business because we may not be able to realize the economic benefit of a fork, either immediately or ever, which could adversely affect our business. 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 have not in the past, and have no plans in the future, to use or participate in forks, and, as a result, we may not realize the economic benefit of a new asset created by a fork. Additionally, laws, regulations or other factors may prevent us from benefiting from the new asset.

If a malicious actor or botnet obtains control in excess of 50% of the processing power active on any cryptocurrency network, it is possible that such actor or botnet could manipulate the blockchain in a manner that adversely affects an investment in us.

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 on any cryptocurrency network, it may be able to alter the blockchain by constructing alternate blocks if it is able to solve for such blocks faster than the remainder of the miners on the blockchain can add valid blocks. In such alternate blocks, the malicious actor or botnet could control, exclude, or modify the ordering of transactions, though it could not generate new cryptocurrency or transactions using such control. Using alternate blocks, the malicious actor could "double-spend" its own cryptocurrency (i.e., spend the same cryptocurrency in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintains control. To the extent that such malicious actor or botnet does not yield its majority control of the processing power or the cryptocurrency community does not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Such changes could adversely affect an investment in us.

The approach towards and possible crossing of the 50% threshold indicate a greater risk that a single mining pool could exert authority over the validation of cryptocurrency transactions. To the extent that the cryptocurrency ecosystems do not act to ensure greater decentralization of cryptocurrency mining processing power, the feasibility of a malicious actor obtaining more than 50% of the processing power on any cryptocurrency network (e.g., through control of a large mining pool or through hacking such a mining pool) will increase, which may adversely impact an investment in us.

Cryptocurrency, 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. Exploitation of flaws in the source code that allow malicious actors to take or create money have previously occurred. Despite our efforts 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 cybersecurity risks, including cyberattacks 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 our business, prospects, or operations and potentially the value of Bitcoin that we mine or otherwise acquire or hold for our own account.

Malicious cyber-attacks, attempted cybersecurity breaches, and other adverse events affecting our operational systems or infrastructure, or those of third parties, could disrupt our businesses and cause losses.

Despite defensive measures we have taken to protect, detect, respond, and recover from cyber threats, we experience cybersecurity threats and incidents from time to time, and it is possible that such defensive measures will be unsuccessful in mitigating a cybersecurity event. These events may arise from external factors such as governments, organized crime, hackers, and other third parties such as infrastructure-support providers and application developers, or may originate internally from an employee or service provider to whom we have granted access to our computer systems. If our security measures are breached, our business would suffer and we could incur material liability. Because techniques used to obtain unauthorized access or to sabotage computer systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventive measures.

We also face the risk of operational disruption, failure or capacity constraints of any of the third-party service providers that facilitate our business activities. In addition, the increased flexibility for our employees to work remotely post-Pandemic has amplified certain risks related to, among other things, the increased demand on our information technology resources and systems, the increased risk of phishing and other cybersecurity attacks, and the increased number of points of possible attack, such as laptops and mobile devices (both of which are now being used in increased numbers), to be secured.

Our remediation costs and lost revenues could be significant if we fall victim to a cyber-attack. If an actual, threatened or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed. We may be required to expend significant resources to repair system damage, pay a ransom, protect against the threat of future security breaches or to alleviate problems caused by any breaches.

Our cash and other sources of liquidity may not be sufficient to fund our operations and there is substantial doubt about our ability to continue as a going concern within 12 months from the date of issuance of our financial statements and we may not be successful in raising additional capital necessary to meet expected increases in working capital needs, and if we raise additional funding through sales of equity or equity-based securities your shares will be diluted.

Management has projected that based on our recurring losses, negative cash flows from operating activities, and our hashing rate at December 31, 2025, cash on hand may not be sufficient to allow us to continue operations and there is substantial doubt about our ability to continue as a going concern within 12 months from the date of issuance of our financial statements if we are unable to raise additional funding for operations. We expect our working capital needs to increase in the future as we continue to expand and enhance our operations. Our ability to raise additional funds for working capital through equity or debt financings or other sources may depend on the financial success of our business and successful implementation of our key strategic initiatives, financial, economic and market conditions and other factors, some of which are beyond our control. We require additional capital and if we are unsuccessful in raising that capital at a reasonable cost and at the required times, or at all, we may not be able to continue our business operations in the cryptocurrency mining industry or we may be unable to advance our growth initiatives, either of which could adversely impact our business, financial condition and results of operations. In an effort to mitigate these risks we are taking steps to lower our cost of mining and also refresh our mining fleet to increase our mining efficiency.

Significant changes from our current forecasts, including but not limited to: (i) shortfalls from projected mining earning levels; (ii) increases in operating costs; (iii) decreases in the value of cryptocurrency; and (iv) if we do not maintain compliance with the requirements of The Nasdaq Capital Market ("Nasdaq") and/or we do not maintain our listing with Nasdaq it could have a material adverse impact on our ability to access the level of funding necessary to continue our operations at current levels. These factors, among others, should they occur may result in our inability to continue as a going concern within 12 months from the date of issuance of our financial statements The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and do not include any adjustments that might result from the outcome of this uncertainty.

We have a history of net losses. We may not achieve or maintain profitability.

We have limited non-recurring revenues derived from operations. We have a history of net losses, and we expect to continue to incur net losses and we may not achieve or maintain profitability. We may see continued losses during 2026 and as a result of these and other factors, we may not be able to achieve, sustain or increase profitability in the near future.

We are subject to many risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources. There is no assurance that we will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered considering our stage of operations.

The failure to attract, hire, retain and motivate key personnel could have a significant adverse impact on our operations.

Our success depends on the retention and maintenance of key personnel, including members of senior management. Achieving this objective may be difficult due to many factors, including competition for such highly skilled personnel; fluctuations in global economic and industry conditions; changes in our management or leadership; competitors' hiring practices; and the effectiveness of our compensation programs. The loss of any of these key persons could have a material adverse effect on our business, financial condition or results of operations.

Our success is also dependent on our continuing ability to identify, hire, train, motivate and retain highly qualified management and finance personnel. Any such new hires may require a significant transition period prior to making a meaningful contribution. Competition for qualified employees is particularly intense in the technology industry, and we have in the past experienced difficulty recruiting qualified employees. Our failure to attract and to retain the necessary qualified personnel could seriously harm our operating results and financial condition. Competition for such personnel can be intense, and no assurance can be provided that we will be able to attract or retain highly qualified technical and managerial personnel in the future, which may have a material adverse effect on our future growth and profitability. We do not have key person insurance.

Our financial results may fluctuate substantially for many reasons, and past results should not be relied on as indications of future performance.

Our revenues and operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors. Thus, there can be no assurance that we will be able to reach profitability on a quarterly or annual basis. We believe that our revenue and operating results will continue to fluctuate, and that period-to-period comparisons are not necessarily indications of future performance. Our revenue and operating results may fail to meet the expectations of public market analysts or investors, which could have a material adverse effect on the price of our common shares. In addition, portions of our expenses are fixed and difficult to reduce if our revenues do not meet our expectations. These fixed expenses magnify the adverse effect of any revenue shortfall.

Our plans for implementing our business strategy and achieving profitability are based upon the experience, judgment and assumptions of our key management personnel, and available information concerning the communications and technology industries. If management's assumptions prove to be incorrect, it could have a material adverse effect on our business, financial condition, or results of operations.

We may engage in strategic acquisitions and other arrangements that could disrupt our business, cause dilution to our shareholders, reduce our financial resources and harm our operating results.

We may engage in strategic transactions as part of our growth strategy, in the future, we expect to seek additional opportunities to grow our mining operations, including through purchases of miners and facilities from other operating companies, including companies in financial distress. Our ability to grow through future acquisitions will depend on the availability of, and our ability to identify, suitable acquisition and investment opportunities at an acceptable cost, our ability to compete effectively to attract those opportunities and the availability of financing to complete acquisitions. Future acquisitions will likely require us to issue common shares that would dilute our current shareholders' percentage ownership, assume or otherwise be subject to liabilities of an acquired company, record goodwill and non-amortizable intangible assets that will be subject to impairment testing on a regular basis and potential periodic impairment charges, incur amortization expenses related to certain intangible assets, incur large acquisition and integration costs, immediate write-offs, and restructuring and other related expenses and/or become subject to litigation.

The benefits of an acquisition may also take considerable time to develop, and we cannot be certain that any particular acquisition will produce the intended benefits in a timely manner or to the extent anticipated or at all. We may experience difficulties integrating the operations, technologies and personnel of an acquired company or be subjected to liability for the target's pre-acquisition activities or operations as a successor in interest. Such integration may divert management's attention from normal daily operations of our business. Future acquisitions may also expose us to potential risks, including risks associated with entering markets in which we have no or limited prior experience, especially when competitors in such markets have stronger market positions, the possibility of insufficient revenues to offset the expenses we incur in connection with an acquisition and the potential loss of, or harm to, our relationships with employees and suppliers as a result of integration of new businesses.

We may not be able to timely complete our future strategic growth initiatives or within our anticipated cost estimates, if at all.

As part of our efforts to grow our hashrate and remain competitive in the market, we have completed a self-owned infrastructure for our 8 MW site in Iowa and invested in additional new mining equipment. We are also reliant on third parties for our expansion efforts, including providers of infrastructure equipment, who may be burdened by delays in manufacturing, supply chain problems, less access to capital due to macro-economic conditions, or inflation. This could increase our costs and/or delay our expansion and acquisition efforts. If we are unable to complete our planned expansions or acquisitions on schedule and within our anticipated cost estimates, our deployment of newly purchased mining equipment may be delayed, which could affect our competitiveness and our results of operation, which could have a material adverse effect on our financial condition and the market price for our securities.

We may experience increased compliance costs as a result of future strategic acquisitions.

Future strategic acquisitions could carry substantial compliance burdens, which may limit our ability to realize the anticipated benefits of such acquisitions, and may require our management and personnel to shift their focus to such compliance burdens and away from their other functions. Such increased costs and compliance burdens could affect our ability to realize the anticipated benefits of such strategic acquisitions, and our business, results of operations and financial condition may suffer as a result.

Risks Related to Our Public Company Status and Our Common Shares

Sales of common shares issuable upon exercise of outstanding warrants, the conversion of outstanding preferred shares, or the effectiveness of our registration statement may cause the market price of our common shares to decline.

As of December 31, 2025 we had warrants outstanding for the purchase of up to 1,324,534 common shares having a weighted-average exercise price of $85.32 per share. The sale of our common shares upon exercise of our outstanding warrants, or the sale of a significant amount of the common shares issued or issuable upon exercise of the warrants in the open market, or the perception that these sales may occur, could cause the market price of our common shares to decline or become highly volatile.

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

We may issue additional shares or other equity securities in the future in connection with, among other things, future acquisitions, repayment of outstanding indebtedness or grants without shareholder approval in a number of circumstances. The issuance of additional shares or other equity securities could have one or more of the following effects:

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

The market price of our common shares is volatile and it may decline significantly.

The market price for our common shares is volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following:

- price and volume fluctuations in the overall stock market, the cryptocurrency market, and of Bitcoin mining stocks from time to time;
- future capital raising activities;
- sales of common shares by holders thereof or by us;
- changes in financial estimates by securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections or our failure to meet those projections;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our operating results or fluctuations in our operating results;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to us and our business;
- any significant change in our executive officers and other key personnel or Board of Directors;
- release of transfer restrictions on certain outstanding common shares; and
- fluctuating or anticipated changes in power markets.

Financial markets may experience price and volume fluctuations that affect the market prices of equity securities of companies and that are unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the common shares may decline even if our operating results, underlying asset values or prospects have not changed. As well, certain institutional investors may base their investment decisions on consideration of our governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in our common shares by those institutions, which could adversely affect the trading price of our common shares. There can be no assurance that fluctuations in price and volume will not occur due to these and other factors.

In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may in the future be a target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention from day-to-day operations and consume resources, such as cash. In addition, the resolution of those matters may require us to issue additional common shares, which could potentially result in dilution to our existing shareholders. Expenses incurred in connection with these matters (which include fees of lawyers and other professional advisors and potential obligations to indemnify officers and directors who may be parties to such actions) could adversely affect our cash position.

If our performance does not meet market expectations, the price of our common shares may decline.

If our performance does not meet market expectations, the price of our common shares may decline. The market value of our common shares may vary significantly from the price of our common shares on the date of this Annual Report.

In addition, fluctuations in the price of our common shares could contribute to the loss of all or part of your investment. Any of the factors listed below could have a material adverse effect on your investment in our common shares and our common shares may trade at prices significantly below the price you paid for them. Factors affecting the trading price of our common shares may include:

- actual or anticipated fluctuations in our financial results or the financial results of companies perceived to be similar to it;
- changes in the market's expectations about our operating results;
- success of competitors;
- our operating results failing to meet market expectations in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning us;
- operating and share price performance of other companies that investors deem comparable to us;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of debt;
- the volume of our shares available for public sale;
- any significant change in our board or management;
- sales of substantial amounts of shares by our directors, executive officers or significant shareholders or the perception that such sales could occur; and
- general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations and acts of war or terrorism.

Broad market and industry factors may depress the market price of our common shares irrespective of our operating performance. The stock market in general and Nasdaq have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for technology, Bitcoin mining or sustainability-related stocks or the stocks of other companies that investors perceive to be similar to us could depress our share price regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our common shares also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

If the trading price of our common shares fails to comply with the continued listing requirements of Nasdaq, we would face possible delisting, which would result in a limited public market for our common shares and make obtaining future debt or equity financing more difficult for us.

Companies listed on Nasdaq are subject to delisting for, among other things, failure to maintain a minimum closing bid price of $1.00 per share for 30 consecutive business days pursuant to Nasdaq Listing Rule 5550(a)(2) and 5810(c)(3)(A) (the "Nasdaq Listing Rules").

On March 6, 2025, we received a notice from the Nasdaq Listing Qualifications Department of the Nasdaq Stock Market LLC stating that the bid price of our common shares for the last 30 consecutive trading days had closed below the minimum $1.00 per share required for continued listing under Listing Rule 5550(a)(2) (the "Listing Rule"). We had a period of 180 calendar days to regain compliance with the Listing Rule. In September 2025, we received an extension for a period of 180 calendar days, or until March 2, 2026, to regain compliance with the Listing Rule.

On February 9, 2026, we filed an Articles of Amendment to effect a share consolidation (also known as a reverse stock split) of our issued and outstanding common shares in the ratio of 1-for-10. The share consolidation was effective on February 9, 2026. Our common shares began trading on an adjusted basis on the Nasdaq Capital Market at the opening of trading on February 10, 2026. On February 26, 2026, we received notification from the Nasdaq Listing Qualifications Department that we are in compliance with the Listing Rule.

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

Our share price may be volatile and, in the past, companies that have experienced volatility in the market price of their shares have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Any adverse determination in litigation could also subject us to significant liabilities.

We will continue to incur substantial costs and obligations as a result of being a public company.

As a publicly traded company, we will continue to incur significant legal, accounting, and other expenses. In addition, new and changing laws, regulations and standards relating to corporate governance and public disclosure for public companies, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), regulations related thereto and the rules and regulations of the United States SEC and Nasdaq, have increased the costs and the time that must be devoted to compliance matters. We expect these rules and regulations will increase our legal and financial costs and lead to a diversion of management time and attention from revenue-generating activities.

We must comply with the financial reporting requirements of a public company, as well as other requirements associated with being listed on Nasdaq.

We are subject to reporting and other obligations under applicable Canadian securities laws, SEC rules and the rules of Nasdaq. These reporting and other obligations, including National Instrument 52-102 - Continuous Disclosure Obligations and National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings, place significant demands on our management, administrative, operational, and accounting resources. Moreover, any failure to maintain effective internal controls could cause us to fail to meet our reporting obligations or result in material misstatements in our consolidated financial statements. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially harmed, which could also cause investors to lose confidence in our reported financial information, which could result in a lower trading price of our common shares.

Management does not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that its objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error, or fraud may occur and not be detected.

We may be treated as a Passive Foreign Investment Company.

There is also an ongoing risk that we may be treated as a Passive Foreign Investment Company (“PFIC”), for U.S. federal income tax purposes. A non-U.S. corporation generally will be considered to be a PFIC for any taxable year in which 75% or more of its gross income is passive income, or 50% or more of the average value of its assets are considered “passive assets” (generally, assets that generate passive income). This determination is highly factual, and will depend upon, among other things, our market valuation and future financial performance. Based on current business plans and financial expectations, we do not believe we were a PFIC for our tax year ended December 31, 2025, and based on current business plans and financial expectations, we expect that we will not be a PFIC for our current tax year ending December 31, 2026 or for the foreseeable future. If we were to be classified as a PFIC for any future taxable year, holders of our common shares who are U.S. taxpayers would be subject to adverse U.S. federal income tax consequences.

Certain of our directors, officers and management could be in a position of conflict of interest.

Certain of our directors, officers and members of management may also serve as directors and/or officers of other companies. We may contract with such directors, officers, members of management and such other companies or with affiliated parties or other companies in which such directors, officers, or members of management own or control. These persons may obtain compensation and other benefits in transactions relating to us. Consequently, there exists the possibility for such directors, officers, and members of management to be in a position of conflict.

We may issue an unlimited number of common shares. Future sales of common shares will dilute your shares.

Our articles permit the issuance of an unlimited number of common shares, and shareholders will have no preemptive rights in connection with such further issuances. With limited exceptions, we are generally not restricted from issuing additional common shares, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common shares. The market price of our common shares could decline as a result of sales of common shares or securities that are convertible into or exchangeable for, or that represent the right to receive, common shares after this offering or the perception that such sales could occur.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

We understand the importance of preventing, assessing, identifying, and managing material risks associated with cybersecurity threats. Cybersecurity processes to assess, identify and manage risks from cybersecurity threats have been incorporated as a part of our overall risk assessment process and have been embedded in our operating procedures, internal controls and information systems. We have engaged a third-party vendor to provide a variety of cybersecurity services ranging from ongoing security advisory services to cybersecurity monitoring and response management.

We use a risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers and other external users of our systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems. For third parties that we rely upon for certain IT systems, we seek to use only reputable providers, to use the most recently reliable versions of such systems, and monitor and address alerts for potential vulnerabilities to any such systems. We do not believe that risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected us, including our business strategy, results of operations or financial condition.

Our Board of Directors oversees management's processes for identifying and mitigating risks, including cybersecurity risks, to help align our risk exposure with our strategic objectives. Our Chief Executive Officer is responsible for assessing and managing cybersecurity risks, responding to any cybersecurity incidents and reporting any such incidents to our Board of Directors, and periodically briefs our Board of Directors on our cybersecurity and information security posture and on any cybersecurity incidents deemed to have a moderate or higher business impact. In the event of a material cybersecurity incident, our cybersecurity consultant has extensive information technology and program management experience. We believe that we have implemented a governance structure and processes that are equipped to assess, identify, manage and report cybersecurity risks. Refer to "Item 1A. Risk Factors" for a discussion of certain of the cybersecurity risks that our business is subject to.

Item 2. Properties

We are a remote-first company, meaning our employees have the option to work remotely. As a result of this strategy, we do not maintain a corporate headquarters. We believe that our remote working strategy is adequate to meet our needs for the immediate future, and that, should we need physical office space, suitable space will be available in the future.

Item 3. Legal Proceedings

For a discussion of our legal proceedings, see Note 16. *Commitments and Contingencies* to our Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Our common shares are listed on The Nasdaq Capital Market under the symbol "ANY". As of March 23, 2026, we had approximately 35 shareholders of record and beneficial owners of our common shares.

Dividends

We have not declared or paid any dividends on our common shares to date. Our current intention is to retain any future earnings to support the development of the business of Sphere 3D and we do not anticipate paying cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Board of Directors of Sphere 3D after taking into account various factors, including but not limited to the financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that Sphere 3D may be a party to at the time. Accordingly, investors must rely on sales of their Sphere 3D common shares after price appreciation, which may never occur, as the only way to realize a return on their investment.

Recent Sales of Unregistered Securities

None.

Item 6. [Reserved]

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

The following discussion and analysis should be read in conjunction with our consolidated financial statements and notes included in the Annual Report on Form 10-K. In addition to historical information, the following discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ substantially from those referred to herein due to a number of factors, including but not limited to risks described in *Part I, Item 1A. Risks Factors*, and elsewhere in this Annual Report. References to "Notes" are Notes included in our Notes to Consolidated Financial Statements.

Overview

In January 2022, we commenced operations of our Bitcoin mining business and are dedicated to becoming a leader in the blockchain and cryptocurrency industry. We have established and continue to grow an enterprise-scale mining operation through the procurement of mining equipment and partnering with experienced service providers.

We obtain Bitcoin as a result of our mining operations, and when necessary, we sell Bitcoin to support our operations and strategic growth. We mine Bitcoin in states that do not have any material state-specific regulatory restrictions on the mining of Bitcoin. However, it is possible that these states or other states in which we may seek to operate may create laws that would impede Bitcoin mining. We do not currently plan to engage in regular trading of Bitcoin other than sales to convert our Bitcoin into U.S. dollars. Decisions to hold or sell our Bitcoin is currently determined by management by analyzing forecasts and monitoring the market in real time. We have a hybrid treasury strategy to hold Bitcoin when possible and sell to fund working capital requirements.

As of December 31, 2025, we owned approximately 12,600 miners, of which approximately 4,200 were in service and have a total hashrate capacity of 0.73 exahash per second ("EH/s"). We are strategizing for our future growth by refreshing a significant portion of our fleet with newer-generation machines to bolster efficiency, and starting from March 2025, we have a self-owned 8 megawatt ("MW") facility in Iowa ("Iowa Site"). As of February 2026, with the sale of approximately 7,700 older generation miners not in service for 437 newer generation miners, we have approximately 5,300 miners and our refresh of our miner fleet is substantially complete. Vertically integrating with self-owned facilities, such as our Iowa Site, allows us to reduce our reliance on third-parties and decrease our overall cost to mine a Bitcoin. As a result of our strategic changes, during the latter part of 2024 and ongoing, mining production has decreased as we focused on our long-term strategic goals of transitioning to lower-cost hosting sites, vertically integrating to own our own site, and refreshing our fleet with newer-generation machines.

In 2025, we mined 111.6 Bitcoin, which represented a decrease of 61.0% over the 286.3 Bitcoin we mined in 2024. The decrease was primarily due to the April 2024 halving event, our transition to lower-cost hosting sites, and refreshing our fleet with newer-generation machines. Based on our existing operations and expected deployment of miners we have purchased, we anticipate continuing to increase exahash throughout 2026. We do not have scheduled downtime for our miners. We periodically perform both scheduled and unscheduled maintenance on our miners. Depending on the type of repair, the miner may run at a reduced speed or be taken offline. We use software programs to monitor the performance of our machines. The miners owned as of December 31, 2025 have an average efficiency (joules per terahash – "J/th") of 22.0 J/th compared to an average efficiency of 27.1 J/th in 2024. We expect efficiency to improve in 2026 to approximately 19.0 J/th. The miner efficiency is an indication of how efficiently we can earn Bitcoin and minimize cost to run the miner. Currently, we intend only to mine Bitcoin and we hold no other cryptocurrency other than Bitcoin. We do not have any power purchase agreements for the supply of power.

As of December 31, 2025, we held approximately 37.3 Bitcoin. The fair value of our Bitcoin as of December 31, 2025 was approximately $3.3 million on our consolidated balance sheet.

Recent Key Events

- On March 5, 2026, we and Cathedra Bitcoin Inc. ("Cathedra"), entered into a definitive agreement to combine the two companies, in an all-stock transaction, to create a high density computing power infrastructure company focused on high-performance compute, digital assets, energy optimization, and development of power and infrastructure. The strategic combination is anticipated to enable near-term vertical integration, positioning the new entity to accelerate scalable, high-efficiency deployment across North America by leveraging a focus on low-cost power, and operational efficiency. Under the terms of the definitive arrangement agreement, entered into on March 5, 2026 (the "Arrangement Agreement"), we have agreed to acquire all of the issued and outstanding shares of Cathedra (the "Transaction"), subject to customary closing conditions, including regulatory, court, and shareholder approvals, such that upon consummation of the Transaction, Cathedra will be a wholly-owned subsidiary of the Company. If the Arrangement Agreement is terminated in certain specified circumstances, we or Cathedra would be required to pay the other party a termination fee of $0.5 million.
- On March 4, 2026, we granted 472,222 RSUs and 45,532 RSAs with an aggregate fair value of $0.7 million.
- During March 2026, under the AGP Agreement we issued 256,142 common shares for $0.4 million of net proceeds.
- On February 9, 2026, we filed an Articles of Amendment to effect a share consolidation (also known as a reverse stock split) of our issued and outstanding common shares in the ratio of 1-for-10. The share consolidation was effective on February 9, 2026. Our common shares began trading on an adjusted basis on the Nasdaq Capital Market at the opening of trading on February 10, 2026. All share and per share amounts have been restated for all periods presented to reflect the share consolidation.
- On February 9, 2026, we sold approximately 7,700 older generation miners included in property and equipment for 437 newer generation miners with a value of $1.1 million.

Results of Operations - Comparison of Years Ended December 31, 2025 and 2024

Revenue

We had revenue of $11.2 million during 2025 compared to $16.6 million during 2024. The $5.4 million decrease in revenue is primarily due to the April 2024 halving event, and the process of removing our older mining equipment and replacing it with newer generation machines, offset by an increase in the fair value of Bitcoin. The refreshing of our mining equipment is expected to be an ongoing process through the beginning of 2026 which may result in further fluctuations in exahash. During the years ended December 31, 2025 and 2024, all of our revenue was derived from Bitcoin mining.

Operating Expenses

Cost of Revenue (exclusive of depreciation and amortization expense)

For the years ended December 31, 2025 and 2024, direct cost of revenues were $8.6 million and $13.4 million, respectively. The $4.8 million decrease in cost of revenue was primarily due to lower hosting fees related to machines taken offline to be relocated and the transition of removing older mining machines and replacing them with newer generation machines and lower cost of revenue at our Iowa Site.

General and Administrative Expense

General and administrative expenses were $8.3 million and $12.4 million for the years ended December 31, 2025 and 2024, respectively. The $4.1 million decrease was primarily due to a decrease of $2.0 million in share-based compensation primarily related to forfeited awards, a decrease in legal fees of $1.4 million related to the resolution of the Gryphon Digital Mining, Inc. litigation, a decrease of $0.7 million in employee and related expenses primarily related to a decrease in headcount, a $0.5 million decrease in insurance expense, and a $0.2 million decrease in directors' fees. These decreases were offset by an increase of $0.8 million in costs related to strategic business growth efforts.

Depreciation and Amortization Expense

Depreciation and amortization expense was $6.9 million and $7.1 million for the years ended December 31, 2025 and 2024, respectively. The decrease of $0.2 million was primarily due to less depreciation related to our Bitcoin mining machines due to the disposal of machines.

Impairment of Property and Equipment

Impairment of property and equipment was $7.2 million and $1.1 million for the years ended December 31, 2025 and 2024, respectively. For the year ended December 31, 2025, an impairment of $7.2 million was recorded for the expected sales value of mining equipment primarily due to the decline in Bitcoin price. For the year ended December 31, 2024, an impairment of $1.1 million was recorded related to idle mining equipment not expected to return to use.

Loss on Disposal of Property and Equipment

Loss on disposal of property and equipment was $1.7 million and $3.5 million for the years ended December 31, 2025 and 2024, respectively, and primarily related to the sale of mining equipment.

Change in Fair Value of Bitcoin

Change in fair value of Bitcoin was a loss of $0.3 million and a gain of $0.7 million for the years ended December 31, 2025 and 2024, respectively. The aggregate gain or loss was the change in fair value of Bitcoin held, as well as the gains and losses from when Bitcoin was sold.

Impairment of Other Assets

Impairment of other assets was $0.3 million and $1.1 million for the years ended December 31, 2025 and 2024, respectively. For the year ended December 31, 2025, an impairment of $0.3 million was recorded for the remaining portion of the Rebel Mining Company settlement that is in default. For the year ended December 31, 2024, an impairment of $0.9 million was recorded related to prepaid service fees held by Rebel Mining Company, and a $0.2 million impairment for an uncollectible other receivable.

Non-Operating Income and Expenses

Investment Income

Investment income was $0.4 million and $9.0 million for the years ended December 31, 2025 and 2024, respectively, and related to realized and unrealized gains on our equity investment in Core Scientific Inc.

Other Income, Net

Other income, net, was $0.1 million and $3.1 million for the years ended December 31, 2025 and 2024, respectively. The change of $3.0 million was primarily related to prior year income of $3.0 million for the early termination of a hosting agreement and not recurring in the current year.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash, cash equivalents, and our At-the-Market ("ATM") facility. We expect to fund our operations going forward with existing cash resources, anticipated revenue from our Bitcoin mining operation, and cash that we may raise through future financing transactions. At December 31, 2025, we had cash and cash equivalents of $3.7 million compared to $5.4 million at December 31, 2024. As of December 31, 2025, we had working capital of $6.9 million, reflecting a decrease in current assets of $9.1 million primarily related to the sale of our investment in equity securities, and a decrease in current liabilities of $2.1 million primarily related to a decrease in accounts payable, accrued liabilities and employee compensation.

Warrant Inducement. On October 16, 2025, we entered into a warrant inducement agreement with an existing institutional investor to us for the immediate exercise of the November 19, 2024 warrants to purchase 436,823 common shares (the "Existing Warrants") of the Company. The Existing Warrants had an exercise price of $15.00 and were exercised at a reduced exercise price of $9.40 for total gross cash proceeds of $4.1 million, before deducting financial advisor fees and other transaction expenses of $0.4 million. We used the net proceeds from the offering for the purchase or upgrade of our Bitcoin mining fleet, and other general corporate purposes.

At-the-Market Offering Program. On January 3, 2025, we entered into a sales agreement (the "AGP Agreement") with A.G.P./Alliance Global Partners (the "Sales Agent"). In accordance with the terms of the AGP Agreement, we may offer and sell from time to time through or to the Sales Agent, as agent or principal, our common shares having an aggregate offering price of up to $8.0 million (the "Placement Shares"). The AGP Agreement can be terminated by either party by giving two days written notice. We expect that any proceeds received from the facility will be used primarily for working capital and general corporate purposes and in furtherance of our corporate strategy which may include to accelerate efficiency, for the purchase/upgrade of our mining fleet, and vertical integration of infrastructure.

Neither us nor the Sales Agent are obligated to sell any Placement Shares pursuant to the AGP Agreement. Subject to the terms and conditions of the AGP Agreement, the Sales Agent will use commercially reasonable efforts, consistent with its normal trading and sales practices and applicable state and federal law, rules and regulations and the rules of The Nasdaq Capital Market ("Nasdaq"), to sell the Placement Shares from time to time based upon our instructions, including any price, time or size limits or other customary parameters or conditions we may impose. Sales of the Placement Shares, if any, will be made on Nasdaq at market prices by any method permitted by law deemed to be an "at the market offering" as defined in Rule 415 of the Securities Act of 1933, as amended. For the year ended December 31, 2025, through the At-the-Market Offering program 112,791 common shares were issued for net proceeds of $0.7 million.

Management has projected that based on our recurring losses, negative cash flows from operating activities, and our hashing rate at December 31, 2025, cash on hand may not be sufficient to allow us to continue operations and there is substantial doubt about our ability to continue as a going concern within 12 months from the date of issuance of our financial statements if we are unable to raise additional funding for operations. We expect our working capital needs to increase in the future as we continue to expand and enhance our operations. Our ability to raise additional funds for working capital through equity or debt financings or other sources may depend on the financial success of our business and successful implementation of our key strategic initiatives, financial, economic and market conditions and other factors, some of which are beyond our control. We require additional capital and if we are unsuccessful in raising that capital at a reasonable cost and at the required times, or at all, we may not be able to continue our business operations in the cryptocurrency mining industry or we may be unable to advance our growth initiatives, either of which could adversely impact our business, financial condition and results of operations. In an effort to mitigate these risks we are taking steps to lower our cost of mining and also refresh our mining fleet to increase our mining efficiency.

Significant changes from our current forecasts, including but not limited to: (i) shortfalls from projected mining earning levels; (ii) increases in operating costs; (iii) decreases in the value of cryptocurrency; and (iv) if we do not maintain compliance with the requirements of Nasdaq and/or we do not maintain our listing with Nasdaq it could have a material adverse impact on our ability to access the level of funding necessary to continue our operations at current levels. These factors, among others, should they occur may result in our inability to continue as a going concern within 12 months from the date of issuance of our financial statements. The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and do not include any adjustments that might result from the outcome of this uncertainty.

The following table shows a summary of our cash flows (used in) provided by operating activities, investing activities and financing activities (in thousands):

	Year Ended December 31,	
	2025	2024
Net cash used in operating activities	$ (16,118)	$ (4,576)
Net cash provided by investing activities	$ 9,992	$ 4,028
Net cash provided by financing activities	$ 4,408	$ 5,387

Net cash used in operating activities. The use of cash during 2025 was primarily a result of our net loss of $21.5 million, offset by $17.0 million in noncash items, which primarily included an impairment of property and equipment, a realized gain on sale of investment in equity securities, depreciation and amortization, share-based compensation expense, loss on disposal of property and equipment, provision for loss on other assets, change in fair value of Bitcoin, and nonemployee share-based compensation performance award expense.

Net cash provided by investing activities. During 2025, we received $9.0 million from proceeds from the sale of Bitcoin, $8.0 million from proceeds from the sale of investment in equity securities, and $0.6 million for the sale of miners originally included in mining equipment, offset by $7.5 million of payments for the purchase of property and equipment consisting of newer generation mining machines and infrastructure for our Iowa Site completed in 2025. During 2024, we received $11.4 million from proceeds from the sale of investment in equity securities and $1.5 million from proceeds from the sale of Bitcoin, offset by $7.1 million of payments for the purchase of property and equipment consisting of newer generation mining machines and $1.8 million in payments for construction in progress primarily for our Iowa Site completed in 2025.

Net cash provided by financing activities. During 2025, we received $3.7 million of net proceeds from a warrant inducement transaction, and we received $0.7 million of net proceeds from the issuance of common shares through our At-the-Market Offering program. During 2024, we received $5.4 million, net, from the issuance of common shares and warrants.

Off-Balance Sheet Information

During the ordinary course of business, we may provide standby letters of credit to third parties as required for certain transactions initiated by us. As of December 31, 2025, we have no standby letters of credit outstanding.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. We review our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Management has determined that there are no critical accounting estimates that require disclosure. Our significant accounting policies are outlined in *Note 2 to the Consolidated Financial Statements* included in this Annual Report on Form 10-K.

Recent Accounting Pronouncements

Refer to *Note 2, Summary of Significant Accounting Policies*, to our consolidated financial statements for a discussion of recent accounting pronouncements and their effect, if any, on us.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide the information required by this Item.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements and supplementary data required by this item are set forth at the pages indicated in Item 15(a)(1) and 15(a)(2), respectively.

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

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) or 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective to give reasonable assurance that information required to be publicly disclosed is recorded, processed, summarized and reported on a timely basis as of the end of the period covered by this annual report.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over our financial reporting. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, management has conducted an assessment, including testing, using the criteria in the updated Internal Control-Integrated Framework, issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Our system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Based on our evaluation under the framework in Internal Control-Integrated Framework, our Chief Executive Officer and Chief Accounting Officer concluded that our internal control over financial reporting was effective as of December 31, 2025. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report on internal control over financial reporting was not subject to attestation by our independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report.

This report on internal control over financial reporting shall not be deemed to be filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, and is not incorporated by reference into any of our filings, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the last fiscal quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

During the three months ended December 31, 2025, no director or officer adopted or terminated any Rule 10b5-1 trading arrangement or non-rule 10b5-1 trading arrangement (as such terms are defined pursuant to Item 408 of Regulation S-K).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2026 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission ("SEC") no later than 120 days after December 31, 2025.

Insider Trading Policy: We have adopted an Insider Trading Policy which governs the purchase, sale, and/or other dispositions of our securities by directors, officers, employees, and other covered persons and is designed to promote compliance with insider trading laws, rules, and regulations, and listing standards applicable to us. A copy of our Insider Trading Policy is filed as Exhibit 19.1 to this Annual Report.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2026 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2025.

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

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2026 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2025.

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

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2026 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2025.

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2026 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2025.

PART IV

Item 15. Exhibit and Financial Statement Schedules

(a) Documents filed as part of this report.

(1) Financial Statements.

(2) Financial Statement Schedules.

Schedules not listed above have been omitted because they are not applicable or are not required or the information required to be set forth therein is included in the consolidated financial statements or notes thereto.

(3) Exhibits.

List of Exhibits required by Item 601 of Regulation S-K. See part (b) below.

(b) Exhibits

Exhibit Number	Description	Filed Herewith	Incorporated by Reference Form	File No.	Date Filed
3.1	Certificate and Articles of Amalgamation		6-K	001-36532	3/25/2015
3.2	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		6-K	001-36532	7/17/2017
3.3	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	10/2/2018
3.4	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	11/5/2018
3.5	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	11/14/2018
3.6	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	7/12/2019
3.7	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	11/8/2019
3.8	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	5/8/2020
3.9	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	9/29/2020
3.10	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		6-K	001-36532	1/7/2021
3.11	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		6-K	001-36532	7/15/2021
3.12	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		6-K	001-36532	10/4/2021
3.13	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	6/28/2023
3.14	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	2/12/2026
3.15	By-Law No. 1, as Amended		6-K	001-36532	7/17/2017
3.16	By-Law No. 1 Amending Agreement		6-K	001-36532	2/1/2022
3.17	By-Law No. 1 Amending Agreement		8-K	001-36532	1/13/2023
3.18	By-Law No. 2		6-K	001-36532	5/12/2017
4.1	Specimen Certificate evidencing Common Shares	X			
4.2	Description of Securities	X			
4.6	Form of Warrant		6-K	001-36532	9/9/2021
4.8	Common Share Purchase Warrant issued by Sphere 3D Corp. to LDA Capital Limited on April 17, 2023		8-K	001-36532	4/21/2023
4.9	Form of Warrant		8-K	001-36532	8/14/2023
4.10	Form of Warrant		8-K/A	001-36532	8/23/2023
4.11	Form of Warrant		8-K	001-36532	10/17/2025
10.1+	Sphere 3D Corp. 2015 Performance Incentive Plan, as amended		S-8	333-279866	5/31/2024
10.2+	Form of Executive Stock Option Agreement		10-K	001-36532	3/21/2018
10.3+	Sphere 3D Corp. 2025 Performance Incentive Plan		S-8	333-288321	6/25/2025

Exhibit Number	Description	Filed Herewith	Incorporated by Reference		
			Form	File No.	Date Filed
10.4+	Form of Nonqualified Stock Option Agreement		10-Q	333-288321	8/5/2025
10.5+	Form of Restricted Stick Unit Agreement		10-Q	333-288321	8/5/2025
10.6+	Form of Officer and Director Indemnity Agreement		10-K	001-36532	4/1/2019
10.7+	Third Amended and Restated Employment Agreement between Sphere 3D Corp. and Kurt Kalbfleisch dated November 11, 2025		8-K	001-36532	11/13/2025
10.8+	Employment Agreement between Sphere 3D Corp. and Tiah Reppas dated December 17, 2025		8-K	001-36532	12/22/2025
10.9	Securities Purchase Agreement, by and among Sphere 3D Corp. and the investors identified on the signature pages thereto, dated September 2, 2021		6-K	001-36532	9/9/2021
10.10	Securities Purchase Agreement between Sphere 3D Corp. and LDA Capital Limited, dated April 17, 2023		8-K	001-36532	4/21/2023
10.11	Form of Purchase Agreement dated August 23, 2023		8-K/A	001-36532	8/23/2023
10.12	Form of Securities Purchase Agreement dated November 19, 2024		8-K	001-36532	11/21/2024
10.13	Placement Agent Agreement entered into by and between Sphere 3D Corp. and the Placement Agent, dated November 19, 2024		8-K	001-36532	11/21/2024
10.14	Sales Agreement, dated as of January 3, 2025, by and between Sphere 3D Corp. and A.G.P./Alliance Global Partners		8-K	001-36532	1/3/2025
10.15	Form of Inducement Agreement		8-K	001-36532	10/17/2025
10.16	Financial Advisory Agreement dated October 16, 2025 by and between Sphere 3D Corp. and the Financial Advisor		8-K	001-36532	10/17/2025
10.17#	Hosting Agreement between Sphere 3D Corp. and Joshi Petroleum, LLC dated October 18, 2023		S-3/A	001-36532	7/24/2024
14.1	Code of Business Conduct and Ethics Policy		6-K	001-36532	4/1/2015
19.1	Sphere 3D Corp. Insider Trading Policy		10-K	001-36532	3/28/2025
21.1	Subsidiaries of Registrant	X			
23.1	Consent of Independent Registered Public Accounting Firm	X			
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
31.2	Certification of Chief Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
32.2	Certification of Chief Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
97.1	Executive Compensation Clawback Policy		10-K	001-36532	3/28/2025
101.INS	XBRL Instance Document - the instance document does not appear in the interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X			
101.SCH	XBRL Taxonomy Extension Schema	X			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X			

Exhibit Number	Description	Filed Herewith	Incorporated by Reference		
			Form	File No.	Date Filed
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X			
101.LAB	XBRL Taxonomy Extension Label Linkbase	X			
101.PRE	XBRL Taxonomy Presentation Linkbase	X			
104	Cover Page Interactive Data File (formatted as inline XBRL as contained in Exhibit 101)	X			

+ Management contract or compensation plan or arrangement.

Certain confidential portions of this Exhibit were omitted pursuant to Item 601(b)(10)(iv) by means of marking such portions with brackets ("[***]"); the identified confidential portions (i) are not material and (ii) are customarily and actually treated as private or confidential.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

Sphere 3D Corp.

/s/ Kurt L. Kalbfleisch
Kurt L. Kalbfleisch
Chief Executive Officer

Date: March 27, 2026

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Kurt L. Kalbfleisch severally as their attorney-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this annual report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof. Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Kurt L. Kalbfleisch **Kurt L. Kalbfleisch**	Chief Executive Officer (Principal Executive and Financial Officer)	March 27, 2026
/s/ Tiah Reppas **Tiah Reppas**	Chief Accounting Officer (Principal Accounting Officer)	March 27, 2026
/s/ Timothy Hanley **Timothy Hanley**	Director	March 27, 2026
/s/ Susan S. Harnett **Susan S. Harnett**	Director	March 27, 2026
/s/ Duncan J. McEwan **Duncan J. McEwan**	Director	March 27, 2026

SPHERE 3D CORP.

For the Years Ended December 31, 2025 and 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Sphere 3D Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Sphere 3D Corp. and its subsidiaries (collectively, the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, comprehensive loss, shareholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and does not expect to have sufficient cash on hand to fund its operations that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the 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.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Bitcoin Mining Revenue

As disclosed in Note 2 to the consolidated financial statements, the Company accounts for revenue in accordance with Topic 606, Revenue from Contracts with Customers. The Company provides a service to perform hash calculations to a third-party operated mining pool and in exchange for providing the service, the Company earns non-cash consideration in the form of bitcoin based on the Full-Pay-Per-Share (“FPPS”) payout method set forth by the mining pool operator. Bitcoin mining revenue is comprised of the block reward and transaction fees earned by the Company net of the mining pool fees charged by the mining pool operator. During the years ended December 31, 2025 and 2024, the Company recognized bitcoin mining revenue of approximately $11.2 million and $16.6 million, respectively.

We identified the auditing of mining revenue as a critical audit matter due to the nature and extent of audit effort required to perform audit procedures over the Company’s hash calculation service provided to the mining pool operator, the associated contractual payouts including the blockchain contractual inputs, the Company’s valuation of bitcoin received from the mining pool operator and evaluating the results of those procedures.

The primary procedures we performed to address this critical audit matter included the following:

- We independently confirmed with the mining pool operator the significant contractual terms utilized in the determination of mining revenue, total mining rewards earned by the Company, and the Company’s digital asset wallet addresses in which the rewards are deposited.
- Using the Company’s digital asset wallet addresses confirmed by the mining pool operator, we reconciled mining revenue earned from and paid by the mining pool operator against on-chain transactions independently obtained from the blockchain.
- We evaluated the reasonableness of the prices utilized by the Company to value bitcoin by obtaining independent bitcoin prices and comparing those to the prices used by the Company.
- We recalculated the Company’s recorded mining revenue per the calculation prescribed in the FPPS payout method, based on the hash calculation service provided to the mining pool operator, using independently obtained blockchain contractual inputs and independent bitcoin prices.
- We undertook an analytical review of total mining revenue by developing an expectation of the hashrate contributed to the mining pool operator and the mining revenue earned, and compared our expectation to the amount recorded by the Company.

/s/ *MaloneBailey, LLP*
www.malonebailey.com
We have served as the Company’s auditor since 2022.
Houston, Texas
March 27, 2026

Sphere 3D Corp.

Consolidated Balance Sheets
(in thousands of U.S. dollars, except shares)

		December 31, 2025		December 31, 2024
Assets				
Current assets:				
Cash and cash equivalents	$	3,707	$	5,425
Bitcoin		3,263		1,394
Investment in equity securities		—		7,530
Other current assets		1,707		3,438
Total current assets		8,677		17,787
Property and equipment, net		14,608		21,967
Intangible assets, net		1,610		3,095
Other non-current assets		225		379
Total assets	$	25,120	$	43,228
Liabilities, Temporary Equity and Shareholders' Equity				
Current liabilities:				
Accounts payable	$	427	$	1,167
Accrued liabilities		544		1,299
Accrued payroll and employee compensation		831		1,398
Other current liabilities		—		31
Total current liabilities		1,802		3,895
Commitments and contingencies (Note 13)				
Temporary equity:				
Series H preferred shares, no par value, unlimited shares authorized, 161 shares issued and outstanding as of both December 31, 2025 and 2024		18		18
Shareholders' equity:				
Common shares, no par value; unlimited shares authorized, 3,392,541 and 2,545,342 shares issued and outstanding as of December 31, 2025 and 2024, respectively		503,414		497,957
Accumulated other comprehensive loss		(1,811)		(1,821)
Accumulated deficit		(478,303)		(456,821)
Total shareholders' equity		23,300		39,315
Total liabilities, temporary equity, and shareholders' equity	$	25,120	$	43,228

See accompanying notes to consolidated financial statements.

Sphere 3D Corp.

Consolidated Statements of Operations
(in thousands of U.S. dollars, except share and per share amounts)

	Year Ended December 31,	
	2025	2024
Revenues:		
Bitcoin mining revenue	$ 11,181	$ 16,608
Operating costs and expenses:		
Cost of revenue (exclusive of depreciation and amortization shown below)	8,554	13,378
General and administrative	8,266	12,445
Depreciation and amortization	6,878	7,113
Impairment of property and equipment	7,185	1,146
Loss on disposal of property and equipment	1,652	3,545
Change in fair value of Bitcoin	345	(682)
Impairment of other assets	300	1,074
Total operating costs and expenses	33,180	38,019
Loss from operations	(21,999)	(21,411)
Other income (expense):		
Investment gain	438	8,980
Other income, net	81	3,111
Net loss before taxes	(21,480)	(9,320)
Provision for income taxes	2	150
Net loss	$ (21,482)	$ (9,470)
Net loss per share:		
Basic and diluted	$ (7.37)	$ (4.78)
Shares used in computing net loss per share:		
Basic and diluted	2,914,607	1,980,163

See accompanying notes to consolidated financial statements.

Sphere 3D Corp.

Consolidated Statements of Comprehensive Loss
(in thousands of U.S. dollars)

	Year Ended December 31,	
	2025	**2024**
Net loss	$ (21,482)	$ (9,470)
Other comprehensive loss:		
Foreign currency translation adjustment	10	(13)
Total other comprehensive loss	10	(13)
Comprehensive loss	$ (21,472)	$ (9,483)

See accompanying notes to consolidated financial statements.

Sphere 3D Corp.

Consolidated Statements of Shareholders' Equity
(in thousands of U.S. dollars, except shares)

	Common Shares		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance at January 1, 2024	1,537,368	$ 475,702	$ (1,808)	$ (447,371)	$ 26,523
Cumulative adjustment from adoption of ASU 2023-08	—	—	—	20	20
Issuance of common shares for conversion of preferred shares	619,348	13,775	—	—	13,775
Issuance of common shares and warrants, net	235,000	5,387	—	—	5,387
Issuance of common shares pursuant to the vesting of restricted stock units	105,531	—	—	—	—
Exercise of warrants	28,136	—	—	—	—
Issuance of common shares for settlement of liabilities	19,959	255	—	—	255
Share-based compensation	—	2,838	—	—	2,838
Other comprehensive loss	—	—	(13)	—	(13)
Net loss	—	—	—	(9,470)	(9,470)
Balance at December 31, 2024	2,545,342	497,957	(1,821)	(456,821)	39,315
Issuance of common shares, net	112,791	685	—	—	685
Issuance of common shares pursuant to vesting of restricted stock units, net of shares withheld for income taxes	138,185	232	—	—	232
Issuance and exercise of warrants	596,223	3,708	—	—	3,708
Share-based compensation	—	832	—	—	832
Other comprehensive income	—	—	10	—	10
Net loss	—	—	—	(21,482)	(21,482)
Balance at December 31, 2025	3,392,541	$ 503,414	$ (1,811)	$ (478,303)	$ 23,300

See accompanying notes to consolidated financial statements.

Sphere 3D Corp.

Consolidated Statements of Cash Flows
(in thousands of U.S. dollars)

	Year Ended December 31, 2025	Year Ended December 31, 2024
Operating activities:		
Net loss	$ (21,482)	$ (9,470)
Adjustments to reconcile net loss to net cash used in operating activities:		
Impairment of property and equipment	7,185	1,146
Depreciation and amortization	6,878	7,113
Realized gain on sale of investment in equity securities	(5,355)	(4,063)
Unrealized (gain) loss on investment in equity securities	4,917	(4,917)
Loss on disposal of property and equipment	1,652	3,545
Share-based compensation	832	2,838
Change in fair value of Bitcoin	345	(682)
Impairment of other assets	300	1,074
Issuance of common shares to nonemployees	232	—
Change in fair value of warrant liabilities	(31)	(174)
Bitcoin issued for services	—	538
Changes in operating assets and liabilities:		
Proceeds from sale of Bitcoin	—	14,842
Mining of Bitcoin	(11,181)	(16,608)
Accounts payable and accrued liabilities	(833)	(262)
Accrued payroll and employee compensation	(567)	171
Other assets	980	453
Other liabilities	10	(120)
Net cash used in operating activities	(16,118)	(4,576)
Investing activities:		
Proceeds from sale of Bitcoin	8,967	1,522
Proceeds from sale of equity investment	7,969	11,450
Payments for purchase of property and equipment	(7,499)	(8,944)
Proceeds from sale of property and equipment	555	—
Net cash provided by investing activities	9,992	4,028
Financing activities:		
Proceeds from exercise of warrants	4,106	—
Proceeds from issuance of common shares and warrants	733	5,495
Payments for issuance costs for common shares and warrants	(431)	(108)
Net cash provided by financing activities	4,408	5,387
Net (decrease) increase in cash, and cash equivalents	(1,718)	4,839
Cash, and cash equivalents, beginning of year	5,425	586
Cash, and cash equivalents, end of year	$ 3,707	$ 5,425

See accompanying notes to consolidated financial statements.

Sphere 3D Corp.

Consolidated Statements of Cash Flows continued
(in thousands of U.S. dollars)

	Year Ended December 31, 2025	Year Ended December 31, 2024
Supplemental disclosures of cash flow information:		
Cash paid for foreign income taxes	$ 74	$ 16
Cash paid for interest	$ —	$ 323
Supplemental disclosures of noncash investing and financing activities:		
Property and equipment exchanged for settlement of liabilities	$ 1,571	$ 825
Property and equipment received by settlement of other assets	$ 100	$ —
Settlement of prepaid hosting services deposit with equity securities	$ —	$ 10,000
Issuance of common shares for settlement of liabilities	$ —	$ 255

See accompanying notes to consolidated financial statements.

Sphere 3D Corp.

Notes to Consolidated Financial Statements

1. Organization and Business

Sphere 3D Corp. was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007 as T.B. Mining Ventures Inc. On March 24, 2015, the Company completed a short-form amalgamation with a wholly-owned subsidiary. In connection with the short-form amalgamation, the Company changed its name to "Sphere 3D Corp." Any reference to the "Company", "Sphere 3D", "we", "our", "us", or similar terms refers to Sphere 3D Corp. and its subsidiaries. In January 2022, the Company commenced operations of its Bitcoin mining business and is dedicated to becoming a leader in the blockchain and cryptocurrency industry. The Company has established and plans to continue to grow an enterprise-scale mining operation through the procurement of mining equipment and partnering with experienced service providers.

Share Consolidation

On February 9, 2026, the Company filed an Articles of Amendment to effect a share consolidation (also known as a reverse stock split) of its issued and outstanding common shares in the ratio of 1-for-10. The share consolidation was effective on February 9, 2026. The Company's common shares began trading on an adjusted basis on the Nasdaq Capital Market at the opening of trading on February 10, 2026. All share and per share amounts have been restated for all periods presented to reflect the share consolidation.

Going Concern

Management has projected that based on our recurring losses, negative cash flows from operating activities, and our hashing rate at December 31, 2025, cash on hand may not be sufficient to allow the Company to continue operations and there is substantial doubt about the Company's ability to continue as a going concern within 12 months from the date of issuance of its financial statements if we are unable to raise additional funding for operations. We expect our working capital needs to increase in the future as we continue to expand and enhance our operations. Our ability to raise additional funds for working capital through equity or debt financings or other sources may depend on the financial success of our business and successful implementation of our key strategic initiatives, financial, economic and market conditions and other factors, some of which are beyond our control. We require additional capital and if we are unsuccessful in raising that capital at a reasonable cost and at the required times, or at all, we may not be able to continue our business operations in the cryptocurrency mining industry or we may be unable to advance our growth initiatives, either of which could adversely impact our business, financial condition and results of operations. In an effort to mitigate these risks we are taking steps to lower our cost of mining and also refresh our mining fleet to increase our mining efficiency.

Significant changes from our current forecasts, including but not limited to: (i) shortfalls from projected mining earning levels; (ii) increases in operating costs; (iii) decreases in the value of cryptocurrency; and (iv) if we do not maintain compliance with the requirements of The Nasdaq Capital Market ("Nasdaq") and/or we do not maintain our listing with Nasdaq it could have a material adverse impact on the Company's ability to access the level of funding necessary to continue its operations at current levels. These factors, among others, should they occur may result in the Company's inability to continue as a going concern within 12 months from the date of issuance of its financial statements. The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and do not include any adjustments that might result from the outcome of this uncertainty.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of the Company have been prepared by management in accordance with accounting principles generally accepted in the United States of America ("GAAP"), applied on a basis consistent for all periods. Subsidiaries in which controlling interests are maintained are consolidated. All intercompany balances and transactions have been appropriately eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Foreign Currency Translation

The financial statements of the Company's subsidiary, for which the functional currency is the local currency, is translated into U.S. dollars using the exchange rate at the consolidated balance sheet date for assets and liabilities and a weighted-average exchange rate during the year for revenue, expenses, gains and losses. Translation adjustments are recorded as accumulated other comprehensive income (loss) within shareholders' equity. Gains or losses from foreign currency transactions are recognized in the consolidated statements of operations. Such transactions resulted in a minimal loss for both the years ended December 31, 2025 and 2024.

Cash and Cash Equivalents

Highly liquid investments with insignificant interest rate risk and original maturities of three months or less, when purchased, are classified as cash equivalents. Cash equivalents are composed of money market funds. Cash and cash equivalents that exceed federally insured limits are maintained with financial institutions. The Company has not experienced any losses related to these balances and believes credit risk to be minimal.

Investment in Equity Securities

The Company's investments were in publicly held equity securities which had readily determinable fair values. These equity investments were recorded at fair value with unrealized holding gains and losses recorded in other income or expense in the consolidated statements of operations.

Bitcoin

Bitcoin is included in current assets in the consolidated balance sheets as the Company has the ability to sell it in a highly liquid marketplace, and the sale of Bitcoin is used to fund operating expenses to support operations. Bitcoin is expected to be realized in cash or sold during the Company's normal operating cycle. Bitcoin held are accounted for as intangible assets with indefinite useful lives. Bitcoin awarded to the Company through its mining activities was included within operating activities on the consolidated statements of cash flows. The proceeds from the sale of Bitcoin are included within operating or investing activities in the consolidated statements of cash flows depending on the length of time the Bitcoin is held. Bitcoin is valued at fair value at the end of each reporting period with changes in fair value recorded in operating expenses in the consolidated statements of operations. The fair value of Bitcoin is measured using the period-end closing price from the Company's principal market. When Bitcoin is sold, the gains and losses from such transactions are measured as the difference between the cash proceeds and the carrying basis of the Bitcoin as determined on a first in-first out ("FIFO") basis and are recorded within the same line item, Change in Fair Value of Bitcoin, in the consolidated statements of operations. Effective January 1, 2024, the Company early adopted ASU 2023-08 and recorded a $20,000 decrease to the opening balance of accumulated deficit and an increase to Bitcoin.

Property and Equipment

Property and equipment primarily consists of mining equipment and infrastructure and is stated at cost, including purchase price, shipping and custom fees, and is depreciated using the straight-line method over the estimated useful lives of the assets, generally three years to ten years.

The carrying amounts of property and equipment are reviewed when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the fair value of the asset is estimated in order to determine the extent of the impairment loss, if any.

Intangible Assets

For intangible assets purchased in a business combination, the estimated fair values of the assets received are used to establish their recorded values. For intangible assets acquired in a non-monetary exchange, the estimated fair values of the assets transferred (or the estimated fair values of the assets received, if more clearly evident) are used to establish their recorded values. Valuation techniques consistent with the market approach, income approach and/or cost approach are used to measure fair value.

Supplier agreements are amortized on a straight-line basis over their economic lives of five years as this method most closely reflects the pattern in which the economic benefits of the assets will be consumed.

Impairment of Intangible Assets

Regular reviews of intangible assets are performed to determine if any event has occurred that may indicate that intangible assets with finite useful lives and other long-lived assets are potentially impaired. Triggering events for impairment reviews may be indicators such as adverse industry or economic trends, restructuring actions, lower projections of profitability, or a sustained decline in the Company's market capitalization. Intangible assets are quantitatively assessed for impairment, if necessary, by comparing their estimated fair values to their carrying values. If the carrying value exceeds the fair value, the difference is recorded as an impairment.

Warrants

Warrants are accounted for as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance. Warrants that meet the definition of a derivative financial instrument, and that also meet the equity scope exception criteria, are classified as equity. Equity classified warrants are recorded at their initial fair value and are not subject to fair value remeasurement provided that the criteria for equity classification continues to be met. Warrants that are classified for liabilities are accounted for at fair value on the consolidated balance sheets, subject to fair value remeasurement at each balance sheet date with changes in fair value recognized in other income, net in the consolidated statements of operations. Warrant liabilities include a common share purchase warrant issued in connection with previously outstanding convertible debt. The classification of warrants, including whether warrants should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. The fair value of both equity-classified and liability-classified warrants are determined using the Black-Scholes options pricing model (“Black-Scholes model”) which includes Level 3 inputs.

Revenue Recognition

Revenue is accounted for pursuant to ASU 2014-09, *Revenue from Contracts with Customers* and all the related amendments (“Topic 606”). Under Topic 606, an entity is required to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, and contract consideration will be recognized on a “sell-in basis” or when control of the purchased goods or services transfer to the distributor.

The Company is engaged with Bitcoin mining pool operators, its customers, to provide a service to perform hash calculations for the mining pool operator, which is the Company’s only performance obligation. Providing hash calculation services is an output of the Company’s ordinary activities. The Company has a service agreement with Foundry Digital LLC, a cryptocurrency mining pool operator, to provide a service to perform hash calculations. In exchange for providing the service, the Company is entitled to Full Pay Per Share (“FPPS”), which is a fractional share of the fixed Bitcoin award the mining pool operator receives, plus a fractional share of the transaction fees attached to that blockchain less net Bitcoin fees due to the mining pool operator over the measurement period, as applicable. The pay-outs received are based on the expected value from the block reward plus the transaction fee reward, regardless of whether the mining pool operator successfully records a block to the blockchain.

The Company's fractional share is based on a contractual formula, which primarily calculates the hashrate provided to the mining pool as a percentage of total network hashrate and other inputs. The contracts, which are less than 24 hours and continuously renew throughout the day, are terminable at any time by either party without compensation and the Company's enforceable right to compensation only begins when the Company starts providing the service to the mining pool operator, which begins daily at midnight Universal Time Coordinated ("UTC"). The terms, conditions, and compensation are at the current market rates, and accordingly the renewal option is not a material right. The contract arises at the point that the Company provides hash calculation services to the mining pool operator, which is the beginning of the contract day at midnight UTC time (contract inception), as customer consumption is in tandem with daily earnings of delivery of the service. According to the customer contract, daily earnings are calculated from midnight-to-23:59:59 UTC time, and the payout is made one hour later at 1:00 AM UTC time.

The Company satisfies its performance obligation over time with daily settlement in Bitcoin. The Company's performance is completed as it transfers the hashrate computations over the continuously renewed contract periods, which are less than 24 hours. The Company has full control of the mining equipment utilized in the mining pool and if the Company determines it will increase or decrease the processing power of its machines and/or fleet (i.e., for repairs or when power costs are excessive) the service provided to the customer will be adjusted.

The transaction consideration the Company receives is noncash consideration in the form of Bitcoin, which the Company measures at fair value at contract inception, midnight UTC time. The noncash consideration is variable, since the amount of block reward earned depends on the amount of hash calculation services, the amount of transaction fees awarded, and operator fees over the same period. The Company does not constrain this variable consideration because it is probable that a significant reversal in the amount of revenue recognized from the contract will not occur when the uncertainty is subsequently resolved and recognizes the noncash consideration on the same day that control is transferred, which is the same day as contract inception. The fair value used to calculate the noncash consideration is based on the Bitcoin spot price in the Company's principal market at the beginning of the day (midnight UTC time) at contract inception. Expenses associated with running the Bitcoin mining operations, such as hosting, operating supplies, utilities, and monitoring services are recorded as cost of revenues.

Operating Segment

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), or decision–making group, in deciding how to allocate resources and assess performance. The Company's CODM is the Chief Executive Officer. The Company operates as one operating segment and uses net income or loss as a measure of profit or loss on a consolidated basis in making decisions regarding resource allocation and performance assessment. Additionally, the CODM regularly reviews the Company's expenses on a consolidated basis. The financial metrics used by the CODM help make key operating decisions, such as determination of capital expenditure purchases and significant acquisitions and allocation of budget between cost of revenues and general and administrative expenses. The measure of segment assets is reported on the consolidated balance sheet as total consolidated assets. The significant expense categories regularly provided to the CODM include cost of revenue, general and administrative expenses, depreciation and amortization, impairment of property and equipment, and change in fair value of Bitcoin. These expense categories are reported as separate line items in the consolidated statements of operations.

Income Taxes

Income taxes are provided for by utilizing the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes generally represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial and tax basis of assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when a judgment is made that it is considered more likely than not that a tax benefit will not be realized. A decision to record a valuation allowance results in an increase in income tax expense or a decrease in income tax benefit. If the valuation allowance is released in a future period, income tax expense will be reduced accordingly.

The calculation of tax liabilities involves evaluating uncertainties in the application of complex global tax regulations. The impact of an uncertain income tax position is recognized at the largest amount that is "more likely than not” to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

Comprehensive Income (Loss)

Comprehensive income (loss) and its components encompass all changes in equity other than those arising from transactions with shareholders, including net income (loss) and foreign currency translation adjustments, and is disclosed in the condensed consolidated statements of comprehensive income (loss).

Concentration Risk

The Company maintains its cash and cash equivalent balances with three major commercial banks. Deposits held with the financial institutions exceed the amount of insurance provided on such deposits. The Company is exposed to credit risk in the event of a default by the financial institutions holding the cash and cash equivalents to the extent recorded on the consolidated balance sheets. The accounts offered by the custodian of the Company’s Bitcoin are not insured by the Federal Deposit Insurance Corporation (FDIC). There have not been any losses in such accounts.

There are certain customers who individually represented 10% or more of the Company’s revenue. During the years ended December 31, 2025 and 2024, revenue was concentrated with one mining pool operator, Foundry Digital LLC, and all Bitcoin resided with one custodian. In the prior year, the Company also had a service agreement with an additional mining pool operator, Luxor Technology Corporation.

The Company is dependent on a small number of Bitcoin mining equipment suppliers to provide a supply of new generation Bitcoin mining machines. The growth in the Company’s business is directly related to increased demand for hosting services and Bitcoin which is dependent in large part on the availability of new generation mining machines offered for sale at a price conducive to profitable Bitcoin mining. As more companies seek to enter the mining industry, the demand for machines may outpace supply and create mining machine equipment shortages. Currently there is not an agreement with suppliers to purchase additional machines, and therefore there is no guarantee that the Company will be able to purchase machines on terms acceptable to it.

Share-based Compensation

Share-based awards, and similar equity instruments, granted to employees, non-employee directors, and consultants are accounted for in accordance with the authoritative guidance for share-based compensation. Share-based compensation award types may include stock options and restricted stock units (“RSUs”), restricted stock awards (“RSAs”), and performance stock units (“PSUs”). Share-based compensation expense is recognized on a straight-lined basis over the requisite service period (usually the vesting period) except for options with graded vesting which is recognized pursuant to an accelerated method. Share-based compensation expense for an award with a performance condition is recognized when the achievement of such performance condition is determined to be probable. If the outcome of such performance condition is not determined to be probable or is not met, no compensation expense is recognized and any previously recognized compensation expense is reversed. Forfeitures are recognized as a reduction of share-based compensation expense as they occur.

Adoption and Pending Adoption of Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (“FASB”) that are adopted by the Company as of the specified effective date. If not discussed, the Company believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company’s consolidated financial statements upon adoption.

In September 2025, the FASB issued accounting standards update (“ASU”) No. 2025-07, *Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Scope Clarification and Accounting for Certain Contracts and Customer Share-Based Consideration* (“ASU 2025-07”), which narrows the types of contracts subject to derivative accounting by excluding those whose payouts depend solely on an entity’s own operational metrics, rather than market-based variables, and clarifies that share-based or warrant consideration received from a customer is accounted for under Topic 606 until the right to retain the instrument is unconditional, after which the guidance in Topic 815 and 321 applies. The amendments are effective for annual periods beginning after December 15, 2026, which early adoption permitted, and may be applied prospectively or on a modified retrospective basis with an option to elect or revoke the fair value option for certain instruments upon transition. The Company is currently evaluating the impact of ASU 2025-07 but does not expect it to have a material effect on its consolidated financial statements.

In May 2025, the FASB issued ASU 2025-03, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*, which amends existing guidance to allow entities to apply the same principles used in other business combinations when determining the accounting acquirer in a transaction involving a variable interest entity (VIE) that is a business and where consideration is primarily in the form of equity interests. This update addresses comparability concerns and provides for more consistent application of acquisition accounting principles. The amendments are effective for annual periods beginning after December 15, 2026, and interim periods within those years, with early adoption permitted. The Company is currently assessing the potential impact of the standard but does not anticipate that it will have a material impact on its consolidated financial statements.

In May 2025, the FASB also issued ASU 2025-04, *Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer*, to address diversity in practice and improve the operability of accounting for share-based consideration granted to customers. The amendments clarify how to distinguish between service and performance conditions for vesting, require entities to estimate forfeitures for all share-based consideration payable to customers, and specify that variable consideration guidance in ASC 606 does not apply when measuring such awards. The guidance is effective for fiscal years beginning after December 15, 2026, with early adoption permitted. The Company is currently evaluating the impact of this standard on its financial statements but does not expect it to have a material impact on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The guidance is to improve the disclosure of expenses in commonly presented expense captions. The new guidance requires a public entity to provide tabular disclosure, on an annual and interim basis, of amounts for the following expense categories: (1) purchases of inventory, (2) employee compensation, (3) depreciation and (4) intangible asset amortization, as included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement that contains any of the expense categories noted. The guidance is effective for 2027 annual reporting, and in the first quarter of 2028 for interim reporting, with early adoption permitted, to be applied on a prospective basis, with retrospective application permitted. The Company will adopt the guidance when it becomes effective, in its 2027 annual reporting and each quarter thereafter, on a prospective basis. The Company is evaluating the impact the updated guidance will have on its disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures,* which requires more detailed income tax disclosures. The guidance requires entities to disclose disaggregated information about their effective tax rate reconciliation as well as expanded information on income taxes paid by jurisdiction. The guidance is effective for fiscal year 2025 annual reporting, with early adoption permitted, to be applied on a prospective basis, with retrospective application permitted. The Company adopted the guidance in its 2025 annual reporting on a prospective basis. See Note 12 Income Taxes in the accompanying notes to the consolidated financial statements for further detail.

3. Fair Value Measurements

The authoritative guidance for fair value measurements establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

Financial instruments include cash equivalents, investment in equity securities, accounts payable, accrued liabilities, and warrant liabilities. Fair value estimates of these instruments are made at a specific point in time, based on relevant market information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. The carrying amount of cash equivalents, accounts payable and accrued liabilities are generally considered to be representative of their respective fair values because of the short-term nature of those instruments.

The following tables provide a summary of assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	December 31, 2025			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Bitcoin	$ 3,263	$ 3,263	$ —	$ —

	December 31, 2024			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Investment in equity securities	$ 7,530	$ 7,530	$ —	$ —
Bitcoin	1,394	1,394	—	—
Total	$ 8,924	$ 8,924	$ —	$ —
Liabilities:				
Warrant liabilities	$ 31	$ —	$ —	$ 31

Investment in equity securities was in publicly held equity securities which had readily determinable fair values. During the years ended December 31, 2025 and 2024, the Company recognized an unrealized gain of nil and $4.9 million, respectively, within other income (expense) in its consolidated statements of operations related to the fair value change of the investment in equity securities.

The fair value of the warrant liabilities was measured using a Black Scholes valuation model with the following assumptions:

	December 31, 2025	December 31, 2024
Common share price	$ 3.08	$ 9.39
Expected volatility	75.0 %	125.0 %
Risk-free interest rate	3.7 %	4.2 %
Expected term (in years)	0.3	1.3

The following table presents the activities of warrant liabilities that are measured at fair value (in thousands):

Warrant liability as of January 1, 2024	$ 205
Change in fair value	(174)
Warrant liability as of December 31, 2024	31
Change in fair value	(31)
Warrant liability as of December 31, 2025	$ —

Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis

Non-financial assets such as property and equipment and intangible assets are recorded at fair value when an impairment is recognized or at the time acquired in an asset acquisition or business combination measured using significant unobservable inputs (Level 3). As discussed in *Note 6, Certain Balance Sheet Items,* during the year ended December 31, 2025 and 2024, impairment charges associated with property and equipment were recorded and reduced the carrying amount of such assets subject to the impairment to their estimated fair value.

4. Bitcoin

The following table presents the activities of Bitcoin (in thousands):

Balance at January 1, 2024	$	986
Cumulative effect upon adoption of ASU 2023-08		20
Revenue recognized from Bitcoin mined		16,608
Proceeds from sale of Bitcoin		(16,364)
Bitcoin issued for services		(538)
Change in fair value of Bitcoin		682
Balance at December 31, 2024		1,394
Revenue recognized from Bitcoin mined		11,181
Proceeds from sale of Bitcoin		(8,967)
Change in fair value of Bitcoin		(345)
Balance at December 31, 2025	$	3,263

The following table presents Bitcoin holdings (in thousands except for number of Bitcoin):

	December 31, 2025	December 31, 2024
Number of Bitcoin held	37.3	14.9
Carrying basis of Bitcoin	$ 3,835	$ 1,450

For the years ended December 31, 2025 and 2024, the Company had a realized gain of approximately $0.2 million and $0.7 million, respectively, on the sale of Bitcoin.

All additions of Bitcoin were generated by the Company's Bitcoin mining operations. All dispositions of Bitcoin were the result of sales on the open market and used to fund operations. Bitcoin holdings are not subject to sale restrictions and do not serve as collateral for any agreements. As of December 31, 2025 and 2024, the Company held no other cryptocurrency.

5. Note Receivable

Rainmaker Promissory Note

In September 2020, the Company entered into a Senior Secured Convertible Promissory Note with Rainmaker Worldwide Inc. (the "Rainmaker Note"), pursuant to which the Company loaned Rainmaker Worldwide Inc. ("Rainmaker") the principal amount of $3.1 million. The Rainmaker Note is secured as a registered lien under the Uniform Commercial Code and the Personal Property Security Act (Ontario) against the assets of Rainmaker and bears interest at the rate of 10% per annum. In January 2025, the Company and Rainmaker entered into Amendment No. 4 to the Rainmaker Note and the principal amount was revised to $4.6 million and the due date was extended to January 14, 2026, at which time all principal and accrued interest was due and payable.

In January 2026, the Company and Rainmaker entered into a settlement agreement to the Rainmaker Note and both parties agreed the outstanding amount would be settled by a one-time payment of $0.5 million by February 27, 2026 (the "Settlement Date"). If such payment is not received by the Settlement Date, the amount will increase by $50,000 the first business day of each month following the Settlement Date. All amounts related to the Rainmaker Note have been fully reserved in prior periods.

6. Certain Balance Sheet Items

The following table summarizes other current assets (in thousands):

	December 31, 2025	December 31, 2024
Bitcoin mining hosting deposit	$ 870	$ 2,490
Prepaid insurance	364	547
Prepaid mining hosting services	259	100
Prepaid services	137	270
Other	77	31
Other current assets	$ 1,707	$ 3,438

In January 2025, the Company terminated the Rebel Hosting Agreement and agreed to a settlement amount of $2.4 million, which was included in Bitcoin mining hosting deposit at December 31, 2024. For the year ended December 31, 2025, the Company recorded a $0.3 million impairment for the portion of the settlement that was not received by the Company and is in default.

The following table summarizes property and equipment, net (in thousands):

	December 31, 2025	December 31, 2024
Mining equipment	$ 24,019	$ 27,214
Infrastructure	1,516	—
Construction in progress	—	1,750
Total	25,535	28,964
Accumulated depreciation	(10,927)	(6,997)
Property and equipment, net	$ 14,608	$ 21,967

Depreciation expense for property and equipment was $5.4 million and $5.6 million during the years ended December 31, 2025 and 2024, respectively.

The Company sold 2,966 and 3,263 miners during the years ended December 31, 2025 and 2024, respectively, that were included in mining equipment, for proceeds of $1.8 million and $1.0 million, respectively. In addition, for the year ended December 31, 2025, there were infrastructure related assets sold for proceeds of $0.3 million. The Company had a loss on the sale of property and equipment of $1.7 million and $3.5 million during the years ended December 31, 2025 and 2024, respectively.

In March 2025, the infrastructure for an 8 MW site in Iowa ("Iowa Site") was completed, and the Company entered into a management services agreement with Simple Mining LLC ("Simple Mining") to manage the mining site.

Impairment of Property and Equipment

For the year ended December 31, 2025, an impairment to property and equipment of $7.2 million was recorded for the expected sales value of mining equipment primarily due to the decline in Bitcoin prices. For the year ended December 31, 2024, an impairment to property and equipment of $1.1 million was recorded related to idle mining equipment not expected to return to use. The indicated fair value was compared to the carrying value of the mining equipment, and the analysis resulted in an impairment charge. The estimated fair value of the mining equipment is classified in Level 3 of the fair value hierarchy.

The following table summarizes other non-current assets (in thousands):

	December 31,	
	2025	2024
Utilities Deposit	$ 225	$ —
Prepaid mining hosting services	—	308
Prepaid services	—	68
Other	—	3
Other non-current assets	$ 225	$ 379

7. Intangible Assets

The following table summarizes intangible assets, net (in thousands):

	December 31,	
	2025	2024
Supplier agreements	$ 37,525	$ 37,525
Accumulated amortization	(35,915)	(34,430)
Intangible assets, net	$ 1,610	$ 3,095

Amortization expense of intangible assets was $1.5 million for both the years ended December 31, 2025 and 2024. Estimated amortization expense for intangible assets is approximately $1.5 million and $0.1 million in fiscal year 2026 and 2027, respectively.

8. Preferred Shares

Series H Preferred Shares

On October 1, 2021, the Company filed articles of amendment to create a series of preferred shares, being, an unlimited number of Series H Preferred Shares and to provide for the rights, privileges, restrictions and conditions attaching thereto. The Series H Preferred Shares are convertible provided (and only if and to the extent) that prior shareholder approval of the issuance of all Sphere 3D common shares issuable upon conversion of the Series H Preferred Shares has been obtained in accordance with the rules of the Nasdaq Stock Market, at any time from time to time, at the option of the holder thereof, into 14.286 Sphere 3D common shares for every Series H Preferred Share. Each holder of the Series H Preferred Shares, may, subject to prior shareholder approval, convert all or any part of the Series H Preferred Shares provided that after such conversion the common shares issuable, together with all the common shares held by the shareholder in the aggregate would not exceed 9.99% of the total number of outstanding common shares of the Company. Each Series H Preferred Share has a stated value of $1,000. The Series H Preferred Shares are non-voting and do not accrue dividends. These features include, in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, deemed liquidation or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the Series H Preferred Shares shall entitle each of the holders thereof to receive an amount equal to the Series H subscription price per Series H Preferred Share, as defined in the agreement, to be paid before any amount is paid or any assets of the Company are distributed to the holders of its common shares.

In accordance with the authoritative guidance for distinguishing liabilities from equity, the Company has determined that its Series H preferred shares carry certain redemption features beyond the control of the Company. Accordingly, the Series H Preferred Shares are presented as temporary equity. For the years ended December 31, 2025 and 2024, the Company issued nil and 619,348 common shares, respectively, for the conversion of nil and 4,341 Series H Preferred Shares, respectively.

9. Share Capital

At-the-Market Offering Program

On January 3, 2025, the Company entered into a sales agreement (the “AGP Agreement”) with A.G.P./Alliance Global Partners (the “Sales Agent”). In accordance with the terms of the AGP Agreement, the Company may offer and sell from time to time through or to the Sales Agent, as agent or principal, the Company's common shares having an aggregate offering price of up to $8.0 million (the “Placement Shares”). The AGP Agreement can be terminated by either party by giving two days written notice.

Neither the Company nor the Sales Agent are obligated to sell any Placement Shares pursuant to the AGP Agreement. Subject to the terms and conditions of the AGP Agreement, the Sales Agent will use commercially reasonable efforts, consistent with its normal trading and sales practices and applicable state and federal law, rules and regulations and the rules of Nasdaq, to sell the Placement Shares from time to time based upon the Company’s instructions, including any price, time or size limits or other customary parameters or conditions the Company may impose. Sales of the Placement Shares, if any, will be made on Nasdaq at market prices by any method permitted by law deemed to be an “at the market offering” as defined in Rule 415 of the Securities Act of 1933, as amended. For the year ended December 31, 2025, through the At-the-Market Offering program 112,791 common shares were issued for net proceeds of $0.7 million.

Warrant Inducement

On October 16, 2025, the Company entered into a warrant inducement agreement with an existing institutional investor of the Company for the immediate exercise of the November 19, 2024 warrants to purchase 436,823 common shares (the “November 2024 Warrants”) of the Company. The November 2024 Warrants had an exercise price of $15.00 and were exercised at a reduced exercise price of $9.40 for total gross cash proceeds of $4.1 million, before deducting financial advisor fees and other transaction expenses of $0.4 million.

In consideration for the immediate exercise in full of the November 2024 Warrants, the investor received in a private placement new unregistered warrants to purchase up to 873,643 common shares (the “October 2025 Warrants”). The October 2025 Warrants were approved by the shareholders as required by the agreement, have an exercise price of $9.40, are exercisable beginning January 15, 2026, and expire five years from such date. The warrants contain standard anti-dilution adjustments to the exercise price including for share splits, share dividends, rights offerings and pro rata distributions. A holder will not have the right to exercise any portion of the October 2025 Warrants if the holder (together with its affiliates) would beneficially own in excess of 9.99% of the number of the Company's common shares outstanding immediately after giving effect to the exercise of the warrants.

The fair value of the October 2025 Warrants and November 2024 Warrants was calculated using a Black-Scholes model. The relative fair value assigned to the October 2025 Warrants and fair value assigned to the modification of the November 2024 Warrants were approximately $6.3 million and $0.2 million, respectively, and were recognized as share issuance costs.

Registered Direct Offering and Concurrent Private Placement

On November 19, 2024, Company entered into a Securities Purchase Agreement (the “2024 Purchase Agreement”) with a single institutional investor (the “Purchaser”) pursuant to which the Company issued and sold (i) 235,000 common shares of the Company (the “Shares”), and (ii) pre-funded warrants (the “Pre-Funded Warrants”) to purchase up to 187,536 of the Company's common shares (such offering, the “Registered Offering”). The Shares had a purchase price of $14.20 per share; and the Pre-Funded Warrants had a purchase price of $14.199 per share, an exercise price of $0.001 per share, and have been exercised in full. For the years ended December 31, 2025 and 2024, the Pre-Funded Warrants to purchase 159,400 and 28,136 common shares, respectively, were exercised.

In a concurrent private placement (the “Private Placement” and together with the Registered Offering, the “Offerings”), the Company also agreed to issue to the same Purchaser warrants to purchase up to 422,537 of its common shares (the “November 2024 Warrants”). The November 2024 Warrants had an exercise price of $15.00 per share, were exercisable commencing six months from the date of issuance, and expire on May 21, 2030. Such warrants were exercised in full in October 2025, see additional disclosure above under the caption, *Warrant Inducement*.

The Registered Offering gross proceeds was $6.0 million, and net proceeds after deducting the placement agent's fees and other offering expenses paid by the Company, was approximately $5.4 million. A.G.P./Alliance Global Partners ("Placement Agent") acted as the sole placement agent in connection with the Offerings pursuant to a Placement Agent Agreement, dated as of November 19, 2024, between the Company and the Placement Agent (the "Placement Agent Agreement"). Pursuant to the Placement Agent Agreement, the Placement Agent was paid a 7.0% commission and reimbursement of certain Placement Agent expenses for an aggregate amount of approximately $0.5 million. The Company paid an additional $0.1 million of costs related to the Offerings. The Company used the net proceeds from the Offerings to accelerate efficiency and for the purchase or upgrade of the Company's Bitcoin mining fleet, vertical integration of infrastructure, as well as general corporate purposes.

In connection with the Offerings, the Company amended existing warrants to purchase up to 14,286 common shares of the Company, with an exercise price of $665.00 per share, that were previously issued to the Purchaser participating in the Offerings. Effective at the closing date of the Offerings, such existing warrants were amended to reduce the exercise price to $15.00 per share, change the initial exercise date to May 21, 2025, and change the expiration date to May 21, 2030. All the other terms of the prior warrants remained unchanged. The Company accounted for the reduced exercise price and amended expiration date of the existing warrants as a modification. As the nature of the modification was to induce exercise and raise additional capital, the modification was accounted for as an equity issuance cost on the date the offer was accepted by the Purchaser, equal to the excess fair value of the modified warrants post modification of $0.2 million. Such warrants were exercised in full in October 2025, see additional disclosure above under the caption, *Warrant Inducement*.

The Company assessed the terms of the Pre-Funded Warrants and November 2024 Warrants (together the "Offering Warrants") issued in connection with the Registered Offering and determined that these should be classified as equity instruments. Furthermore, the exercise and settlement provisions of the Offering Warrants do not preclude equity classification. Accordingly, the Offering Warrants were determined to be equity classified. The proceeds from the Registered Offering were allocated to each of the equity instruments issued based on their relative fair values and recorded in common shares on the consolidated balance sheets. The fair value of the November 2024 Warrants was calculated using a Black-Scholes model. The relative fair value assigned to the November 2024 Warrants was approximately $2.6 million.

Unlimited authorized shares of common shares at no par value are available to the Company. At December 31, 2025, the following table summarizes outstanding warrants to purchase common shares:

Date issued	Contractual life (years)	Exercise price	Number outstanding	Expiration
September 2021	5.0	$ 665.00	142,955	September 8, 2026
February 2022	5.0	$ 280.00	1,429	February 7, 2027
February 2022	5.0	$ 350.00	1,429	February 7, 2027
February 2022	5.0	$ 420.00	1,429	February 7, 2027
April 2023	3.0	$ 13.42	7,356	April 17, 2026
August 2023	3.0	$ 27.50	80,000	August 11, 2026
August 2023	3.0	$ 27.50	216,293	August 23, 2026
October 2025	5.0	$ 9.40	873,643	January 15, 2031
			1,324,534	

10. Equity Incentive Plan

In May 2025, the shareholders approved the adoption of the Company's 2025 Performance Incentive Plan ("2025 Plan"). As of December 31, 2025, an aggregate of 576,644 common shares are authorized for issuance with respect to awards granted under the previous performance plan and the 2025 Plan. In addition, the share limit will automatically increase on the first trading day in January of each calendar year during the term of the 2025 Plan by an amount equal to the lesser of (i) 10% of the total number of common shares issued and outstanding on December 31 of the immediately preceding calendar year, or (ii) such number of common shares as may be established by the Board. The 2025 Plan authorizes the board of directors to grant stock and options awards to directors, employees and consultants. As of December 31, 2025, the Company had approximately 303,857 share-based awards available for future grants under the 2025 Plan.

Stock Options

The following table summarizes option activity:

	Shares Subject to Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding — January 1, 2025	44,315	$ 51.14		
Granted	14,950	$ 7.92		
Exercised	—	$ —		
Forfeited	(2,679)	$ 126.00		
Outstanding — December 31, 2025	56,586	$ 36.18	3.6	$ —
Vested and expected to vest — December 31, 2025	56,586	$ 36.18	3.6	$ —
Exercisable — December 31, 2025	41,636	$ 46.33	3.0	$ —

The weighted average grant date fair values of options granted during the years ended December 31, 2025 and 2024 were $6.69 per share and $16.68 per share, respectively.

The fair value of option awards are estimated on the date of grant using the Black-Scholes option pricing model. Expected volatility was based on historical volatility of the Company's common shares. The expected term of options granted was based on the simplified method. The risk-free interest rate was based on the U.S. Treasury yield for a period consistent with the expected term of the option in effect at the time of the grant. The dividend yield assumption was based on the expectation of no future dividend payments. Option awards can be granted for a maximum term of up to ten years. The assumptions used in the Black-Scholes model were as follows:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Expected volatility	148.0 %	124.3-126.1%
Expected term (in years)	3.5	3.5
Risk-free interest rate	4.0 %	4.1-4.6%
Dividend yield	—	—

Restricted Stock Units

The following table summarizes RSU activity:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding — January 1, 2025	76,081	$ 19.83
Granted	353,738	$ 6.91
Vested and released	(128,013)	$ 9.87
Forfeited	(122,641)	$ 12.80
Outstanding — December 31, 2025	179,165	$ 6.23
Vested and unreleased — December 31, 2025	8,983	$ 9.30

The estimated fair value of RSUs was based on the closing market value of the Company's common shares on the date of grant. RSUs typically vest over a period of one year to three years from the original date of grant. The total grant date fair value of RSUs vested during the years ended December 31, 2025 and 2024 was approximately $1.2 million and $2.3 million, respectively. The fair value of RSUs vested during the years ended December 31, 2025 and 2024 was approximately $0.8 million and $1.6 million, respectively. The intrinsic value of RSUs vested during the years ended December 31, 2025 and 2024 was $0.1 million and nil, respectively.

Restricted Stock Units with a Performance Condition

In July 2025, the Company entered into a financial advisory agreement and issued to nonemployees RSU grants with a performance condition. On the grant date, 50% of the RSUs were vested and common shares issued, and the remaining will vest upon achievement of a specific performance condition and expire 12 months from the date of grant. See Note 13 Commitments and Contingencies for more information on the related financial advisory agreement.

The following table summarizes RSU with performance condition activity:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding — January 1, 2025	—	$ —
Granted	74,074	$ 6.25
Vested	(37,038)	$ 6.25
Forfeited	—	$ —
Outstanding — December 31, 2025	37,036	$ 6.25

The fair value of RSUs with a performance condition vested during the year ended December 31, 2025 was $0.2 million.

Restricted Stock Awards

During the year ended December 31, 2025, no restricted stock awards ("RSA") were granted. During the year ended December 31, 2024, fully vested RSAs were granted to certain employees and consultants in lieu of cash payment for services performed. The estimated fair value of the RSAs was based on the market value of the Company's common shares on the date of grant. The fair value of RSAs vested during the year ended December 31, 2024 was approximately $0.3 million.

Share-Based Compensation Expense

The following compensation expense related to share-based compensation awards was recorded (in thousands):

	Year Ended December 31,	
	2025	2024
Total share-based compensation expense - general and administrative	$ 832	$ 2,838

Total unrecognized estimated compensation cost by type of award and the weighted-average remaining requisite service period over which such expense is expected to be recognized (in thousands, unless otherwise noted):

	December 31, 2025	
	Unrecognized Expense	Remaining Weighted-Average Recognition Period (years)
RSUs	$ 880	1.3
Stock options	$ 42	0.4

11. Net Loss per Share

Basic net loss per share is computed by dividing net loss applicable to common shareholders by the weighted-average number of common shares outstanding during the period. Preferred shares, common share outstanding purchase warrants, and outstanding options and RSUs are considered common stock equivalents and are only included in the calculation of diluted earnings per common share when net income is reported and their effect is dilutive. For all periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding due to the Company's net loss position.

At December 31, 2024, the Company included the outstanding 159,400 Pre-Funded Warrants issued in November 2024 in the computation of basic and diluted shares outstanding as the stated exercise price was not substantive.

Anti-dilutive common share equivalents excluded from the computation of diluted net loss per share were as follows:

	December 31,	
	2025	2024
Common share purchase warrants	1,324,534	891,916
Options and RSUs outstanding	272,787	120,396
Preferred shares	2,300	2,300

12. Income Taxes

The Company is subject to taxation in Canada and in the United States ("U.S."). Sphere 3D Corp. is a Canadian entity that files tax returns in Canada and the U.S. as it carries on a trade or business in various states in the United States. The Company's tax returns for calendar year 2018 and forward are subject to examination by the Canadian tax authorities. The Company's tax returns for fiscal year 2022 and forward are subject to examination by the U.S. federal and state tax authorities.

The Company recognizes the impact of an uncertain income tax position on its income tax return at the largest amount that is "more likely than not" to be sustained upon audit by the relevant taxing authority. An uncertain tax position will not be recognized if it has less than a 50% likelihood of being sustained.

At December 31, 2025, there were no unrecognized tax benefits. The Company believes it is reasonably possible that, within the next 12 months, the amount of unrecognized tax benefits may remain unchanged. The Company recognizes interest and penalties related to unrecognized tax benefits in its provision for income taxes. The Company had no material accrual for interest and penalties on its consolidated balance sheets at December 31, 2025 and 2024, and recognized no material interest and/or penalties in the consolidated statements of operations for the years ended December 31, 2025 and 2024.

The components of loss before income taxes were as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Domestic	$ (20,094)	$ (9,320)
Foreign	(1,386)	—
Net loss before income taxes	$ (21,480)	$ (9,320)

The components of provision for income taxes were as follows (in thousands):

	Year Ended December 31, 2025
Foreign:	
Current	$ 2
Deferred	—
Total provision for income taxes	$ 2

On July 4, 2025, the U.S. enacted tax legislation referred to as the One Big Beautiful Bill ("OBBB"). The OBBB included significant changes to U.S. income tax laws, including accelerated depreciation on eligible capital expenditures and other tax law changes impacting 2025 with certain changes effective in 2026. The OBBB did not have a material impact on the Company's 2025 effective tax rate.

The following is a reconciliation of the federal statutory income tax rate to the effective tax rate (in thousands):

	Year Ended December 31, 2025	
	Value	Percent
Income tax at statutory rate	$ (5,691)	26.5 %
Foreign tax effects		
United States		
Statutory tax rate difference between U.S. and Canada	(4,131)	19.2
State and local taxes net of U.S. federal income tax effect [(1)]	(1,121)	5.2
Change in valuation allowance	7,960	(37.1)
Changes in state tax rates	(2,523)	11.7
Other	183	(0.8)
Change in valuation allowance	4,822	(22.4)
Nontaxable or nondeductible items		
Share-based compensation expense	193	(0.9)
Other	310	(1.4)
Provision for income taxes	$ 2	— %

(1) The tax effect in this category primarily reflects state and local taxes in California and Connecticut.

Prior to the adoption of ASU 2023-09, a reconciliation of income taxes computed by applying the federal statutory income tax rate of 26.5% to loss before income taxes to the total income tax provision is as follows (in thousands):

	Year Ended December 31, 2024
Income tax at statutory rate	$ (2,470)
Change in valuation allowance	48,752
Tax impact of U.S. permanent establishment	(44,819)
Foreign rate differential	(1,801)
State income taxes, net of federal benefit	82
Change to provision and other true-ups	(446)
Share-based compensation expense	651
Other differences	201
Provision for income taxes	$ 150

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are shown below. A valuation allowance has been recorded, as realization of such assets is uncertain.

Deferred income taxes are comprised as follows (in thousands):

	December 31,	
	2025	2024
Deferred tax assets:		
Net operating loss and capital loss carryforwards	$ 113,396	$ 109,300
Intangible assets	26,943	25,912
Impairment of investments	7,645	6,976
Provision for losses on notes receivable	2,413	2,096
Share-based compensation	482	511
Provision for losses on deposits due to vendor bankruptcy filings	180	332
Other	2,549	1,014
Deferred tax assets, gross	153,608	146,141
Valuation allowance for deferred tax assets	(149,990)	(137,208)
Deferred tax assets, net of valuation allowance	3,618	8,933
Deferred tax liabilities:		
Property and equipment	(3,618)	(7,630)
Investment in equity securities	—	(1,303)
Deferred tax liabilities	(3,618)	(8,933)
Net deferred tax assets (liabilities)	$ —	$ —

At December 31, 2025, the Company had U.S. federal and state net operating loss carryforwards of $183.5 million and $16.3 million, respectively. U.S. federal net operating losses do not expire and will be carried forward indefinitely until utilized. State net operating loss carryforwards begin to expire in 2043. At December 31, 2025, the Company had Canadian net operating loss carryforwards of $260.8 million. These carryforwards will begin expiring December 31, 2031, unless previously utilized. The Company also has net capital loss carryforwards in Canada of $37.8 million, which are available indefinitely to offset taxable capital gains.

13. Commitments and Contingencies

Hosting Agreements

On November 1, 2025, the Company entered into a Hosting Agreement with North Campbell HostCo LLC (the "Campbell Hosting Agreement"), for rack space, network services, electrical connections, routine facility maintenance, and technical support of certain of the Company's mining equipment. The Campbell Hosting Agreement has an initial term of 12 months and can be terminated based on certain defaults defined in such agreement. An initial deposit of $0.3 million was made based on the Campbell Hosting Agreement. During the year ended December 31, 2025, the Company incurred costs under the Campbell Hosting Agreement of $0.3 million.

On April 19, 2024, the Company entered into a Master Hosting Agreement with Simple Mining LLC ("Simple Mining") for rack space, network services, electrical connections, routine facility maintenance, and technical support of certain of the Company's mining equipment. On September 25, 2024, the Company entered into Amendment No. 2 to the Master Hosting Agreement ("Simple Mining Hosting") for certain of the Company's mining machines to be hosted at Simple Mining's facility in Iowa. The Simple Mining Hosting agreement has a term of two years and can be terminated by the Company with 30 days advance notice. On September 25, 2024, the Company entered into Amendment No. 3 to the Master Hosting Agreement ("Simple Mining XP Hosting") for certain mining machines to be racked at Simple Mining's facility in Iowa until the Company's Iowa Site was completed. The Simple Mining XP Hosting agreement can be terminated by the Company with 30 days advance notice. The Company paid Simple Mining a deposit of $0.6 million representing 30 days of estimated service fees. Effective November 22, 2025, the Simple Mining Hosting and Simple Mining XP Hosting agreements were mutually terminated. During the years ended December 31, 2025 and 2024, the Company incurred aggregate costs under the Simple Mining Hosting and Simple Mining XP Hosting agreements of $3.9 million and $1.7 million, respectively.

On October 18, 2023, the Company entered into a Hosting Agreement with Joshi Petroleum, LLC (the "Joshi Hosting Agreement") for rack space, network services, electrical connections, routine facility maintenance, and technical support of certain of the Company's mining equipment. The Joshi Hosting Agreement has an initial term of three years with subsequent one year renewal periods until either party provides written notice to the other party of its desire to avoid and given renewal term at least 30 days in advance of the conclusion of the prior initial term or renewal period. As required by the Joshi Hosting Agreement, the Company paid a deposit of $0.3 million representing the last two months of estimated service fees. During both the years ended December 31, 2025 and 2024, the Company incurred costs under the Joshi Hosting Agreement of $1.6 million. Effective January 2, 2026, the Joshi Hosting Agreement was assigned to Evolution Technology LLC.

On April 4, 2023, the Company entered into a Master Hosting Services Agreement with Rebel Mining Company, LLC (the "Rebel Hosting Agreement") for rack space, network services, electrical connections, routine facility maintenance, and technical support of certain of the Company's mining equipment. The Rebel Hosting Agreement had a term of three years with subsequent one year renewal periods. During the year ended December 31, 2024, the Company recorded a $0.9 million impairment to prepaid service fees held by Rebel Mining Company and is included in impairment of other assets on the consolidated statement of operations. On January 16, 2025, the Company terminated the Rebel Hosting Agreement and agreed to a settlement amount of $2.4 million payable to the Company in satisfaction of all obligations of the Rebel Hosting Agreement and it constitutes a final settlement of all amounts owed by either party of the Rebel Hosting Agreement. For the year ended December 31, 2025, the Company recorded a $0.3 million impairment for the remaining outstanding portion of the settlement that is in default. During the years ended December 31, 2025 and 2024, the Company incurred costs under the Rebel Hosting Agreement of $0.1 million and $3.7 million, respectively.

On February 8, 2023, the Company entered into a Hosting Agreement with Lancium FS 25, LLC (the “Lancium Hosting Agreement”) for rack space, network services, electrical connections, routine facility maintenance, and technical support of certain of the Company’s mining equipment. The Lancium Hosting Agreement had a term of two years with subsequent one year renewal periods. During the years ended December 31, 2025 and 2024, the Company incurred costs under the Lancium Hosting Agreement of nil and $3.0 million, respectively. On November 15, 2024, both parties terminated the Lancium Hosting Agreement, which resulted in the return of the deposit, and waiving of outstanding service fees in exchange for the mining equipment in immersion. During the year ended December 31, 2024, the Company recorded a $2.3 million loss on equipment retained by Lancium, as agreed upon in the Termination Agreement, which is included in loss on disposal of property and equipment on the consolidated statement of operations.

On June 3, 2022, the Company entered into a Master Agreement with Compute North LLC (the “Compute North MA”) for, the colocation, management, and other services of certain of the Company’s mining equipment. In December 2022, the Compute North MA was assigned to GC Data Center Granbury, LLC (the “GC Data Center MA”). In the first quarter of 2024, Marathon Digital Holdings acquired GC Data Center Granbury Equity Holdings, LLC and assumed the GC Data Center MA. The GC Data Center MA had a term of five years beginning December 2022. The Company incurred costs under the GC Data Center MA of nil and $2.7 million during the years ended December 31, 2025 and 2024, respectively. On August 28, 2024, the Company and GC Data Center Granbury, LLC (the “Host”) mutually entered into a termination agreement effective August 31, 2024, and the Host paid a termination fee to the Company of $3.0 million to settle all matters pertaining to the GC Data Center MA including all services and deposit prepayment for estimated services fees, which is included within other income (expense) in its consolidated statements of operations.

Management Agreement

In March 2025, the Company entered into a management services agreement with Simple Mining LLC (“Simple Mining”) to manage its Iowa Site for a term of 12 months, with automatic renewals for subsequent terms of 12 months unless terminated by either party with written notice 30 days prior to the expiration of the then current term. For the year ended December 31, 2025, management services fees paid to Simple Mining were approximately $0.2 million.

Financial Advisory Agreement

In July 2025, the Company entered into a financial advisory and consulting agreement for a term of 12 months, with automatic 30 days renewal periods. The agreement can be canceled by either party at any time with 10 days written notification to the other party. Fees are $25,000 per month for ongoing work, and a $1.45 million fee for certain transactions, payable in cash and equity. For the year ended December 31, 2025, fees paid under the financial and advisory agreement were $0.4 million.

Letters of Credit

During the ordinary course of business, the Company provides standby letters of credit to third parties as required for certain transactions initiated by the Company. As of December 31, 2025, the Company had no outstanding standby letters of credit.

Litigation

The Company is, from time to time, subject to claims and suits arising in the ordinary course of business. The Company cannot predict the final outcome of such proceedings. Where appropriate, the Company vigorously defends such claims, lawsuits and proceedings. Paid expenses related to the defense of such claims are recorded by the Company as incurred and paid. On the basis of current information, the Company does not believe there is a reasonable possibility that a material loss, if any, will result from any claims, lawsuits and proceedings to which the Company is subject to either individually, or in the aggregate.

14. Subsequent Events

Business Combination

On March 5, 2026, the Company and Cathedra Bitcoin Inc. ("Cathedra"), entered into a definitive agreement to combine the two companies in an all-stock transaction. Under the terms of the definitive arrangement agreement, entered into on March 5, 2026 (the "Arrangement Agreement"), the Company has agreed to acquire all of the issued and outstanding shares of Cathedra (the "Transaction"), subject to customary closing conditions, including regulatory, court, and shareholder approvals, such that upon consummation of the Transaction, Cathedra will be a wholly-owned subsidiary of the Company. If the Arrangement Agreement is terminated in certain specified circumstances, the Company or Cathedra would be required to pay the other party a termination fee of $0.5 million.

Equity Incentive Plan Grants

On March 4, 2026, the Company granted 472,222 RSUs and 45,532 RSAs with an aggregate fair value of $0.7 million. The RSUs have a vesting period of 12 months and the RSAs were granted fully vested.

At-the-Market Offering Program

During March 2026, under the AGP Agreement the Company issued 256,142 common shares for $0.4 million of net proceeds.

Sale and Purchase of Property and Equipment

On February 9, 2026, the Company sold approximately 7,700 older generation miners included in property and equipment for 437 newer generation miners with a value of $1.1 million.

Exhibit 4.1

Sphere3D

(INCORPORATED UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

NUMBER
CERT.9999

SHARES
9,000,000,000***
9,000,000,000*
****9,000,000,000***
*****9,000,000,000**
******9,000,000,000*

THIS CERTIFIES THAT

* * SPECIMEN * *

is the registered owner of

CUSIP: 84841L506
ISIN: CA84841L5062

* NINE BILLION AND 00/100 *

FULLY PAID AND NON-ASSESSABLE COMMON SHARES IN THE CAPITAL OF

SPHERE 3D CORP.

transferable only on the books of the Corporation by the registered holder in person or by duly authorized Attorney on surrender of this Certificate properly endorsed.

This Certificate is not valid until countersigned and registered by the Transfer Agent and Registrar of the Corporation.

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers.

DATED: JANUARY 01, 2009

COUNTERSIGNED AND REGISTERED by
TSX Trust Company
301 - 100 Adelaide Street West
Toronto, ON M5H 4H1
Main Transfer Agent and Registrar

OR

COUNTERSIGNED by
Continental Stock Transfer & Trust Co.
1 State Street, 30th Floor
New York, NY 10004
Co-Transfer Agent

Kurt L. Kalbfleisch
Chief Executive Officer &
Chief Financial Officer

By________________________
AUTHORIZED OFFICER

By________________________
AUTHORIZED OFFICER

The Shares represented by this Certificate are transferable at the offices of TSX Trust Company, Toronto, Ontario, Canada, and at the offices of Continental Stock Transfer & Trust Company, New York, New York, USA

SECURITY INSTRUCTIONS ON REVERSE   VOIR LES INSTRUCTIONS DE SÉCURITÉ AU VERSO

00030992

FOR VALUE RECEIVED, ____________________ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL INSURANCE NUMBER OF TRANSFEREE

			-				-			

____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE)

____

____Shares

of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

____Attorney

to transfer the said Stock on the Books of the within named Corporation, with full power of substitution in the premises.

Dated______________________________

Signature:______________________________________

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATSOEVER.

In the presence of:

____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATSOEVER.

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION, (BANKS, STOCKBROKERS, SAVING AND LOANS ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE Ad-15.

999999 TIR5405 ACCT9999 CERT.9999

RESTRICTIONS

SECURITY INSTRUCTIONS - INSTRUCTIONS DE SÉCURITÉ

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.

PAPIER FILIGRANÉ. NE PAS ACCEPTER SANS VÉRIFIER LA PRÉSENCE DU FILIGRANE. POUR CE FAIRE, PLACER À LA LUMIÈRE.

Exhibit 4.2

DESCRIPTION OF SECURITIES

Sphere 3D Corp. (the "Company") authorized capital shares consist of unlimited number of common shares, no par value; unlimited number of Series A Preferred Shares, no par value; unlimited number of Series B Preferred Shares, no par value; unlimited number of Series C Preferred Shares, no par value; unlimited number of Series D Preferred Shares, no par value; unlimited number of Series E Preferred Shares, no par value; unlimited number of Series F Preferred Shares, no par value; unlimited number of Series G Preferred Shares, no par value; and unlimited number of Series H Preferred Shares, no par value. As of March 23, 2026, issued and outstanding were 3,767,086 common shares, and 161 Series H Preferred Shares. There are no Series A, Series B, Series C, Series D, Series E, Series F, or Series G Preferred Shares outstanding. Pursuant to our articles of amalgamation, the Board of Directors has the authority to fix and determine the voting rights, rights of redemption and other rights and preferences of preferred shares. The Series H Preferred Shares have no voting rights.

The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of the Business Corporation Act (Ontario) and our Articles and By-laws. The Company encourages you to review its:

- Articles of Amendment dated June 28, 2023;
- Articles of Amendment dated October 1, 2021;
- Articles of Amendment dated July 13, 2021;
- Articles of Amendment dated January 4, 2021;
- Articles of Amendment dated September 29,2020;
- Articles of Amendment dated May 6, 2020;
- Articles of Amendment dated November 6, 2019;
- Articles of Amendment dated July 12, 2019;
- Articles of Amendment dated November 13, 2018;
- Articles of Amendment dated November 5, 2018;
- Articles of Amendment dated September 28, 2018;
- Articles of Amendment dated July 11, 2017;
- Articles of Amalgamation dated March 24, 2015;
- By-law No. 1, as amended; and
- By-law No. 2.

Common Shares

Voting, Dividend and Other Rights. Each outstanding common share entitles the holder to one vote on all matters presented to the shareholders for a vote. Holders of common shares have no cumulative voting, pre-emptive, subscription or conversion rights. All common shares to be issued pursuant to this registration statement will be duly authorized, fully paid and non-assessable. Our Board of Directors determines if and when distributions may be paid out of legally available funds to the holders. To date, the Company has not declared any dividends with respect to its common shares. Our declaration of any cash dividends in the future will depend on our Board of Directors' determination as to whether, in light of our earnings, financial position, cash requirements and other relevant factors existing at the time, it appears advisable to do so. The Company does not anticipate paying cash dividends on the common shares in the foreseeable future.

Rights Upon Liquidation. Upon liquidation, subject to the right of any holders of preferred shares to receive preferential distributions, each outstanding common share may participate pro rata in the assets remaining after payment of, or adequate provision for, all our known debts and liabilities.

Majority Voting. Two holders representing not less than 33⅓% of the outstanding common shares constitute a quorum at any meeting of the shareholders. A plurality of the votes cast at a meeting of shareholders elects our directors. The common shares do not have cumulative voting rights. Therefore, the holders of a majority of the outstanding common shares can elect all of our directors. In general, a majority of the votes cast at a meeting of shareholders must authorize shareholder actions other than the election of directors.

Preferred Shares

Authority of Board of Directors to Create Series and Fix Rights

Under our certificate of amalgamation, as amended, our Board of Directors can issue an unlimited number of preferred shares from time to time in one or more series. The Board of Directors is authorized to fix by resolution as to any series the designation and number of shares of the series, the voting rights, the dividend rights, the redemption price, the amount payable upon liquidation or dissolution, the conversion rights, and any other designations, preferences or special rights or restrictions as may be permitted by law. Unless the nature of a particular transaction and the rules of law applicable thereto require such approval, our Board of Directors has the authority to issue these preferred shares without shareholder approval.

Series H Preferred Shares

The holders of Series H Preferred Shares have the following rights, restrictions and privileges in respect of their preferred shares:

- The Series H Preferred Shares are convertible into 14.286 Sphere 3D common shares for every one Series H Preferred Share. Each holder may convert such holders Series H Preferred Shares provided that after such conversion the common shares issuable, together with all the Sphere 3D common shares beneficially owned by the shareholder, in the aggregate, would not exceed 9.99% of the total number of outstanding Sphere 3D common shares.
- The holders of Series H Preferred Shares are not entitled to receive dividends and are not entitled to voting rights, except as required by law.

Advance Notice Requirements for Shareholder Proposals and Director Nominations

The Company’s by-laws provide that shareholders seeking to nominate candidates for election as directors at a meeting of shareholders must provide the Company with timely written notice of their proposal. The Company’s by-laws also specify requirements as to the form and content of a shareholder’s notice. These provisions may preclude shareholder’s from making nominations for directors at an annual meeting of shareholders.

Indemnification of Our Executive Officers and Directors

In accordance with the by-laws of the Company, directors and officers are each indemnified by the Company against all liability and costs arising out of any action or suit against them from the execution of their duties, provided that they have carried out their duties honestly and in good faith with a view to the best interests of the Company and have otherwise complied with the provisions of applicable corporate law.

Exhibit 21.1

Subsidiaries of the Company

Name of subsidiary	Jurisdiction of Incorporation or Organization
Sphere 3D Inc.	Ontario, Canada
Sphere 3D Mining Corp.	Delaware, United States
S3D Acquisition Corp.	British Columbia, Canada
101250 Investments Ltd.	Turks and Caicos Islands

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-269663, 333-271989, 333-283932, and 333-291698); Form F-1 (File No. 333-254742); Forms F-3 (File Nos. 333-206357, 333-259277, and 333-259092) and Forms S-8 (File Nos. 333-203149, 333-203151, 333-205236, 333-209251, 333-214605, 333-216209, 333-220152, 333-222771, 333-228380, 333-231472, 333-238145, 333-252632, 333-262154, 333-269298, 333-276395, 333-279866, 333-284524, 333-288321, and 333-292766) of our report dated March 27, 2026 with respect to the audited consolidated financial statements of Sphere 3D Corp. (the "Company") appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2025. Our report contains an explanatory paragraph regarding the Company's ability to continue as a going concern.

/s/ *MaloneBailey, LLP*
www.malonebailey.com
Houston, Texas
March 27, 2026

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kurt L. Kalbfleisch, Chief Executive Officer of Sphere 3D Corp. certify that:

1. I have reviewed this annual report on Form 10-K of Sphere 3D Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 27, 2026

/s/ Kurt L. Kalbfleisch

Kurt L. Kalbfleisch
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Tiah Reppas, Chief Accounting Officer of Sphere 3D Corp. certify that:

1. I have reviewed this annual report on Form 10-K of Sphere 3D Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 27, 2026

/s/ Tiah Reppas
Tiah Reppas
Chief Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION. 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Annual Report of Sphere 3D Corp. (the "Registrant") on Form 10-K for the fiscal year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kurt L. Kalbfleisch, Chief Executive Officer of the Registrant, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: March 27, 2026

/s/ Kurt L. Kalbfleisch

Kurt L. Kalbfleisch
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION. 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Annual Report of Sphere 3D Corp. (the “Registrant”) on Form 10-K for the fiscal year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Tiah Reppas, Chief Accounting Officer of the Registrant, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: March 27, 2026

/s/ Tiah Reppas
Tiah Reppas
Chief Accounting Officer