

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 29, 2026

SPHERE 3D CORP.

(Exact name of registrant as specified in its charter)

Ontario
(State or other jurisdiction
of incorporation)

001-36532
(Commission
File Number)

98-1220792
(IRS Employer
Identification No.)

243 Tresser Blvd, 17th Floor
Stamford, Connecticut, United States 06901
(Address of principal executive offices) (ZIP Code)

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Shares	ANY	NASDAQ Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Introductory Note

As previously announced, on March 5, 2026, Sphere 3D Corp., a company existing under the laws of the Province of Ontario, Canada ("Sphere"), S3D Acquisition Corp., a company existing under the laws of the Province of British Columbia, Canada and a wholly-owned subsidiary of Sphere ("Amalco Sub"), and Cathedra Bitcoin Inc., a company existing under the laws of the Province of British Columbia, Canada ("Cathedra"), entered into an arrangement agreement (the "Arrangement Agreement"), pursuant to which, on the terms and subject to the conditions set forth therein, Sphere agreed to acquire Cathedra in a stock-for-stock transaction (the "Arrangement") pursuant to a plan of arrangement under the *Business Corporations Act (British Columbia)* (the "Plan of Arrangement"). On June 1, 2026 (the "Closing Date"), pursuant to the terms and conditions set forth in the Arrangement Agreement, Sphere (through Amalco Sub) acquired all of the issued and outstanding subordinate voting shares of Cathedra (the "Cathedra SV Shares") and multiple voting shares of Cathedra (the "Cathedra MV Shares") pursuant to the Plan of Arrangement with Cathedra becoming a wholly-owned subsidiary of Sphere.

The foregoing descriptions of the Arrangement and Arrangement Agreement do not purport to be complete and are qualified in their entirety by reference to the full text of the Arrangement Agreement, which is included as Exhibit 2.1 to the Current Report on Form 8-K filed by Sphere with the Securities and Exchange Commission (the "SEC") on March 11, 2026 and is incorporated by reference herein.

Item 1.01. Entry into a Material Definitive Agreement.

The information set forth in the Introductory Note and Item 5.02 of this Current Report on Form 8-K is incorporated by reference in its entirety into this Item 1.01.

Employment Agreement for Joel Block

On the Closing Date, Sphere entered into an Employment Agreement (the "Block Employment Agreement") with Joel Block, pursuant to which Mr. Block will serve as Chief Executive Officer of Sphere.

The Block Employment Agreement does not provide for a fixed term, and Mr. Block's employment is "at will," terminable by either Sphere or Mr. Block at any time, with or without cause and with or without notice, subject to the severance provisions described below. Sphere has agreed to use commercially reasonable efforts to cause Mr. Block to be nominated for re-election as a director at each annual general meeting of Sphere's shareholders.

Under the Block Employment Agreement, Mr. Block will receive an annual base salary of \$425,000, subject to annual review (with the first review effective as of January 31, 2027).

Mr. Block is eligible to receive an annual discretionary bonus with a target of 125% of his base salary (the "Block Target Bonus"), with the actual amount (which may be more or less than such target) determined by the Sphere Board (as defined below) (or a committee thereof) based on Sphere's performance and individual performance criteria established in consultation with Mr. Block. If the Sphere Board does not communicate written performance criteria by March 31 of the applicable fiscal year, Mr. Block is deemed entitled to the full Block Target Bonus for that year, subject to the other earning conditions in the agreement.

In addition, Mr. Block is eligible to receive annual long-term incentive equity awards ("LTI Awards"), which may include stock options, restricted stock, restricted stock units ("RSUs"), stock appreciation rights, phantom stock or other equity-based awards, granted under Sphere's equity incentive plan on terms consistent with those applicable to Sphere's executive officers generally, as determined by the Compensation Committee of the Sphere Board ("Compensation Committee") in its sole discretion. In addition, in connection with the commencement of his employment and pursuant to the Block Employment Agreement, subject to the approval of the Compensation Committee and the Sphere Board, Mr. Block shall be entitled to a one-time inducement equity award of an aggregate of 500,000 RSUs (the "RSUs Grant"), which shall be settled in common shares of Sphere (the "Sphere Common Shares"), vesting, subject to Mr. Block's continued employment, bi-annually in four equal installments over a two-year period, with the first tranche vesting on the six-month anniversary of the grant date.

In addition, pursuant to the Block Employment Agreement, Mr. Block also remains eligible to receive a \$1.6 million transaction-related cash retention bonus (the "Block Cash Bonus"), as provided under his prior employment agreement with Cathedra with respect to the Arrangement, which shall become payable upon satisfaction of two vesting conditions: (i) the achievement of certain performance milestones of the combined company (as described in the Block Employment Agreement); and (ii) either continued employment through January 1, 2027, or a termination of employment other than by Sphere for "Cause" or by Mr. Block without "Good Reason" (each as defined in the Block Employment Agreement). If payable, the Block Cash Bonus is payable in monthly installments of \$133,333. If the Sphere Board determines it does not have sufficient cash to make a monthly Block Cash Bonus payment, the payment may be made in fully vested registered Sphere Common Shares with a fair market value equal to the installment amount.

During the term, Mr. Block is entitled to fully paid family health insurance and to participate in Sphere's other executive benefit plans, and is eligible for reimbursement of the cost of certain personal insurance coverage in an amount up to an average of \$5,000 per month (not to exceed \$60,000 per year).

In the event of a termination of Mr. Block's employment by Sphere without "Cause" or by Mr. Block for "Good Reason" (each as defined in the Block Employment Agreement), and subject to his execution and non-revocation of a release of claims, Mr. Block is entitled to severance benefits consisting of: (i) continued payment of his base salary (at the highest rate in effect during the preceding year) plus 100% of his Block Target Bonus (at the highest rate in effect during the preceding year), with such aggregate amount payable in substantially equal installments over 18 months following termination; (ii) any earned but unpaid annual bonus for a completed fiscal year plus a pro-rated annual bonus for the fiscal year of termination; (iii) 18 months of continued employer-paid COBRA health coverage (or equivalent reimbursement of up to \$5,000 per month); and (iv) full accelerated vesting (and, if applicable, exercisability) of all unvested equity awards.

Upon any termination, Mr. Block is also entitled to certain accrued obligations, consisting of accrued but unpaid base salary, unreimbursed business expenses and accrued unused vacation. In the event of a termination due to Mr. Block's disability, he will continue to receive his full base salary and specified benefits for 12 months and will be entitled to a pro-rated portion of his Block Target Bonus through the date of the disability. In the event of Mr. Block's death, his estate will be entitled to the accrued obligations, any bonuses and vested equity awards, and accelerated vesting of his unvested equity awards as of the day immediately prior to his death.

The Block Employment Agreement also contains customary confidentiality and non-solicitation provisions for an agreement of this nature.

The foregoing description of the Block Employment Agreement does not purport to be complete and is subject to, and qualified in its entirety by reference to the full text of the Block Employment Agreement, the form of which is attached to this Current Report on Form 8-K as Exhibit 10.1 and is incorporated herein by reference.

Amended and Restated Employment Agreement for Kurt Kalbfleisch

On May 29, 2026, Sphere entered into a Fourth Amended and Restated Employment Agreement (the "Kalbfleisch Employment Agreement") with Kurt Kalbfleisch, pursuant to which Mr. Kalbfleisch will serve as Chief Financial Officer of Sphere.

Under the Kalbfleisch Employment Agreement, Mr. Kalbfleisch will receive an annual base salary of \$330,000, subject to annual review (with the first review effective as of January 31, 2027).

Mr. Kalbfleisch is eligible to receive an annual discretionary bonus with a target of 90% of his base salary (the "Kalbfleisch Target Bonus"), with the actual amount (which may be more or less than such target) determined by the Sphere Board (or a committee thereof) based on the company's performance and individual performance criteria established in consultation with Mr. Kalbfleisch. If the Sphere Board does not communicate written performance criteria by March 31 of the applicable fiscal year, Mr. Kalbfleisch is deemed entitled to the full Kalbfleisch Target Bonus for that year, subject to the other earning conditions in the agreement. In addition, the Sphere Board may, in its sole discretion, approve the issuance of restricted stock units and/or options based upon the achievement of certain performance and financial thresholds determined by the Board in consultation with Mr. Kalbfleisch.

Pursuant to the terms of the Kalbfleisch Employment Agreement, upon the consummation of the Arrangement, Mr. Kalbfleisch is entitled to a transaction bonus of \$300,000, payable in three equal monthly installments following the Closing. Additionally, Mr. Kalbfleisch is eligible for a retention bonus of \$1,095,000 (the "Kalbfleisch Cash Bonus"), payable in monthly installments of \$91,250, contingent upon satisfaction of two vesting conditions: (i) the achievement of certain performance milestones of Sphere (as described in the Kalbfleisch Employment Agreement) (the "Performance Condition"); and (ii) either continued employment through January 1, 2027, or a termination of employment other than by Sphere for "Cause" or by Mr. Kalbfleisch without "Good Reason" (each as defined in the Kalbfleisch Employment Agreement). If the Sphere Board determines it does not have sufficient cash to make a monthly Kalbfleisch Cash Bonus payment, the payment may be made in fully vested registered Sphere Common Shares with a fair market value equal to the installment amount.

In the event of a termination of Mr. Kalbfleisch's employment by the Employer without "Cause" or by Mr. Kalbfleisch for "Good Reason" (each as defined in the Kalbfleisch Employment Agreement), and subject to his execution and non-revocation of a release of claims, Mr. Kalbfleisch is entitled to severance benefits. If such termination occurs on or after January 1, 2027, severance consists of continued payment of his base salary plus 100% of his Target Bonus for a period of 12 months following termination. If such termination occurs prior to January 1, 2027, in lieu of the foregoing severance, Mr. Kalbfleisch is entitled to a conditional severance payment of \$1,095,000, payable as salary continuation over 18 months, contingent upon satisfaction of the Performance Condition, plus the health continuation benefits and equity acceleration described below. Receipt of such conditional severance payment precludes receipt of the Kalbfleisch Cash Bonus. In either case, Mr. Kalbfleisch is also entitled to a pro-rata share of his Kalbfleisch Target Bonus through the date of termination and any declared but unpaid bonus from the prior year. He is further entitled to 18 months of employer-paid COBRA health coverage continuation (or equivalent reimbursement of up to \$5,000 per month). Subject to certain limited exceptions as set forth in the Kalbfleisch Employment Agreement, all vested and unvested equity awards previously granted to Mr. Kalbfleisch will immediately vest upon such termination.

The Kalbfleisch Employment Agreement also contains customary confidentiality and non-solicitation provisions for an agreement of this nature.

The foregoing description of the Kalbfleisch Employment Agreement does not purport to be complete and is subject to, and qualified in its entirety by reference to the full text of the Kalbfleisch Employment Agreement, the form of which is attached to this Current Report on Form 8-K as Exhibit 10.2 and is incorporated herein by reference.

Voting Agreements

Pursuant to the terms of the Arrangement Agreement and effective at the Effective Time, Sphere entered into a Voting Agreement with Thomas Masiero, Jialin Qu, and Joel Block (each, a "Principal Holder"). Pursuant to the terms of the Voting Agreement, each Principal Holder has agreed, for a period of 24 months following the Closing Date (the "Term"), to vote, or cause to be voted, all Sphere Common Shares beneficially owned or controlled by such Principal Holder at each meeting of shareholders in accordance with the recommendations of the Sphere Board (as defined below). During the Term, each Principal Holder has also agreed not to deposit any such Sphere Common Shares into a voting trust or other voting arrangement, and not to solicit proxies or take any action in opposition to, or in competition with, any Sphere Board-recommended proposal; provided that the foregoing voting obligations will not apply to any proposal that would materially and disproportionately adversely impact such Principal Holder compared to other Sphere shareholders. The Voting Agreement terminates automatically upon expiration of the Term and may be terminated earlier by mutual written agreement or by the Principal Holder upon the occurrence of certain events, including a material uncured breach by Sphere, a change of control of Sphere, a delisting of Sphere Common Shares, or Sphere becoming subject to bankruptcy or insolvency proceedings. In addition, solely for the Voting Agreement with Mr. Block, the Voting Agreement may be terminated by Mr. Block if he is terminated (whether or not for cause) from, or resigns from, the position of Chief Executive Officer, or any other officer position, of Sphere.

The foregoing description of the Voting Agreements does not purport to be complete and is subject to, and qualified in its entirety by, reference to the full text of the Voting Agreement with Messrs. Masiero and Qu, the form of which is attached to this Current Report on Form 8-K as Exhibit 10.3, and the Voting Agreement with Mr. Block, the form of which is attached to this Current Report on Form 8-K as Exhibit 10.4, in each case the terms of which are incorporated herein by reference.

Indemnity Agreements

On June 1, 2026, Sphere entered into an Indemnity Agreement with each of Sphere's directors and officers. The form of Indemnity Agreement is substantially the same for each director and officer.

Each Indemnity Agreement provides, among other things and subject to certain limitations in the Indemnity Agreement and the *Business Corporations Act (Ontario)*, that, in connection with such director's or officer's service as a director or officer of Sphere, Sphere will (1) hold harmless and indemnify the director or officer, if he is, or is threatened to be made, a party to a Proceeding (as defined in the Indemnity Agreement); (2) hold harmless and indemnify the director or officer against all Expenses and Liabilities (each as defined in the Indemnity Agreement) actually and reasonably incurred in connection with a Proceeding to the extent that the director or officer is successful in such Proceeding or in defense of any claim, issue, or matter therein; (3) reimburse the director or officer for all Expenses actually and reasonably incurred by the director or officer if he is a witness in any Proceeding or receives a subpoena with respect to any Proceeding; advance Expenses incurred by a director or officer in connection with any Proceeding; and (4) ensure that the officer or director is covered under any insurance policy maintained by the Sphere that provides liability insurance for directors officers or persons serving in a similar capacity for Sphere. The rights provided to each director or officer under the Indemnity Agreement are in addition to any rights he may have under applicable law, including the *Business Corporations Act (Ontario)*, and Sphere's by-laws.

The foregoing description of the Indemnity Agreements does not purport to be complete and is subject to, and qualified in its entirety by, reference to the full text of each Indemnity Agreement, the form of which is attached to this Current Report on Form 8-K as Exhibit 10.5 and the terms of which are incorporated herein by reference

Item 2.01. Completion of Acquisition or Disposition of Assets.

The information set forth in the Introductory Note of this Current Report on Form 8-K is incorporated by reference in its entirety into this Item 2.01.

At the effective time of the Arrangement (the "Effective Time"), among other things:

- each holder of Cathedra SV Shares received 0.123014 Sphere Common Shares for each Cathedra SV Share held (the "SVS Exchange Ratio");
 - each holder of Cathedra MV Shares received 12.3014 Sphere Common Shares for each Cathedra MV Share held (the "MVS Exchange Ratio");
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- each unvested restricted share unit to acquire Cathedra SV Shares (each, an "Accelerated Cathedra RSU"), other than the Cathedra RSU held by Joel Block described below, fully vested in accordance with its terms and each holder of an Accelerated Cathedra RSU received the number (rounded down to the nearest whole number) of Sphere Common Shares equal to the product of (i) the number of Cathedra SV Shares subject to the Accelerated Cathedra RSU immediately before the Effective Time, multiplied by (ii) the SVS Exchange Ratio;
- the unvested restricted share unit to acquire Cathedra SV Shares (each, a "Cathedra RSU"), other than an Accelerated Cathedra RSU, held by Joel Block was exchanged for a replacement RSU allowing Mr. Block to receive the number (rounded down to the nearest whole number) of Sphere Common Shares equal to the product of (i) the number of Cathedra SV Shares subject to the original Cathedra RSU immediately before the Effective Time, multiplied by (ii) the SVS Exchange Ratio; and
- each holder of warrants to acquire Cathedra SV Shares (each, a "Cathedra Warrant") received a replacement warrant allowing the holder to acquire (rounded down to the nearest whole number) of Sphere Common Shares equal to the product of (i) the number of Cathedra SV Shares subject to the original Cathedra Warrant immediately prior to the Effective Time, multiplied by (ii) the SVS Exchange Ratio. The exercise price per Sphere Common Share equaled the quotient (rounded up to the nearest one-hundredth of a cent) of (x) the exercise price per Cathedra SV Share underlying the exchanged Cathedra Warrant immediately prior to the Effective Time divided by (y) the SVS Exchange Ratio, subject to certain adjustments;

provided, however, that certain Cathedra shareholders who would otherwise receive Sphere Common Shares in excess of seven percent (7%) of the then-outstanding Sphere Common Shares (on a non-diluted basis following consummation of the Arrangement as set forth in the Plan of Arrangement) (the "Ownership Cap") instead received, in lieu of the number of Sphere Common Shares in excess of the Ownership Cap, an equivalent number of Series I Preferred Shares (defined below).

Item 3.02. Unregistered Sales of Equity Securities.

The information set forth in the Introductory Note and under Item 2.01 and Item 5.03 of this Current Report on Form 8-K is incorporated by reference in its entirety into this Item 3.02. The securities issued pursuant to the Arrangement Agreement, consisting of (i) 2,405,300 Sphere Common Shares, (ii) 1,387,117 Series I Preferred Shares, (iii) restricted share units in respect of up to an aggregate of 178,073 Sphere Common Shares, issued in exchange for the outstanding Cathedra RSU held by Joel Block, and (iv) warrants to purchase up to an aggregate of 115,867 Sphere Common Shares, at exercise prices ranging from \$11.08 to \$272.40 per share, issued in exchange for outstanding Cathedra Warrants, were issued in reliance upon Section 3(a)(10) of the Securities Act of 1933, as amended (the "Securities Act"), based on the final order of the Supreme Court of British Columbia issued on May 25, 2026, approving the Plan of Arrangement following a hearing by the court which considered, among other things, the fairness of the Arrangement to the persons affected.

Item 3.03. Material Modification to Rights to Security Holders.

The information set forth in the Introductory Note and under Item 5.03 of this Current Report on Form 8-K is incorporated by reference in its entirety into this Item 3.03.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The information set forth in the Introductory Note and Item 1.01 of this Current Report on Form 8-K is incorporated by reference in its entirety into this Item 5.02.

Director Resignations and Appointments

Pursuant to the terms of the Arrangement Agreement and effective at the Effective Time, Duncan McEwan and Susan Harnett resigned from the board of directors of Sphere (the "Sphere Board"). The resignations of Mr. McEwan and Ms. Harnett were not the result of any disagreement with Sphere on any matter relating to Sphere's operations, policies or practices. Effective immediately following the Effective Time and as previously approved by the shareholders of Sphere, Kurt Kalbfleisch, Marcus Dent, Joel Block and Nicholas Gates have been appointed to the Sphere Board and current director of Sphere, Timothy Hanley, has been appointed Chairman.

Other than the Arrangement Agreement, there are no arrangements or understandings between any of Messrs. Kalbfleisch, Block, Dent, or Gates and Sphere or any other person pursuant to which each was selected as a director. The Sphere Board has determined that each of Messrs. Dent, Gates and Hanley is independent under the applicable listing rules of The Nasdaq Stock Market LLC and the rules and regulations of the SEC.

Following the appointment of the new directors, the composition of the standing committees of the Sphere Board is as follows:

- Audit Committee: Marcus Dent, Nicholas Gates and Timothy Hanley, with Mr. Hanley serving as Chair;
- Compensation Committee: Marcus Dent, Timothy Hanley and Nicholas Gates, with Mr. Gates serving as Chair; and
- Nominating and Governance Committee: Nicholas Gates, Timothy Hanley and Marcus Dent, with Mr. Dent serving as Chair.

The Sphere Board has determined that each member of the Sphere Audit Committee satisfies the additional independence standards for audit committee members set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Nasdaq Rule 5605(c)(2)(A). The Sphere Board has further determined that Mr. Hanley qualifies as an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K under the Exchange Act.

Kurt L. Kalbfleisch, age 60, has served as Sphere's Chief Financial Officer since December 1, 2014. Previously, Mr. Kalbfleisch served as Sphere's Chief Executive Officer from November 5, 2025 to the Closing Date and as Acting Chief Executive Officer from January 31, 2025 to November 5, 2025. Mr. Kalbfleisch also served as Chief Financial Officer of Overland Storage, Inc. ("Overland") from February 2008 until his resignation from Overland on July 19, 2022. Previously, Mr. Kalbfleisch served in various other roles at Overland since July 2007, including Senior Vice President, Secretary and Vice President of Finance. Prior to joining Overland, he was a manufacturing budget analyst for McDonnell Douglas Corp. Mr. Kalbfleisch also served on the board of Paladin Group. Mr. Kalbfleisch holds a Bachelor of Arts in Business from Point Loma Nazarene University and a Master of Business Administration from the University of San Diego.

Joel Block, age 42, was appointed Sphere's Chief Executive Officer effective as of the Closing Date. Mr. Block is a seasoned executive with more than 20 years of experience across finance, accounting, operations, and sales. From July 2025 to the Closing Date, Mr. Block served as Chief Executive Officer of Cathedra and Chairman of Cathedra's board of directors. From December 2021 to November 2023, he served as the Chief Financial Officer of US Bitcoin Corp.; prior to this role, from September 2021 to November 2021, he served as US Bitcoin Corp.'s Chief Business Officer. US Bitcoin Corp. merged with Hut 8 Corp. on November 30, 2023. Prior to US Bitcoin Corp., from February 2015 to August 2021 he served as CFO, and then CEO, of Collegewise, one of the US's largest college admissions companies. From 2005 to 2013, he served in a number of roles at Credit Suisse, including as a Vice President on the Institutional Fixed Income Sales team, where he specialized in interest rate derivatives and hedging transactions. He has served on the board of the Young Presidents Organization Orange County Chapter. He received his Bachelor of Business Administration with concentrations in Finance and Accounting and a minor in Statistics from the University of Michigan Ross School of Business.

Marcus Dent, age 34, is the founder of TFTC.io, a media company focused on Bitcoin and Freedom in the Digital Age. He is also a Managing Partner at Ten31, a bitcoin-focused venture capital firm. Previously, Mr. Dent served as Director of Business Development at Great American mining from 2019 to 2021.

Nicholas Gates, age 37, is a seasoned energy executive with over a decade of experience leading large-scale power and infrastructure projects across the U.S. From March 2021 to January 2025, he served as a Senior Business Development Manager at Priority Power Management, LLC ("Priority Power") where he led business development efforts to expand Priority Power's market presence in Bitcoin mining and data centers. Since January 2025, he has served as the Managing Director of Integrated Projects at Priority Power, where he spearheads strategic growth for clients in Bitcoin mining, HPC, and AI through site development and power procurement. He holds both an MBA in Finance and a Bachelor of Science in Business Administration from The University of Tulsa.

Pursuant to the terms of the Arrangement Agreement and effective immediately following the Effective Time, Kurt Kalbfleisch resigned as Chief Executive Officer of Sphere and Joel Block was appointed Chief Executive Officer of Sphere. Mr. Kalbfleisch remains Sphere's Chief Financial Officer.

Item 5.03. Amendment to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On May 29, 2026, Sphere filed articles of amendment (the "Articles of Amendment") to establish the preferences, limitations and relative rights of a new series of preferred stock designated as the Series I Preferred Stock (the "Series I Preferred Shares"). The Articles of Amendment became effective upon filing. The Sphere Common Shares rank junior to the Series I Preferred Shares in all respects (except as provided in connection with certain liquidation events described below). Sphere's Series H Preferred Shares rank senior to the Series I Preferred Shares.

Holders of Series I Preferred Shares are entitled to receive notice of, and attend in a non-voting capacity, all meetings of shareholders of Sphere (other than meetings of holders of another class meeting separately). The Series I Preferred Shares carry no general voting rights, except for certain limited protective voting rights as expressly provided in the Articles of Amendment and as otherwise required by law.

Holders of outstanding Series I Preferred Shares are entitled to receive dividends, subject to applicable law and the rights of the holders of Series H Preferred Shares, payable annually on June 1 of each applicable calendar year, or on the next business day if such date is not a business day. Dividends are payable exclusively in additional Series I Preferred Shares ("PIK Shares") at the following rates: (a) 8.00% per annum for the first 12-month period following the Closing; (b) 8.00% per annum for the second 12-month period following the Closing; and (c) 8.00% per annum for the third 12-month period following the Closing. The number of Series I Preferred Shares issuable on each dividend payment date is calculated based on the number of Series I Preferred Shares held by the applicable holder on that date, rounded down to the nearest whole share. Holders of Series I Preferred Shares have no right to receive dividends after the 36-month anniversary of the Closing.

Each share of Series I Preferred Shares (other than PIK Shares) is convertible into one Sphere Common Share on the following schedule: (x) up to 33-1/3% of such Series I Preferred Shares following the 12-month anniversary of the Closing; (y) up to an aggregate of 66-2/3% of such Series I Preferred Shares following the 24-month anniversary of the Closing; and (z) up to an aggregate of 100% of such Series I Preferred Shares following the 36-month anniversary of the Closing, in each case, excluding any PIK Shares. PIK Shares are convertible into Sphere Common Shares on a one-for-one basis on or after the 36-month anniversary of the Closing.

Notwithstanding the foregoing conversion schedule (including the limitation on conversion of PIK Shares prior to the 36-month anniversary of the Closing), if Joel Block ceases to be Sphere's Chief Executive Officer as a result of (i) a termination of his employment by Sphere without cause, (ii) his resignation for Good Reason (as defined in his employment agreement with Sphere), or (iii) his entry into a mutually agreed separation agreement with Sphere, or if Mr. Block is not included on Sphere's management slate of directors at any meeting of Sphere's shareholders, then, effective upon such occurrence, each holder of Series I Preferred Shares may convert, in whole or in part and at any time thereafter, all of its Series I Preferred Shares, including all PIK Shares previously issued to such holder, into Sphere Common Shares.

The aggregate number of Sphere Common Shares issuable upon conversion of the Series I Preferred Shares is subject to a cap (the "Exchange Cap") equal to the maximum number of Sphere Common Shares that Sphere may issue upon such conversion without breaching its obligations under the rules of the Nasdaq Capital Market, unless Sphere obtains shareholder approval for issuances in excess of such amount. The Exchange Cap is allocated pro rata among the holders of Series I Preferred Shares. Sphere is not required under any circumstance to settle any conversion of the Series I Preferred Shares in cash and may settle any such conversion through the delivery of unregistered Sphere Common Shares.

In the event of a voluntary or involuntary liquidation, dissolution or winding-up of Sphere, holders of Series I Preferred Shares are entitled to receive, before any distribution to holders of the Sphere Common Shares or other junior shares, an amount per Series I Preferred Share equal to the greater of (i) the closing sale price of the Sphere Common Shares on the trading day immediately preceding such event and (ii) the amount such holder would have received had its Series I Preferred Shares been converted into Sphere Common Shares immediately prior to the liquidation event. After payment of such amounts, holders of Series I Preferred Shares and Sphere Common Shares are not entitled to share in any further distribution of assets of Sphere in connection with such liquidation, dissolution or winding-up.

Certain transactions, including certain sales of all or substantially all of Sphere's undertaking, property or assets, certain mergers, amalgamations or consolidations, and certain sales, exchanges or other dispositions of outstanding Sphere Common Shares or reorganizations or similar transactions in which Sphere's shareholders immediately prior to the transaction do not retain a majority interest or voting power, are treated as deemed liquidations. In a deemed liquidation where the consideration would be receivable by Sphere's shareholders, distributions and payments are to be made to holders of Series I Preferred Shares and Sphere Common Shares on a pro rata basis, treating all outstanding Series I Preferred Shares as if converted into Sphere Common Shares immediately prior to the deemed liquidation. Holders of Series I Preferred Shares and holders of Sphere Common Shares are entitled to receive the same form of consideration in such a deemed liquidation. Sphere is required to provide holders of Series I Preferred Shares with at least 10 business days' prior written notice of the consummation of any deemed liquidation.

Until the date following the 36-month anniversary of the Closing Date, Sphere may not, without the approval of the holders of a majority of the then outstanding Series I Preferred Shares: (1) make any return of capital in respect of shares ranking junior to the Series I Preferred Shares (unless holders of Series I Preferred Shares participate on a pari passu basis with the holders of Sphere Common Shares), or (2) make any return of capital in respect of shares ranking pari passu with the Series I Preferred Shares (unless holders of Series I Preferred Shares participate on a pari passu basis with the holders of Sphere Common Shares). These restrictions do not limit Sphere's ability to redeem or repurchase common share purchase warrants or other securities convertible into or exchangeable for Sphere Common Shares.

The foregoing summary of the Series I Preferred Shares and the Articles of Amendment does not purport to be complete and is subject to, and qualified in its entirety by, the copy of the Articles of Amendment attached as Exhibit 3.1 to this Current Report on Form 8-K, which is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On June 1, 2026, Sphere and Cathedra jointly issued a press release in connection with the consummation of the Arrangement. A copy of the press release is attached hereto as Exhibit 99.1 to and is incorporated by reference herein.

The information in this Item 7.01, including the corresponding Exhibit 99.1, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act or otherwise subject to the liabilities under that section and shall not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The historical audited consolidated financial statements of Cathedra as of December 31, 2025 and 2024 and for the years ended December 31, 2025 and 2024 and the related notes thereto, together with the reports of SRCO Professional Corporation, independent registered public accounting firm, concerning those financial statements and related notes, are filed as Exhibit 99.2 to this Current Report on Form 8-K and are incorporated by reference. The unaudited consolidated financial statements of Cathedra as of March 31, 2026 and 2025 and for the three months ended March 31, 2026 and 2025 and the related notes thereto are filed as Exhibit 99.3 to this Current Report on Form 8-K and are incorporated by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined balance sheet of Sphere and Cathedra as of March 31, 2026 and the unaudited pro forma condensed combined statement of comprehensive income of Sphere and Cathedra for the year ended December 31, 2025 and the three months ended March 31, 2026, including the related notes thereto, giving effect to the Arrangement, are filed as Exhibit 99.4 to this Current Report on Form 8-K and are incorporated herein by reference. The unaudited pro forma financial information gives effect to the Arrangement on the basis of, and subject to, the assumptions set forth in accordance with Article 11 of Regulation S-X.

(d) Exhibits.

Exhibit Number	Description
2.1 *	Arrangement Agreement, dated as of March 5, 2026, by and among Sphere 3D Corp., S3D Acquisition Corp. and Cathedra Bitcoin Inc. (incorporated by reference to Exhibit 2.1 of Sphere's Current Report on Form 8-K filed with the SEC on March 11, 2026).
3.1	Sphere 3D Corp. Articles of Amendment of Series I Preferred Shares.
10.1 *	Employment Agreement, by and among Sphere 3D Mining Corp., Sphere 3D Corp., and Joel Block, dated June 1, 2026.
10.2 *	Fourth Amended and Restated Employment Agreement, by and among Sphere 3D Corp. and Kurt Kalbfleisch, dated May 29, 2026.
10.3	Form of Voting Agreement for Thomas Masiero and Gavin Qu.
10.4	Form of Voting Agreement for Joel Block.
10.5	Form of Indemnity Agreement.
23.1	Consent of SRCO Professional Corporation.
99.1	Press Release dated June 1, 2026.
99.2	Audited Consolidated Financial Statements of Cathedra for the years ended December 31, 2025 and 2024 and the notes related thereto and the Report of Independent Registered Public Accounting Firm thereon.
99.3	Unaudited Consolidated Financial Statements of Cathedra as of March 31, 2026 and for the three months ended March 31, 2026 and 2025 and the notes related thereto.
99.4	Unaudited Pro Forma Condensed Combined Financial Information as of and for the three months ended March 31, 2026 and for the year ended December 31, 2025.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Certain of the schedules to this exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). Sphere agrees to furnish supplementally a copy of all omitted exhibits and schedules to the SEC upon its request.

No Offer or Solicitation

This Current Report on Form 8-K is not intended to and does not constitute or form part of any offer to sell or subscribe for or any invitation to purchase or subscribe for any securities in any jurisdiction.

Forward-Look Statements and Cautionary Statements

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act. Forward-looking statements generally relate to future events, including the timing of the proposed transaction and other information related to the proposed transaction. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions. Expectations and beliefs regarding matters discussed herein may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Forward-looking information includes but is not limited to information concerning the intentions, plans and future actions of Sphere and Cathedra. The forward-looking statements contained in this communication are also subject to other risks and uncertainties, including those more fully described in filings with the SEC, including Sphere's reports filed on Form 10-K, Form 10-Q and Form 8-K and in other filings made by Sphere with the SEC from time to time and available at www.sec.gov. These forward-looking statements are based on current expectations, which are subject to change.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 3, 2026

SPHERE 3D CORP.

By: /s/ Kurt Kalbfleisch
Kurt Kalbfleisch
Chief Financial Officer



**SPHERE 3D CORP.
ARTICLES OF AMENDMENT
OF
SERIES I PREFERRED SHARES**

The undersigned, Kurt Kalbfleisch, does hereby certify that:

1. He is the Chief Executive Officer of Sphere 3D Corp., an Ontario corporation (the "**Corporation**").
2. The Corporation is authorized to issue an unlimited number of preferred shares, issuable in series.
3. The following resolutions were duly adopted by the board of directors of the Corporation (the "**Board of Directors**"):

WHEREAS, the certificate and articles of incorporation of the Corporation, as amended, provides that the Corporation is authorized to issue an unlimited number of preferred shares, issuable in one or more series;

WHEREAS, the Board of Directors is authorized to fix the number of shares in each series of preferred shares and to determine dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences attaching to each series of preferred shares; and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to create a new series of preferred shares and to fix the rights, preferences, restrictions and other matters relating to such series of the preferred shares;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the creation of a new series of preferred shares, being an unlimited number of Series I Preferred Shares, for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such Series I Preferred Shares as follows:

The Series I Preferred Shares shall have the following rights, privileges, restrictions and conditions (the "**Series I Preferred Share Provisions**"):

1. DEFINITIONS

1.1 In these Series I Preferred Share Provisions, the following words and phrases shall have the following meanings:

- (a) "**Act**" means the *Business Corporations Act* (Ontario), as now enacted or as it may from time to time be amended, re-enacted or replaced (and in the case of such amendment, re-enactment or replacement, any references herein to specific provisions thereof shall be read as referring to such amended, re-enacted or replaced provisions);
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- (b) "**Affiliate**" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act;
 - (c) "**Arrangement Agreement**" means that certain arrangement agreement, dated as of March 5, 2026, by and among the Corporation, Cathedra Bitcoin Inc. and S3D Acquisition Corp.;
 - (d) "**Business Day**" means a day other than a Saturday, Sunday or any other statutory holiday in the City of New York, New York or in the City of Toronto, Ontario;
 - (e) "**Closing Sale Price**" means, for any security as of any date, the last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing trade price (as the case may be) then the last trade price of such security prior to 4:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last trade price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no last trade price is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in The Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices). If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as determined by the Corporation. All such determinations shall be appropriately adjusted for any stock dividend, stock split, consolidation, combination, conversion, exchange, reclassification, substitution or other similar recapitalization during such period;
 - (f) "**Commission**" means the U.S. Securities and Exchange Commission;
 - (g) "**Common Shares**" means the common shares of the Corporation;
 - (h) "**Corporation**" means Sphere 3D Corp., an Ontario corporation;
 - (i) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
 - (j) "**Holder**" in respect of any Series I Preferred Share, means the registered holder thereof;
 - (k) "**Initial Issue Date**" means the date of initial issuance of Series I Preferred Shares;
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- (l) "**Person**" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind;
 - (m) "**Principal Market**" means, as of any time of determination, the principal Trading Market, if any, in which the Common Shares are listed or quoted for trading on the date in question;
 - (n) "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
 - (o) "**Series H Preferred Shares**" means the Series H Preferred Shares, no par value, of the Corporation;
 - (p) "**Series I Conversion Rate**" at any time means the number of Common Shares into which one Series I Preferred Share may be converted, as may be equitably adjusted from time to time pursuant to these Series I Preferred Share Provisions for stock splits, dividends and similar combinations or subdivisions applicable to all Common Shares;
 - (q) "**Series I Preferred Holder Approval**" means the approval of the Holders of the Series I Preferred Shares given in writing by the Holders of a majority of the outstanding Series I Preferred Shares (or such greater percentage as may be required by applicable law) or by a resolution passed by a majority of the votes cast by the Holders of Series I Preferred Shares who voted in respect of that resolution (or such greater percentage as may be required by applicable law);
 - (r) "**Series I Preferred Shares**" means the Series I Preferred Shares, no par value, of the Corporation;
 - (s) "**Trading Day**" means a day on which the Principal Market is open for business;
 - (t) "**Trading Market**" means any of the following markets or exchanges: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB or OTCQX (or any successors to any of the foregoing);
 - (u) "**Transfer Agent**" means TMX Equity Transfer, and any successor transfer agent of the Corporation;
 - (v) "**Year 1 Dividend Rate**" means 8.00%;
 - (w) "**Year 2 Dividend Rate**" means 8.00%; and
 - (x) "**Year 3 Dividend Rate**" means 8.00%.
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2. DIVIDENDS

Subject to the rights of the holders of any Series H Preferred Shares, until the thirty-six (36) month anniversary of the Initial Issue Date, the Holders of outstanding Series I Preferred Shares shall be entitled to receive, except to the extent prohibited by applicable law governing distributions to shareholders, dividends payable annually on June 1st of each applicable calendar year (provided, however, that if such date is not a Business Day, the relevant annual dividend shall be payable on the first Business Day following such date) (each date a "**Series I Annual Dividend Payment Date**"), which dividends shall be paid in Series I Preferred Shares (such shares, the "**PIK Shares**"), at (i) the Year 1 Dividend Rate for the first twelve (12) months following the Initial Issue Date, (ii) the Year 2 Dividend Rate for the second twelve (12) months following the Initial Issue Date, and (iii) the Year 3 Dividend Rate for the third twelve (12) months following the Initial Issue Date, in each case rounded down to the nearest whole share. For the avoidance of doubt, (a) the number of PIK Shares issuable to each Holder on each Series I Annual Dividend Payment Date shall be calculated based on the number of Series I Preferred Shares held by such Holder on the applicable Series I Annual Dividend Payment Date and (b) the Holders of Series I Preferred Shares shall have no right to receive dividends following the thirty-six (36) month anniversary of the Initial Issue Date.

3. CANCELLATION OF SHARES

Series I Preferred Shares that are redeemed by the Corporation pursuant to any of the provisions hereof shall be cancelled on and as of the date of such redemption.

4. VOTING RIGHTS

The Holders of Series I Preferred Shares shall be entitled to receive notice of, and to attend (in a non-voting capacity) all meetings of shareholders of the Corporation, other than a meeting of the Holders of any other class of shares meeting separately as a class (but for certainty, Holders shall be entitled to receive notice of, and to attend (in a non-voting capacity) all meetings of holders of Common Shares. Other than with respect to the matters contained herein which specifically provide the Holders with certain limited voting rights and except as otherwise required by law, the Series I Preferred Shares shall have no voting rights.

5. CONVERSION

5.1 CONVERSIONS AND ADJUSTMENTS

Upon and subject to the terms and conditions set out in this Section 5.1, the Holder shall have the right to convert all or any part of its Series I Preferred Shares, other than any PIK Shares, into the number of fully paid and non-assessable Common Shares that is equal to (i) the number of Series I Preferred Shares to be converted, multiplied by (ii) the Series I Conversion Rate in effect on the applicable Conversion Date (as defined below) (the "**Conversion Shares**"), provided that the Holder may effect such conversion only to the extent permitted by the following schedule:

- (a) on or after the date that is the twelve (12) month anniversary of the Initial Issue Date, up to 33-1/3% of the Series I Preferred Shares issued to such Holder on the Initial Issue Date (excluding PIK Shares);
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- (b) on or after the date that is the twenty-four (24) month anniversary of the Initial Issue Date, up to an aggregate of 66-2/3% of the Series I Preferred Shares issued to such Holder on the Initial Issue Date (excluding PIK Shares); and
- (c) on or after the date that is the thirty-six (36) month anniversary of the Initial Issue Date, up to an aggregate of 100% of the Series I Preferred Shares issued to such Holder on the Initial Issue Date (excluding PIK Shares).

On or after the thirty-six (36) month anniversary of the Initial Issue Date, upon and subject to the terms and conditions set out in this Section 5.1, the Holder shall have the right to convert all or any part of the PIK Shares into the number of fully paid and non-assessable Common Shares that is equal to the number of PIK Shares to be converted multiplied by the Series I Conversion Rate in effect on the date of conversion. Unless and until adjusted in accordance with these Series I Preferred Share Provisions, the Series I Conversion Rate shall be equal to 1:1, meaning, for the avoidance of doubt, that each Series I Preferred Share shall be convertible into one (1) Common Share, subject to appropriate adjustment from the date hereof in the event of any stock dividend, stock split, consolidation, combination, conversion, exchange, reclassification, substitution or other similar recapitalization with respect to the Common Shares.

Notwithstanding anything to the contrary contained in this Section 5.1 (including the foregoing conversion schedule and the limitation on conversion of PIK Shares prior to the thirty-six (36) month anniversary of the Initial Issue Date), if Joel Block ceases to be the Chief Executive Officer of the Corporation as a result of (x) a termination without cause, (y) Mr. Block's resignation for Good Reason (as defined in his applicable employment agreement with the Corporation at such time) or (z) Mr. Block's entry into a mutually agreed upon separation agreement with the Corporation and/or is not included on the management slate of directors of the Corporation at any shareholders meeting, then, effective upon such occurrence, the Holder shall have the right to convert, in whole or in part and at any time thereafter, all of its Series I Preferred Shares, including any and all PIK Shares issued (or paid) to the Holder on or prior to such time, into Common Shares at the Series I Conversion Rate in effect on the applicable Conversion Date, in each case upon and subject to the terms and conditions set out in this Section 5.1.

The Corporation shall not issue any Common Shares upon conversion of any Series I Preferred Shares or otherwise pursuant to the terms of these Series I Preferred Share Provisions, if the issuance of such Common Shares would exceed the aggregate number of Common Shares which the Corporation may issue upon conversion of the Series I Preferred Shares without breaching the Corporation's obligations under the rules and regulations of the Principal Market (the maximum number of Common Shares which may be issued without violating such rules and regulations, the "**Exchange Cap**"), except that such limitation shall not apply in the event that the Corporation obtains the approval of its shareholders as required by the applicable rules and regulations of the Principal Market for issuances of Common Shares in excess of such amount. Until such approval is obtained, no Holder shall be issued in the aggregate, upon conversion of any Series I Preferred Shares, Common Shares in an amount greater than the product of (i) the Exchange Cap as of the Initial Issue Date multiplied by (ii) the quotient of (1) the aggregate number of Series I Preferred Shares issued to such Holder on the Initial Issue Date, divided by (2) the aggregate number of shares of Series I Preferred Shares outstanding as of the Initial Issue Date (with respect to each Holder, the "**Exchange Cap Allocation**"). In the event that any Holder shall sell or otherwise transfer any of such Holder's Series I Preferred Shares, the transferee shall be allocated a pro rata portion of such Holder's Exchange Cap Allocation with respect to such portion of such Series I Preferred Shares so transferred, and the restrictions of the prior sentence shall apply to such transferee with respect to the portion of the Exchange Cap Allocation so allocated to such transferee.

Under no circumstance shall the Corporation be required to settle the Series I Shares in cash. The Corporation is permitted to settle Series I Preferred Shares in unregistered shares of Common Shares.

5.2 AVOIDANCE OF FRACTIONAL SHARES

In any case where a fraction of a Common Share would otherwise be issuable on conversion of one or more Series I Preferred Shares, the Corporation shall adjust such fractional interest by rounding down to the nearest whole share.

5.3 RESERVATION OF COMMON SHARES

So long as any of the Series I Preferred Shares are outstanding and entitled to the right of conversion herein provided, the Corporation shall at all times reserve and keep available out of its authorized but unissued Common Shares, solely for the purpose of effecting such conversion, a sufficient number of unissued Common Shares to enable all of the Series I Preferred Shares outstanding to be converted upon the basis and upon the terms and conditions herein provided in this Section 5.

5.4 MECHANICS OF CONVERSION

- (a) To effect a conversion, a Holder shall deliver to the Corporation (or, at the Corporation's direction, the Transfer Agent) a written notice of conversion in substantially the form attached as Annex A (a "**Notice of Conversion**"), duly completed and executed, specifying (i) the number of Series I Preferred Shares the Holder elects to convert, (ii) the name(s) in which the Conversion Shares are to be registered, and (iii) delivery instructions, including, if applicable, DWAC instructions.
 - (b) A conversion shall be deemed to have been effected (the "**Conversion Date**") as of the close of business in New York, New York on the date a properly completed Notice of Conversion is received by the Corporation (or the Transfer Agent, if applicable).
 - (c) As of the Conversion Date, (i) the Series I Preferred Shares converted shall be deemed cancelled and the rights of the Holder with respect to such converted Series I Preferred Shares shall cease, and (ii) the Holder shall be deemed to be the holder of record of the Conversion Shares issuable upon such conversion.
 - (d) In the case of any partial conversion, the Corporation shall cause the Transfer Agent to issue and deliver to the Holder evidence of the number of Series I Preferred Shares remaining outstanding after giving effect to such conversion.
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5.5 DELIVERY OF CONVERSION SHARES

Within three (3) Trading Days following the Conversion Date (the "**Share Delivery Date**"), the Corporation shall cause the Transfer Agent to deliver the Conversion Shares to the Holder in accordance with the delivery instructions set forth in the Notice of Conversion (including, if applicable, by DWAC). The Corporation shall be responsible for all fees of the Transfer Agent associated with such issuance and delivery; provided that the Holder shall be responsible for any transfer taxes that may be payable with respect to any issuance in a name other than the Holder.

6. LIQUIDATION, DISSOLUTION, WINDING-UP, MERGER, SALE OR DISPOSITION

- (a) In the event of an ordinary liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the Series I Preferred Shares shall entitle each of the Holders thereof to receive an amount per Series I Preferred Share equal to the greater of (i) the Closing Sale Price of the Common Shares on the Trading Day immediately preceding such ordinary liquidation, dissolution or winding-up of the Corporation and (ii) the amount that such Holder would have been entitled to receive in such ordinary liquidation, dissolution or winding-up of the Corporation, if such Series I Preferred Share had been converted into Common Shares immediately prior thereto, the whole to be paid before any amount is paid or any assets of the Corporation are distributed to the holders of Common Shares or any other shares ranking junior to the Series I Preferred Shares on any such ordinary liquidation, dissolution, winding-up or distribution. Upon payment of the amounts so payable to them in the event of an ordinary liquidation, dissolution or winding-up of the Corporation, the Holders of Series I Preferred Shares and Common Shares shall not be entitled to share in any further distribution of assets of the Corporation.
- (b) A deemed liquidation (each a "**Deemed Liquidation**") shall be deemed to occur upon any other liquidation, dissolution, or winding up of the Corporation, other than an ordinary liquidation covered by Section 6(a) above, in connection with (i) a sale, conveyance, exclusive license or other disposition of all or substantially all of the undertaking, property or assets (including, without limitation, the material intellectual property) of the Corporation, where the shareholders of the Corporation immediately prior to the transaction do not collectively own, directly or indirectly, a majority interest in any purchasing or acquiring entity following the transaction; (ii) a merger or amalgamation of the Corporation with or into, or consolidation of the Corporation with, any other corporation in which the shareholders of the Corporation immediately prior to the transaction do not collectively own, directly or indirectly, a majority of the voting power of the surviving corporation following the transaction; or (iii) the sale, exchange or other disposition of the outstanding Common Shares of the Corporation or any reorganization or other transaction in which the shareholders of the Corporation immediately prior to the transaction do not own, directly or indirectly, a majority of the voting power of the surviving corporation following the transaction. In the event of a Deemed Liquidation where the nature of the transaction is such that the consideration (whether in the form of cash, securities or other property) in connection with such Deemed Liquidation would be receivable by the shareholders of the Corporation, then all distributions and payments in respect of such Deemed Liquidation shall be made to the holders of Series I Preferred Shares and Common Shares on a pro rata basis, treating all outstanding Series I Preferred Shares as if they had been converted into of Common Shares immediately prior to such Deemed Liquidation. The Holders of the Series I Preferred Stock and holders of Common Shares (which, for the avoidance of doubt, constitute all shares of the Corporation's capital stock junior to the Series H Preferred Shares as of the date of creation of the Series I Preferred Shares) shall receive at the closing of such Deemed Liquidation such portion of the aggregate consideration (whether in the form of cash, securities or other property) receivable by the shareholders of the Corporation in connection with such Deemed Liquidation (the "**Aggregate Consideration**") on a pro rata basis, treating all outstanding Series I Preferred Shares as if they had been converted into Common Shares immediately prior to such Deemed Liquidation. As a result, Holders of Series I Preferred Shares and holders of Common Shares shall be entitled to the same form of Aggregate Consideration upon the occurrence of a Deemed Liquidation.
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The Corporation shall provide the Holders with at least ten (10) Business Days' prior written notice of the consummation of any Deemed Liquidation.

7. ADDITIONAL RESTRICTIONS

Except as provided in Section 6, the Common Shares shall rank junior to the Series I Preferred Shares and shall be subject in all respects to the rights, privileges, restrictions and conditions attaching to the Series I Preferred Shares. The Series H Preferred Shares shall rank senior to the Series I Preferred Shares.

Until the date following the thirty-six (36) month anniversary of the Initial Issue Date, except as specifically contemplated by these Series I Preferred Share Provisions, the Corporation shall not, without the approval of a majority of Holders (with each such share having one vote):

- (a) Make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Series I Preferred Shares, except if a return of capital is made with respect to the Common Shares and the Holders are entitled to participate in such return of capital on a *pari passu* basis with the holders of Common Shares; provided, that the foregoing shall not restrict the Corporation from redeeming or otherwise repurchasing common share purchase warrants or any other securities convertible into or exchangeable for Common Shares; and
- (b) Make any return of capital in respect of any shares, ranking as to payment of dividends or return of capital on a parity with the Series I Preferred Shares, except if a return of capital is made with respect to the Common Shares and the Holders are entitled to participate in such return of capital on a *pari passu* basis with the holders of Common Shares; provided, that the foregoing shall not restrict the Corporation from redeeming or otherwise repurchasing common share purchase warrants or any other securities convertible into or exchangeable for Common Shares.

8. MODIFICATION

Subject to the provisions of the Act, the rights, privileges, restrictions and conditions attaching to the Series I Preferred Shares may be deleted, varied, modified, amended or amplified with prior Series I Preferred Holder Approval.

9. MISCELLANEOUS

9.1 NOTICES

Any notice required or permitted to be given to any Holder shall be delivered by courier to such Holder at its address as it appears on the records of the Corporation or in the event of the address of any such Holder not so appearing, then to the last address of such Holder known to the Corporation.

9.2 GENDER, ETC.

Words importing only the singular number include the plural and vice versa and words importing any gender include all genders.

9.3 CURRENCY

All monetary amounts referred to herein shall be in lawful money of the United States unless otherwise indicated.

9.4 HEADINGS

The division of these Series I Preferred Share Provisions into sections, paragraphs or other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

9.5 BUSINESS DAY

In the event that any date upon which any action is required to be taken by the Corporation or any Holder hereunder, is not on a Business Day or during a Business Day, then such action shall be required to be taken on or by the next succeeding day which is a Business Day.

RESOLVED, FURTHER, that the Chief Executive Officer is hereby authorized and directed to prepare and file these articles of amendment in accordance with the foregoing resolution and the provisions of the laws of the Province of Ontario, Canada.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 29th day of May, 2026.

/s/ Kurt Kalbfleisch

Name: Kurt Kalbfleisch

Title: Chief Executive Officer

ANNEX A
NOTICE OF CONVERSION
(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES
OF PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series I Preferred Shares indicated below into common shares (the "Common Shares"), of SPHERE 3D CORP., an Ontario corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If Common Shares are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion: _____

Number of Series I Preferred Shares owned prior to Conversion: _____

Number of Series I Preferred Shares to be Converted: _____

Number of Common Shares to be Issued: _____

Number of Series I Preferred Shares to be owned subsequent to Conversion: _____

Address for Delivery: _____

or

DWAC Instructions:

Broker no: _____

Account no: _____

EMPLOYMENT AGREEMENT

This Employment Agreement (the "**Agreement**") is made by and among Sphere 3D Mining Corp., a Delaware corporation ("**Employer**"), Sphere 3D Corp., an Ontario corporation ("**Pubco**" and together with Employer, "**Sphere**") and Joel Block (the "**Executive**") to become effective if and immediately following the closing of the transactions contemplated by the Arrangement Agreement (defined below) (the "**Effective Date**").

WHEREAS, Pubco has agreed to acquire Cathedra Bitcoin Inc., a British Columbia corporation ("**Cathedra**") pursuant to the terms of that certain Arrangement Agreement, dated March 5, 2026, by and among Pubco, Cathedra and the other parties thereto (the "**Arrangement Agreement**");

WHEREAS, pursuant to the terms of the Arrangement Agreement, it is contemplated that Joel Block shall become the Chief Executive Officer of Sphere on the Effective Date immediately following the consummation of the transactions contemplated by the Arrangement Agreement; and

WHEREAS, Sphere and the Executive desire for the Employer to employ the Executive on the terms set forth in this Agreement, which will, except as expressly stated herein, supersede and replace, on the Effective Date, that certain Employment Agreement, dated September 25, 2025, by and between the Executive, Employer and Cathedra as amended by that certain Amendment No. 1 to Employment Agreement, dated March 5, 2026, by and between the same parties (collectively, the "**Prior Employment Agreement**").

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration (the receipt and sufficiency whereof are hereby acknowledged), the parties covenant and agree with each other as follows:

1. Employment. The Employer agrees to employ the Executive and the Executive agrees to be employed by the Employer on the terms and conditions set forth in this Agreement.

2. Position; Duties. The Executive shall serve the Employer as the Chief Executive Officer of Sphere ("**CEO**") and as such, the Executive hereby promises to perform and discharge in good faith and to the best of his ability the duties that may be assigned to the Executive from time to time which are appropriate for a chief executive officer of an organization the size of Sphere that is engaged in the type of business engaged in by Sphere and Sphere agrees to assign to the Executive only such duties. As Chief Executive Officer, the Executive shall report only to the Board of Directors of Pubco ("**Board**") and shall have authorities which are appropriate for a chief executive officer of an organization the size of Sphere that is engaged in the type of business engaged in by Sphere. The duties of the Executive may be changed from time to time by the mutual agreement of Sphere and the Executive. Sphere shall use its commercially reasonable efforts to cause the Executive to be nominated for re-election as a director at each annual general meeting of the Pubco shareholders.

3. Term. This Agreement shall be terminable "at will," which means by either the Employer (via the Board) or the Executive, with or without Cause (defined below), notice, or Good Reason (defined below) at any time, subject to Section 4 below.

4. Compensation and Benefits. The regular compensation and benefits payable to the Executive under this Agreement shall be as follows:

(a) Base Salary. During the term of this Agreement, for all services rendered by the Executive under this Agreement, the Employer shall pay the Executive a starting base salary at the annual rate of USD\$425,000 ("**Base Salary**"). The Base Salary shall be reviewed annually, with the first salary review to be effective as of January 31, 2027 (with the term "Base Salary" to include any increase in the rate thereof). In no event shall the Base Salary be decreased below the then-current Base Salary without the Executive's prior written consent; provided that the Employer may reduce Base Salary proportional with other executives pursuant to a company-wide reduction of all executive salaries due to financial conditions. The Base Salary shall be payable in periodic installments in accordance with the Employer's usual practice for its senior executives.

(b) Annual Bonus. In addition to his Base Salary, for each fiscal year of Pubco while the Executive is employed by the Employer (including, for the avoidance of doubt, the fiscal year in which the Effective Date occurs), Executive shall be eligible to earn an annual discretionary bonus (each an "**Annual Bonus**"). The target amount of each Annual Bonus shall be 125% of the Executive's Base Salary at the rate then in effect (the "**Target Bonus**"), though the actual amount of each Annual Bonus earned (which may be more than or less than the Target Bonus), if any, will be determined by the Board (or a committee of the Board with proper authority), in its sole discretion, based on (i) the performance of Sphere, and (ii) the performance criteria for the Executive as determined by the Board (or a committee thereof) in its sole discretion, which shall be reasonably formulated in consultation with the Executive based on the objectives and operational state of the business. The Board shall develop and document in writing the performance criteria for the payment of the Annual Bonus by the end of the first quarter of the applicable fiscal year of Pubco; provided, that in the absence of the Board's communication to the Executive of the performance criteria for the Annual Bonus by March 31st of a performance year (subject to any extensions agreed amongst the Board and the Executive), it shall be assumed at year-end that the Executive is entitled to the full amount of the Annual Bonus, subject to the other earning conditions stated in this Section 4(b). Subject to Section 6(b) below, the payment of the Annual Bonus, if any, shall be in the Board's sole discretion and the Executive must be an active employee of the Employer in good standing at the time of payment in order to receive the Annual Bonus. Any Annual Bonus earned for any fiscal year of Sphere shall be paid in the immediately following fiscal year of Pubco, as soon as practicable. For the avoidance of doubt, for fiscal year 2026, Executive's Annual Bonus (if earned) shall be for the full fiscal year 2026 and not prorated; provided that 5/12 of such 2026 Annual Bonus will be based on Executive's 2026 Base Salary rate at Cathedra and the remaining 7/12 of such 2026 Annual Bonus will be based on Executive's Base Salary rate hereunder.

(c) Equity Awards. With respect to each fiscal year of Pubco during the Term, the Executive shall be eligible to receive an LTI Award (as defined below), the type of which, and the terms and conditions thereof, shall be determined by the Compensation Committee of the Board, in its sole discretion; provided, that the structure, terms and conditions applicable to Executive's LTI Award for a fiscal year shall be consistent with Pubco's equity-based awards for its executive officers generally for such year. Each LTI Award shall be granted under Pubco's equity incentive plan as in effect from time to time and shall be subject to such terms and conditions (consistent with this Agreement) set forth in an LTI Award agreement to be entered into by and between Pubco and the Executive. For purposes of this Section 4(c), "**LTI Award**" shall mean any stock options, restricted stock, restricted stock units ("**RSUs**"), stock appreciation rights, phantom stock or other equity-based awards granted by Pubco to the Executive. In addition, subject to the approval of the Compensation Committee of the Board and the Board, each in their sole discretion, the Executive shall be entitled to a one-time inducement grant of 500,000 RSUs (the "**RSU Grant**") of Pubco, settled in Pubco's common shares ("**Pubco Common Shares**"), pursuant to the terms of Pubco's 2025 Performance Incentive Plan (or any successor plan then in effect) and an applicable RSU award agreement (the "**Award Agreement**"), subject to the requirements of the relevant securities, tax, and other applicable laws and regulations, vesting bi-annually in four equal installments over a two year period with the first tranche vesting on the six month anniversary of the grant date, in each case subject to the Executive's continued employment through the relevant vesting date. The RSU Grant may be subject to accelerated vesting in certain circumstances as determined by the Compensation Committee and the Board as set forth in the Award Agreement.

(d) Regular Benefits. During the term of this Agreement (the "**Term**"), the Executive shall be eligible for family health insurance benefits from Employer (fully paid for by the Employer), and shall also be eligible to participate in any employee benefit plans, life insurance plans, disability income plans, retirement plans, expense reimbursement plans and other benefit plans which the Employer may from time to time have in effect for any of its executive management employees. Participation in any Employer benefit plan shall be subject to the terms of the applicable plan documents, generally applicable policies of the Employer, applicable law and the discretion of the Board, or any administrative or other committee provided for in or contemplated by any such plan. Except with respect to the aforementioned health insurance benefits, nothing contained in this Agreement shall be construed to create any obligation on the part of the Employer to establish any such plan or to maintain the effectiveness of any such plan which may be in effect from time to time. The Executive may, in his discretion, retain, or obtain, his personal life, accident, family medical, dental, vision and/or other insurance plans and benefits, the costs of which shall be reimbursed by the Employer to the Executive. The Executive understands that all benefits provided in this section may be reduced by, or subject to, all applicable taxes. Employer shall reimburse the Executive for the cost of obtaining or retaining his personal life, accident, family medical, dental, vision and/or other insurance plans and benefits, including out-of-pocket expenses related to family medical expenses and deductibles, the costs of which shall be reimbursed by the Employer to the Executive in an amount up to an average of \$5,000 per month during the Term; provided that in no event will such reimbursement exceed \$60,000 per year.

(e) Vacation. The Executive shall be entitled to paid vacation in accordance with Sphere's policies as such policies may exist from time to time.

(f) Taxation of Payments and Benefits. The Employer shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent required by applicable law. Payments under this Agreement shall be subject to all deductions and withholdings required by applicable law. Nothing in this Agreement shall be construed to require the Employer to make any payments to compensate the Executive for any adverse tax effect associated with any legally required payments or benefits or for any legally required deduction or withholding from any payment or benefit.

(g) Expenses. The Employer shall reimburse the Executive for all reasonable and necessary business-related out-of-pocket expenses incurred or paid by the Executive in performing his duties under this Agreement and that are consistent with applicable policies of the Employer. The Employer shall also reimburse the Executive for all reasonable professional organization membership fees that are consistent with the Executive's professional accreditations or are otherwise required to fulfill the Executive's duties for the Employer. All payments for reimbursement of such expenses shall be made upon presentation by the Executive of expense statements or vouchers and such other supporting information as the Employer may from time-to-time reasonably request.

(h) Continued Eligibility for Transaction-Related Cash Bonus. Notwithstanding anything to the contrary, the Executive remains eligible to receive the Cash Bonus related to the acquisition of Cathedra by Pubco as defined in and subject to the terms of Section 4.7 of the Prior Employment Agreement; provided that any continuous employment or service requirement with "Cathedra" set forth therein are hereby revised to replace "Cathedra" with "the Combined Company." In connection therewith, in the event the Board reduces the Megawatt Condition (as defined in the Prior Employment Agreement) for any other executive(s) of the Pubco, the Megawatt Condition herein shall automatically be reduced (or waived) to the same extent.

(j) Increase of D&O Limits. The Employer undertakes to perform a review of its Director and Officer Liability coverage on a periodic basis and increase coverage under such policy as deemed appropriate by the Board. In the event of a change of control or termination of the Executive's employment (to the extent not already covered in the existing policy), the Employer shall covenant and agree to purchase a six year "tail option" for the Executive for such Director and Officer Liability coverage for the six years immediately following such change of control or termination.

5. Extent of Service.

(a) During the Executive's employment under this Agreement, the Executive shall devote the Executive's full business time, best efforts and business judgment, skill and knowledge to the advancement of the Employer's interests and to the discharge of the Executive's duties and responsibilities under this Agreement; provided that nothing in this Agreement shall be construed as preventing the Executive from:

(i) engaging in business activities as set forth on Exhibit B attached hereto and as may be approved going forward by the Board, such approval not to be unreasonably withheld, provided, that any such activities, individually or in the aggregate, are not competitive with the Company, and do not materially interfere or conflict with Executive's duties hereunder;

(ii) investing the Executive's assets in any company or other entity in a manner not prohibited by Section 7(d) and in such form or manner as shall not require any material activities on the Executive's part in connection with the operations or affairs of the companies or other entities in which such investments are made;

(iii) engaging in religious, charitable or other community or non-profit activities that do not impair the Executive's ability to fulfill the Executive's duties and responsibilities under this Agreement; and

(iv) participating or sitting on the Boards of other companies, provided that the Executive shall provide written notice to the Board and seek the Board's approval, which approval shall not be unreasonably withheld, and such involvement does not detract from the Executive fulfilling his responsibilities to the Employer under this Agreement.

(b) The Executive shall cooperate with the Employer in the event the Employer wishes to obtain key-man insurance on the Executive. Such cooperation shall include, but not be limited to, taking any physical examinations that may be requested by the insurance company.

6. Payments Upon Termination.

(a) Upon Any Termination. Upon any termination of the Executive's employment, the Executive shall be entitled to, in accordance with applicable law, the following "**Accrued Obligations**": (i) all accrued but unpaid Base Salary through the date of termination; (ii) any unpaid or unreimbursed expenses incurred in accordance with Employer policy, including amounts due under Section 4(g) hereof, to the extent incurred through the date of termination; and (iii) any accrued vacation that remains unused through the date of termination.

(b) Upon Termination by the Employer Without Cause or by the Executive for Good Reason. In the event of the termination of the Executive's employment by the Employer without Cause (as defined below) or by the Executive for Good Reason (as defined below), the Employer shall provide to the Executive the following ("**Severance Benefits**"):

(i) continued payment of the Executive's Base Salary (at the highest rate in effect in the one year prior to such termination of employment) plus 100% of the Executive's Target Bonus (at the highest rate in effect in the one year prior to such termination of employment), with such total amount to be paid in substantially equal installments during the period from the date of termination until the date that is eighteen (18) months after the date of termination. For the avoidance of doubt, if the Executive's Base Salary at the highest rate in the one year prior to termination is \$425,000.00 and the Executive's Target Bonus is 125% of the Executive's Base Salary, or \$531,250.00, then the total amount due to Executive in 6(b)(i) is \$1,434,375.00 $((\$425,000.00 + \$531,250.00) * 1.5)$ paid out in equal installments over 18 months;

(ii) payment of any Annual Bonus due for a completed fiscal year (even though the Executive may not be employed on the applicable payment date) plus a pro-rated (based on the portion of the fiscal year worked) Annual Bonus for the year in which the termination of employment occurs (each such amount to be paid when the Annual Bonus would have otherwise been paid had the termination of the Executive's employment not occurred);

(iii) if the Executive is participating in the Employer's health insurance plan on the date of termination, continuation of group health plan benefits to the extent authorized by and consistent with 29 U.S.C. § 1161 et seq. (commonly known as "**COBRA**"), with the Employer paying the entire cost of the regular premium for such benefits for eighteen (18) months after the date of termination; or if at the Executive's discretion, retain, or obtain, his family medical, dental, vision and/or other insurance plans and benefits, the costs of which shall be reimbursed by the Employer to the Executive as continuation of reimbursement of the Executive's costs for the aforementioned benefit for a period of eighteen (18) months, subject to a maximum average monthly reimbursement to the Executive of \$5,000; and

(iv) any unvested Equity Awards previously granted to the Executive shall immediately vest and, if applicable, become exercisable.

Any payment(s) of the Severance Benefits shall be conditional upon the execution, delivery, and, if applicable, non-revocation by the Executive of a full and final release of claims agreement in favor of Sphere, substantially in the form and substance as set forth in **Exhibit A** attached hereto, by the earlier of the date specified in such release of claims agreement or the 60th day following the date of termination.

Notwithstanding the foregoing, nothing in this Section 6(b) shall be construed to affect the Executive's right to receive COBRA continuation entirely at the Executive's own cost to the extent that the Executive may continue to be entitled to COBRA continuation after the Executive's right to cost sharing under Section 6(b)(ii) ceases.

For purposes of this Agreement, the term "**Cause**" shall mean:

(i) materially dishonest or fraudulent statements or acts of the Executive with respect to the Employer or any affiliated entity of the Employer, including Pubco;

(ii) the Executive's conviction of, or entry of a plea of guilty or *nolo contendere* for, (A) a felony or (B) any misdemeanor (excluding minor traffic violations) involving moral turpitude, deceit, dishonesty or fraud;

(iii) willful misconduct of the Executive or the willful failure of the Executive without justification, within thirty (30) days after receipt by the Executive of written notice from the Board, to comply with reasonable specific written instructions of the Board; or

(iv) material breach by the Executive of this Agreement, or any willful breach of the restrictive covenant provisions contained in Section 7 below, provided that Employer has given written notice to the Executive of such asserted material breach and the Executive has failed to cure such breach within thirty (30) days of such notice. For purposes of this definition of Cause, conduct shall not be considered to be "willful" unless done, or omitted to be done, by the Executive not in good faith and without a reasonable basis to believe that such conduct (or lack thereof) was in the best interests of the Employer or Pubco.

For purposes of this Agreement, "**Good Reason**" shall mean the occurrence of any of the following without the Executive's written consent:

(i) a material reduction in the compensation (including Base Salary (other than as part of a company-wide reduction as described in Section 4), or Target Bonus opportunity), duties, authorities, title or responsibilities of the Executive;

(ii) a material breach by the Employer of this Agreement;

(iii) a requirement that the Executive relocate his principal place of work by more than twenty-five (25) miles from his current principal place of work;

(iv) a change in the Executive's reporting structure such that the Executive no longer reports directly to the Board; and/or

(v) the failure of Sphere to use commercially reasonable efforts to nominate the Executive for election to the Board.

Notwithstanding the foregoing, "Good Reason" shall not exist unless: (w) the Executive provides Employer written notice setting forth the circumstances of such conduct or condition within ninety (90) days following the date that the Executive becomes aware of such circumstances constituting "Good Reason" (the "**Good Reason Notice**"); (x) the Employer has thirty (30) days to cure such conduct or condition claimed to give rise to Good Reason; (y) the Employer fails to cure by the end of the thirty (30) day cure period; and (z) Executive resigns for Good Reason within one hundred and eighty (180) days following the Employer's failure to cure.

(c) Upon Termination due to Disability. If the Executive shall be disabled so as to be unable to perform the essential functions of the Executive's then existing position or positions under this Agreement with reasonable accommodation ("**Disability**"), the Board may remove the Executive from any responsibilities and/or reassign the Executive to another position with the Employer during the period of such Disability. Notwithstanding any such removal or reassignment, the Executive shall continue to receive the Executive's full Base Salary and be eligible for benefits under Sections 4(a) and 4(c) of this Agreement (except to the extent that the Executive may be ineligible for one or more such benefits under applicable plan terms) for a period of time equal to twelve (12) months. In addition, the Executive shall be entitled to receive the pro rata portion of the Target Bonus (based on it being payable in full) up to the date of the Disability. If any question shall arise as to whether during any period the Executive is disabled so as to be unable to perform the essential functions of the Executive's then existing position or positions with reasonable accommodation, the Executive may, and at the request of the Employer shall, submit to the Employer a certification in reasonable detail by the Executive's physician and at the Board's discretion, verified by a physician selected by the Employer to whom the Executive or the Executive's guardian has no reasonable objection as to whether the Executive is so disabled and such certification shall for the purposes of this Agreement be conclusive of the issue. The Executive shall cooperate with any reasonable request of the physician in connection with such certification. If such question shall arise and the Executive shall fail to submit such certification, the Employer's determination of such issue shall be binding on the Executive. Nothing in this Section 6(c) shall be construed to waive the Executive's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 *et seq.* and the Americans with Disabilities Act, 42 U.S.C. §12101 *et seq.*

(d) Upon Termination due to Death. Upon the death of the Executive, the Executive's estate shall receive the Accrued Obligations, and bonuses, vested equity awards and RSUs, and any other amounts to which the Executive may then be entitled under the Agreement to the effective date of termination. In addition, any unvested RSUs or other equity grants will be deemed vested as of the day immediately prior to the date of death. All such amounts will be paid to the Executive's estate.

7. Confidential Information, Noncompetition and Cooperation.

(a) Confidential Information. As used in this Agreement, "**Confidential Information**" means information belonging to Sphere which is of value to Sphere in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to Sphere. Confidential Information includes, without limitation, financial information, reports and forecasts; inventions, improvements and other intellectual property; trade secrets; know-how; designs, processes or formulae; software; market or sales information or plans; customer lists; and business plans, prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) that have been developed for Sphere, or discussed or considered by the management of Sphere and that have specific application to Sphere. Confidential Information includes information developed by the Executive in the course of the Executive's employment by the Employer, as well as other information to which the Executive may have access in connection with the Executive's employment. Confidential Information also includes the confidential information of others with which Sphere has a business relationship. Notwithstanding the foregoing, Confidential Information does not include the following: information in the public domain, including general market or industry knowledge, unless due to breach of the Executive's duties under Section 7(b); any of the items listed in this Section 7 that were developed, possessed or created by the Executive prior to the date of this Agreement; or any designs, inventions and other intellectual property conceptualized by the Executive during the period he is employed by the Employer but which are not directly related to Sphere's business operations.

(b) Confidentiality. The Executive understands and agrees that the Executive's employment creates a relationship of confidence and trust between the Executive and Sphere with respect to all Confidential Information. At all times, both during the Executive's employment with the Employer and after its termination, the Executive will keep in confidence and trust all such Confidential Information, and will not use or disclose any such Confidential Information without the prior written consent of the Board, except as may be reasonable in the course of performing the Executive's duties to Sphere.

(c) Documents, Records, etc. All documents, records, data, apparatus, equipment and other physical property, whether or not pertaining to Confidential Information, which are furnished to the Executive by Sphere or are produced by the Executive in connection with the Executive's employment will be and remain the sole property of Sphere. The Executive will return to Sphere all such materials and property as and when requested by the Board. In any event, the Executive will return all such materials and property immediately upon termination of the Executive's employment for any reason. The Executive will not retain with the Executive any such material or property or any copies thereof after such termination. Notwithstanding the foregoing, the Executive may retain after the termination of his employment with the Employer copies of his personal notes, diaries, journals, correspondence, expense accounts, communication logs, business cards, contact lists, compensation plans and agreements, this Agreement, and other similar materials maintained by the Executive.

(d) Non-solicitation. Without the prior written consent of the Board, during the period that the Executive is employed by Employer, the Executive will refrain from directly or indirectly employing, attempting to employ, recruiting or otherwise soliciting, inducing or influencing any person to leave employment with Sphere, and also will refrain from soliciting or encouraging any customer or supplier to terminate or otherwise modify adversely its business relationship with Sphere. The Executive understands that the restrictions set forth in this Section 7(d) are intended to protect Sphere's interest in the Confidential Information and established employee, customer and supplier relationships and goodwill, and agrees that such restrictions are reasonable and appropriate for this purpose. For the avoidance of doubt, the restrictions in this Section 7(d) shall not prohibit or otherwise prevent the Executive from terminating the employment of non-executive officers of Sphere in the course of performing his duties to Sphere.

(e) Third-Party Agreements and Rights. The Executive hereby confirms that the Executive is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Executive's use or disclosure of information or the Executive's engagement in any business. The Executive represents to Sphere that the Executive's execution of this Agreement, the Executive's employment with the Employer and the performance of the Executive's proposed duties for Sphere will not violate any obligations the Executive may have to any such previous employer or other party. In the Executive's work for Sphere, the Executive will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Executive will not bring to the premises of Sphere any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(f) Litigation and Regulatory Cooperation. During and after the Executive's employment, the Executive shall reasonably cooperate with Sphere in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of Sphere which relate to events or occurrences that transpired while the Executive was employed by the Employer. The Executive's reasonable cooperation in connection with such claims or actions shall include, but not be limited to, being reasonably available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of Sphere at mutually convenient times. During and after the Executive's employment, the Executive also shall reasonably cooperate with Sphere in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Employer. The Employer shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 7(f) and shall pay the Executive for his time as a consultant on an hourly basis calculated based on his Base Salary (expressed on an hourly basis) at the time of the termination of his employment or as otherwise mutually agreed. However, and notwithstanding anything to the contrary above, in no event shall the Executive be required to act or cooperate against his own interests.

(g) Developments. The Executive will make full and prompt disclosure to Sphere of all inventions, discoveries, designs, developments, methods, modifications, improvements, processes, algorithms, databases, computer programs, formulae, techniques, trade secrets, graphics or images, audio or visual works, and other works of authorship (collectively "**Developments**"), whether or not patentable or copyrightable, that are created, made, conceived or reduced to practice by the Executive (alone or jointly with others) or under the Executive's direction during the period of his employment and that pertain directly to Sphere's business operations. The Executive acknowledges that all work performed by the Executive for Employer hereunder is on a "work for hire" basis, and the Executive hereby assigns and transfers, and will assign and transfer, to Sphere and its successors and assigns all of the Executive's right, title and interest, including, but not limited to, all patents, patent applications, trademarks and trademark applications, copyrights and copyright applications, and other intellectual property rights in all countries and territories worldwide and under any international conventions, in and to all Developments that (a) relate to the business of Sphere or any of the products or services of Sphere; (b) result from tasks assigned to the Executive by Sphere; or (c) result from the use of personal property (whether tangible or intangible) owned, leased or contracted for by Sphere. The assignment of Developments as described herein shall not apply to an invention that qualifies fully under the provisions California Labor Code Section 2870, which provides as follows: "Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) Result from any work performed by the employee for the employer." Nothing herein is intended to expand the scope of protection, if any, provided to Executive by Sections 2870 through 2872 of the California Labor Code.

(h) Injunction. The Executive agrees that it would be difficult to measure any damages caused to Sphere which might result from any breach by the Executive of the promises set forth in this Section 7, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, subject to Section 9 of this Agreement, the Executive agrees that if the Executive breaches, or proposes to breach, any portion of this Agreement, Sphere shall be entitled, in addition to all other remedies that it may have, to seek an injunction or other appropriate equitable relief to restrain any such breach.

(i) Exceptions. Nothing in this Agreement or any other agreement between Sphere and the Executive, on the other hand, shall prohibit or restrict the Executive or the Executive's attorneys from: (i) making any disclosure of relevant and necessary information or documents in any action, investigation, or proceeding relating to this Agreement, or as required by law or legal process, including with respect to possible violations of law; (ii) participating, cooperating, or testifying in any action, investigation, or proceeding with, or providing information to, any governmental agency or legislative body, any self-regulatory organization, and/or pursuant to the Sarbanes-Oxley Act without prior notice to Sphere; or (iii) accepting any government-issued award for information provided to any governmental agency or legislative body in connection with a government whistleblower program. In addition, nothing in this Agreement or any other agreement between Sphere and the Executive or any other policies of Sphere prohibits or restricts the Executive from initiating communications with, or responding to any inquiry from, any regulatory or supervisory authority regarding any good faith concerns about possible violations of law or regulation. Pursuant to 18 U.S.C. § 1833(b), the Executive will not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret of Sphere or its affiliates that (i) is made (x) in confidence to a Federal, state, or local government official, either directly or indirectly, or to the Executive's attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If the Executive files a lawsuit for retaliation by Sphere for reporting a suspected violation of law, the Executive may disclose the trade secret to the Executive's attorney and use the trade secret information in the court proceeding, if the Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement or any other agreement between Sphere and the Executive, on the other hand, or any other policies of Sphere is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section.

8. Indemnification. Employer agrees to indemnify and hold harmless the Executive to the fullest extent permitted by California law (including, but not limited to, indemnification for reasonable attorneys' fees and related expenses, including advancement of such fees and expenses as incurred) with respect to any future legal action, investigation, or other matter which in the Executive's reasonable good faith belief requires independent counsel, related to acts taken by the Executive in good faith and within the scope of his employment during the course of the Executive's employment.

9. Arbitration of Disputes. Except for a claim of sexual harassment or sexual assault, any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of the Executive's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination whether based on age or otherwise as permitted by applicable law) shall, to the fullest extent permitted by law, be settled by arbitration in any forum, form or location agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in Orange County, California in accordance with the Employment/Workplace Arbitration Rules and Medication Procedures of the AAA (available at <https://www.adr.org/rules-forms-and-fees/employment/>), including, but not limited to, the rules and procedures applicable to the selection of arbitrators. The cost of such arbitration shall be borne by Employer. In the event that any person or entity other than the Executive or Sphere (including any affiliate of Sphere for this purpose) may be a party with regard to any such controversy or claim, such controversy or claim shall be submitted to arbitration subject to such other person or entity's agreement. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 9 shall be specifically enforceable. Notwithstanding the foregoing, this Section 9 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate; *provided*, that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 9.

10. Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 9 of this Agreement, the parties hereby consent to the jurisdiction of the courts of the State of California. Accordingly, with respect to any such court action, Sphere and the Executive (a) submit to the personal jurisdiction of such courts; (b) consent to service of process; and (c) waive any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction of service of process.

11. Integration. This Agreement, along with all agreements with respect to Equity Awards of the Executive constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect to any related subject matter.

12. Assignment; Successors and Assigns, etc. Neither Sphere nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party; *provided*, that Sphere may assign its rights under this Agreement without the consent of the Executive in the event that Sphere shall effect a reorganization, consolidate with or merge into any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity. This Agreement shall inure to the benefit of and be binding upon Sphere and the Executive, their respective successors, executors, administrators, heirs and permitted assigns.

13. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

14. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

15. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to the Executive at the last address the Executive has filed in writing with the Employer, or in the case of the Employer, at its principal executive offices, Attn: Chairman of the Board and a duplicate copy by email at its last known email address, with a copy (which shall not constitute notice) to Meretsky Law Firm, 121 King Street West, Suite 2150, Toronto, Ontario M5H 3T9, Attention: Jason Meretsky, Esq. and shall be effective on the date of delivery in person or by courier or three (3) days after the date mailed.

16. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Employer and Pubco.

17. Governing Law. This is a California contract and shall be construed under and be governed in all respects by the laws of the State of California, without giving effect to the conflict of laws principles of such State.

18. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

19. Sarbanes-Oxley Act of 2002.

(a) If the Executive becomes the subject of a formal investigation by a governmental authority involving possible violations of the United States federal securities laws, the Board may direct the Employer to withhold any payments otherwise due to the Executive under this Agreement that the Board reasonably determines, in good faith, may constitute "extraordinary payments" within the meaning of Section 1103 of the Sarbanes-Oxley Act of 2002 ("**SOX**") (including severance payments under Section 6) (collectively, "**Withheld Payments**"), subject to the following:

(i) Within five (5) business days of such determination, the Employer shall provide the Executive with written notice specifying the nature of the investigation, the categories of payments being withheld, and the factual basis for the Board's determination. The Executive shall have the right, upon ten (10) business days' prior written notice, to appear before the Board with counsel to contest the withholding, and the Board shall respond in writing within ten (10) business days of any such appearance. Any dispute arising under this Section 19(a) may be submitted to arbitration pursuant to Section 9.

(ii) Withholding shall continue until the earliest of: (A) the conclusion of the investigation without charges against the Executive; (B) a final, non-appealable adjudication or settlement resolving the matter; (C) a court or administrative order directing release; or (D) eighteen (18) months from the date withholding commenced (extendable only by court order under SOX Section 1103).

(iii) Withheld Payments shall accrue interest at the prime rate published in *The Wall Street Journal* (determined quarterly, compounded quarterly). Upon the occurrence of clauses (A), (C), or (D) of Section 19(a)(ii), or upon the Executive's exoneration, all Withheld Payments together with accrued interest shall be paid within thirty (30) calendar days.

(iv) If the Executive admits wrongdoing with respect to federal securities law violations, or is found liable or guilty by final, non-appealable adjudication, the Board may (by two-thirds vote, excluding the Executive) permanently forfeit some or all Withheld Payments; provided that no forfeiture shall exceed amounts the Board reasonably determines would have been subject to disgorgement or restitution under applicable law. Any Withheld Payments directed to be released by a court or administrative order shall be paid to the Executive notwithstanding the foregoing.

(v) Nothing herein limits or expands the authority of the Securities and Exchange Commission ("**SEC**") to seek a court order freezing extraordinary payments under SOX Section 1103, which authority exists independently of this Agreement.

(b) In the event that Sphere restates any financial statements which have been contained in reports or registration statements filed with the SEC, and the restatement of the prior financial statements is as the result of material noncompliance with any financial reporting requirement under the securities laws, except with respect to restatements due to (i) changes in accounting laws or business issues not within the Executive's control, or (ii) lawsuits filed or threatened against Sphere, the Executive hereby acknowledges that the Employer shall recover from the Executive (x) incentive based compensation (including stock options) awarded during the three year period preceding the date on which Sphere is required to prepare the restatement (y) in excess of what would have been paid the Executive under the restatement. Any rules passed by the SEC under Section 10D of the Securities Exchange Act of 1934 (added by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) shall be incorporated in this Agreement to the extent applicable. The Executive agrees to reimburse the Employer for any bonuses received and/or profits realized from the sale of Sphere's securities (including the cash received from exercise of any options (or other awards of stock rights)) during the 12-month period following the first public issuance or filing with the SEC of the report or registration statement (whichever comes first) containing the financial information required to be restated to the extent that such a clawback is required by Section 10D of the Securities Exchange Act of 1934; provided, however, this Section shall not impose any liability on the Executive beyond any liability that is imposed under Section 304 of SOX and the Executive shall only be obligated under this Section 19 to the extent that it is applied consistently to all of Sphere's officers.

(c) Notwithstanding the last sentence of Section 19(a), if Sphere's common stock is listed on a national securities exchange and such exchange adopts rules requiring clawbacks beyond what Section 304 of SOX requires, such rules shall be incorporated in this Agreement to the extent applicable and the Executive shall comply with such rules, including but not limited to executing any amendment to this Agreement.

20. Section 409A.

(a) General. It is the intention of both Sphere and the Executive that the benefits and rights to which the Executive could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("**Section 409A**"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If the Executive or the Employer believes, at any time, that any such benefit or right that is subject to Section 409A does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on the Executive and on the Employer).

(b) Distributions on Account of Separation from Service. If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of the Executive's employment shall be made unless and until the Executive incurs a "separation from service" within the meaning of Section 409A.

(c) 6 Month Delay for Specified Employees.

(i) If the Executive is a "specified employee", then no payment or benefit that is payable on account of the Executive's "separation from service", as that term is defined for purposes of Section 409A, shall be made before the date that is six months after the Executive's "separation from service" (or, if earlier, the date of the Executive's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(ii) For purposes of this provision, the Executive shall be considered to be a "specified employee" if, at the time of his or her separation from service, the Executive is a "key employee", within the meaning of Section 416(i) of the Code, of the Employer (or any person or entity with whom the Employer would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.

(d) No Acceleration of Payments. Neither the Employer nor the Executive, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

(e) Treatment of Each Installment as a Separate Payment. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Executive is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(f) Taxable Reimbursements and In-Kind Benefits. Any reimbursements by the Employer to the Executive of any eligible expenses under this Agreement that are not excludable from the Executive's income for Federal income tax purposes (the "**Taxable Reimbursements**") shall be made by no later than the last day of the taxable year of the Executive following the year in which the expense was incurred. The amount of any Taxable Reimbursements, and the value of any in-kind benefits to be provided to the Executive, during any taxable year of the Executive shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year of the Executive. The right to Taxable Reimbursement, or in-kind benefits, shall not be subject to liquidation or exchange for another benefit. If the Employer provides payment or reimbursement of health coverage and/or COBRA premiums, or otherwise provides group health plan coverage at no cost to the Executive and the group health plan is self-funded, then the fair market value of such reimbursement and/or coverage shall be included as additional taxable income to the Executive.

(g) No Guaranty of 409A Compliance. Notwithstanding the foregoing, the Employer does not make any representation to the Executive that the payments or benefits provided under this Agreement are exempt from, or satisfy, the requirements of Section 409A, and the Employer shall have no liability or other obligation to indemnify or hold harmless the Executive or any beneficiary of the Executive for any tax, additional tax, interest or penalties that the Executive or any beneficiary of the Executive may incur in the event that any provision of this Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

[Signature page to follow]

IN WITNESS WHEREOF, this Agreement has been executed by the Employer and by the Executive as of the Effective Date.

SPHERE 3D MINING CORP.

By: /s/ Kurt Kalbfleisch

Name: Kurt Kalbfleisch

Title: Chief Executive Officer, CFO and Secretary

SPHERE 3D CORP.

By: /s/ Duncan McEwan

Name: Duncan McEwan

Title: Director, Chairman of the Board

By: /s/ Sue Harnett

Name: Sue Harnett

Title: Director, Chairperson of the Compensation Committee

EXECUTIVE

By: /s/ Joel Block

Joel Block

Date: June 1, 2026

FOURTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT

WHEREAS, Sphere 3D Corp., an Ontario corporation (the "**Employer**"), and Kurt Kalbfleisch (the "**Executive**") entered into a Third Amended and Restated Employment Agreement dated November 11, 2025 (the "**November 2025 Employment Agreement**").

AND WHEREAS, the Employer entered into Amendment No. 1 to the November 2025 Employment Agreement dated as of March 5, 2026 (the "**March 2026 Amendment**," and together with the November 2025 Employment Agreement, the "**Prior Employment Agreement**").

AND WHEREAS, the Employer has agreed to acquire Cathedra Bitcoin Inc., a British Columbia corporation ("**Cathedra**"), pursuant to the terms of that certain Arrangement Agreement, dated March 5, 2026, by and among the Employer, Cathedra, and the other parties thereto (the "**Arrangement Agreement**");

AND WHEREAS, the Employer and the Executive desire to further amend, restate, and replace the Prior Employment Agreement in its entirety as set forth herein by entering into this Fourth Amended and Restated Employment Agreement (the "**Agreement**"), to be effective if and immediately following the closing of the transactions contemplated in the Arrangement Agreement (the "**Effective Date**"), subject to execution and delivery of this Agreement by both parties.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration (the receipt and sufficiency whereof are hereby acknowledged), the parties covenant and agree with each other as follows:

1. Replacement. Each party respectively acknowledges and declares that, as of the date hereof, the foregoing recitals, insofar as they relate to it, are true and correct. All other agreements entered into between the Employer and the Executive, including the Employment Agreement dated June 20, 2022, the New Employment Agreement dated March 27, 2024, the Amended and Restated Employment Agreement dated April 22, 2025 (the "**April 2025 Employment Agreement**"), the May 2025 Employment Agreement, the November 2025 Employment Agreement, and the March 2026 Amendment, regarding the matters contained in this Agreement, whether written or oral, are terminated, except as specifically set forth below.

2. Employment. The Employer agrees to employ the Executive, and the Executive agrees to be employed by the Employer on the terms and conditions set forth in this Agreement.

3. Duties. The Executive shall serve the Employer as its Chief Financial Officer (the "**CFO**") and shall have the customary powers, responsibilities, and authorities of a CFO, as are reasonably assigned by the Chief Executive Officer of the Employer.

4. Term. This Agreement shall be terminable "at will," which means by either party, with or without Cause (defined below), notice, or Good Reason (defined below) at any time, subject to Section 7 below.

5. Compensation and Benefits. The regular compensation and benefits payable to the Executive under this Agreement shall be as follows:

(a) **Base Salary.** During the term of this Agreement, for all services rendered by the Executive under this Agreement, the Employer shall pay the Executive a starting base salary at the annual rate of USD\$330,000 ("**Base Salary**"). The Base Salary shall be reviewed annually, with the first salary review to be effective as of January 31, 2027 (with the term "Base Salary" to include any increase in the rate thereof). In no event shall the Base Salary be decreased below the then-current Base Salary without the Executive's prior written consent; provided that the Employer may reduce Base Salary proportional with other executives pursuant to a company-wide reduction of all executive salaries due to financial conditions. The Base Salary shall be payable in periodic installments in accordance with the Employer's usual practice for its senior executives.

(b) **Annual Bonus.** In addition to his Base Salary, for each fiscal year of the Employer while the Executive is employed by the Employer, the Executive shall be eligible to receive an annual discretionary bonus (each an "**Annual Bonus**"). The target amount of each such Annual Bonus shall be ninety percent (90%) of the Executive's Base Salary, in each case as approved by the Board of Directors (the "**Board**") (the "**Target Bonus**"), though the actual amount of each Annual Bonus earned (which may be more or less than the Target Bonus), if any, will be determined by the Board (or a committee of the Board with proper authority), in its sole discretion, based on (i) the performance of the Employer, and (ii) the performance criteria for the Executive as determined by the Board (or a committee thereof) in its sole discretion, which shall be reasonably formulated in consultation with the Executive based on the objectives and operational state of the business. The Board shall develop and document in writing the performance criteria for the payment of the Annual Bonus by the end of the first quarter of the applicable fiscal year of the Employer. Subject to Section 7(a) below, the payment of the Annual Bonus, if any, shall be in the Board's sole discretion, and the Executive must be an active employee of the Employer in good standing at the time of payment in order to receive the Annual Bonus. Any Annual Bonus earned for any fiscal year of the Employer shall be paid in the immediately following fiscal year of the Employer, as soon as practicable. In addition, the Board, in its sole discretion, may approve the issuance of additional restricted stock units and/or options of the Employer ("RSUs") based upon the achievement of certain performance and financial thresholds as determined by the Board in consultation with the Executive, which shall be communicated to the Executive by March 31st of each performance year. In the absence of the Board's communication to the Executive of the performance criteria for the Target Bonus or RSUs by March 31st of a performance year (subject to any extensions agreed among the Employer and the Executive), it shall be assumed at year-end that the Executive is entitled to the full amount of the Target Bonus, subject to the other earning conditions stated in this Section 5(b). Notwithstanding anything to the contrary herein, for the avoidance of doubt, for fiscal year 2026, Executive's Annual Bonus shall be in the full discretion of the Board (or a committee of the Board with proper authority) and shall be no more than 7/12 of the Target Bonus.

(c) **Regular Benefits.** The Executive shall be entitled to family health insurance benefits from Employer (fully paid for by the Employer), and shall also be entitled to participate in any employee benefit plans, life insurance plans, disability income plans, retirement plans, expense reimbursement plans and other benefit plans which the Employer may from time to time have in effect for any of its executive management employees. Participation in any Employer benefit plan shall be subject to the terms of the applicable plan documents, generally applicable policies of the Employer, applicable law and the discretion of the Board, or any administrative or other committee provided for in or contemplated by any such plan. Except with respect to the aforementioned health insurance benefits, nothing contained in this Agreement shall be construed to create any obligation on the part of the Employer to establish any such plan or to maintain the effectiveness of any such plan which may be in effect from time to time. The Executive may, in his discretion, retain, or obtain, his personal life, accident, family medical, dental, vision and/or other insurance plans and benefits, the costs of which shall be reimbursed by the Employer to the Executive. The Executive understands that all benefits provided in this section may be reduced by, or subject to, all applicable taxes. Employer shall reimburse the Executive for the cost of obtaining or retaining his personal life, accident, family medical, dental, vision and/or other insurance plans and benefits, including out-of-pocket expenses related to family medical expenses and deductibles, the costs of which shall be reimbursed by the Employer to the Executive in an amount up to an average of five thousand dollars (\$5,000) per month during the Employment Term.

(d) Vacation. The Executive shall be entitled to paid vacation in accordance with Sphere's policies as such policies may exist from time to time.

(e) Taxation of Payments and Benefits. The Employer shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith believes that it is required to make such deductions, withholdings and tax reports. Payments under this Agreement shall be subject to all applicable deductions and withholdings. Nothing in this Agreement shall be construed to require the Employer to make any payments to compensate the Executive for any adverse tax effect associated with any legally required payments or benefits or for any legally required deduction or withholding from any payment or benefit.

(f) Expenses. The Employer shall reimburse the Executive for all approved reasonable and necessary business-related out-of-pocket expenses incurred or paid by the Executive in performing his duties under this Agreement and that are consistent with applicable policies of the Employer. The Employer shall also reimburse the Executive for all preapproved reasonable professional organization membership fees that are consistent with the Executive's professional accreditations or are otherwise required to fulfill the Executive's duties for the Employer. All payments for reimbursement of such expenses shall be made upon presentation by the Executive of expense statements or vouchers and such other supporting information as the Employer may from time-to-time reasonably request.

(g) Exclusivity of Salary and Benefits. The Executive shall not be entitled to any payments or benefits other than those provided under this Agreement.

(h) Increase of D&O Limits. The Employer undertakes to perform a review of its Director and Officer Liability coverage on a periodic basis and increase coverage under such policy as deemed appropriate by the Board. In the event of a Change in Control or termination of the employee (to the extent not already covered in the existing policy), the Employer shall covenant and agree to purchase a six year "tail option" for the Executive which addresses the statute of limitations.

(i) **Retention Bonus.** Should the proposed acquisition of Cathedra by the Employer or any of its affiliates (the "**Transaction**") be consummated during the Executive's employment with the Employer, then, following the consummation of the Transaction, if and only if (a) the Employer and its subsidiaries and affiliates (including, without limitation, Cathedra) (collectively, the "**Combined Company**") establish an aggregate of sixty-three (63) megawatts of online power capacity (subject to such aggregate amount of megawatts being reduced on a one-to-one basis in connection with any sale of a datacenter site approved by either (A) the Employer's or Cathedra's board of directors, as applicable, prior to the consummation of the Transaction, or (B) the Combined Company's board of directors following the consummation of the Transaction) by the second anniversary of the consummation of the Transaction (the "**Megawatt Condition**"), and (b) either (i) the Executive continues to be employed with the Employer through January 1, 2027, or (ii) the Executive's employment with the Employer is terminated for any reason (including, for the avoidance of doubt, on account of Executive's death or Disability) other than by the Employer for Cause or by the Executive without Good Reason (the "**Employment Condition**," and together with the Megawatt Condition, the "**Vesting Conditions**"), the Employer (or its successor entity) shall pay the Executive a cash bonus in an amount equal to \$1,095,000 (the "**Cash Bonus**"). The Cash Bonus, if any, shall be payable in monthly installments of \$91,250, with the first installment to be made in the calendar month in which the last Vesting Condition was satisfied and the last installment (which shall include the \$91,250 plus any unpaid balance of such Cash Bonus) to be made no later than March 15 of the calendar year immediately following the calendar year in which the last Vesting Condition was satisfied (for the avoidance of doubt, the entire Cash Bonus shall be paid to the Executive no later than such March 15). Notwithstanding the foregoing, (x) if the Megawatt Condition is not satisfied by the second anniversary of the Transaction, (y) the Executive's employment with the Employer is terminated by the Employer for Cause or by the Executive without Good Reason prior to January 1, 2027, or (z) the Executive's employment is terminated either by the Employer without Cause or by the Executive for Good Reason prior to January 1, 2027, then, in each case, the Executive shall not be entitled to the Cash Bonus hereunder. For the avoidance of doubt, if the Executive's employment with the Employer terminates for any reason on or after January 1, 2027 (including, for the avoidance of doubt, on account of Executive's death or Disability), then the Executive will remain eligible to receive the Cash Bonus once the Megawatt Condition is satisfied (regardless of whether the Executive is employed at the time the Megawatt Condition is satisfied); provided that the Executive shall not be entitled to receive the Cash Bonus to the extent the Executive's employment was terminated either by the Employer without Cause or by the Executive for Good Reason prior to January 1, 2027, which entitles the Executive to the Conditional Severance Payment under Section 7(d) of this Agreement.

In the event the Board reduces the Megawatt Condition for any other executive(s) of the Employer, the Megawatt Condition herein shall automatically be reduced (or waived) to the same extent.

Notwithstanding the foregoing, upon any applicable Cash Bonus monthly payment date, if the Combined Company's board of directors, acting reasonably, determines that the Combined Company does not have sufficient cash to pay such monthly payment, then the Combined Company may satisfy such payment in the form of fully vested common shares of the Combined Company with a fair market value equal to the monthly installment payment, provided the issuance of such shares by the Combined Company is registered under the Securities Act of 1933, as amended (the "**Securities Act**").

(j) Transaction Bonus. Should the Transaction be consummated and the Executive is employed with the Employer upon the consummation of the Transaction (the "**Transaction Date**"), the Employer shall pay the Executive a transaction bonus equal to \$300,000 (the "**Transaction Bonus**"). The Employer shall pay the Executive the Transaction Bonus in three (3) equal monthly installments on the first payroll date following the Transaction Date, and the first payroll dates following the first and second month anniversaries of the Transaction Date.

6. Extent of Service.

(a) During the Executive's employment under this Agreement, the Executive shall devote the Executive's full business time, best efforts and business judgment, skill and knowledge to the advancement of the Employer's interests and to the discharge of the Executive's duties and responsibilities under this Agreement. The Executive shall not engage in any other business activity, except as may be approved by the Board, such approval not to be unreasonably withheld; provided, that nothing in this Agreement shall be construed as preventing the Executive from:

(i) investing the Executive's assets in any company or other entity in a manner not prohibited by Section 8(d) and in such form or manner as shall not require any material activities on the Executive's part in connection with the operations or affairs of the companies or other entities in which such investments are made;

(ii) engaging in religious, charitable or other community or non-profit activities that do not impair the Executive's ability to fulfill the Executive's duties and responsibilities under this Agreement; and

(iii) participating or sitting on the Boards of other companies, provided that the Executive shall notify the Board and seek the Board's approval, which approval shall not be unreasonably withheld, and such involvement does not detract from the Executive fulfilling his responsibilities to the Employer under this Agreement.

(b) The Executive shall cooperate with the Employer in the event the Employer wishes to obtain key-man insurance on the Executive. Such cooperation shall include, but not be limited to, taking any physical examinations that may be requested by the insurance company.

7. Termination and Termination Benefits.

(a) Unless otherwise specifically provided in this Agreement or otherwise required by law, all compensation under this Agreement shall terminate on the date of termination of the Executive's employment under this Agreement. In the event of termination of the Executive's employment by the Employer without Cause (as defined below) or by the Executive for Good Reason (as defined below), the Employer shall provide to the Executive the following termination benefits ("**Termination Benefits**"):

(i) (A) If Executive's employment terminates prior to January 1, 2027, the payments described in Section 7(d) below; or (B) if Executive's employment terminates on or after January 1, 2027, continued payment of the Executive's Base Salary plus the Executive's Target Bonus (based on it being payable in full), in each case, in effect as of the date of termination for the period from the date of termination until the date that is twelve (12) months after the date of termination to be paid as salary continuation;

(ii) all unpaid and accrued vacation since the Transaction Date through the date of termination;

(iii) if the Executive is participating in the Employer's health insurance plan on the date of termination, continuation of group health plan benefits to the extent authorized by and consistent with 29 U.S.C. § 1161 *et seq.* (commonly known as "**COBRA**"), with the Employer paying the entire cost of the regular premium for such benefits for eighteen (18) months after the date of termination; or if at the Executive's discretion, retain, or obtain, his family medical, dental, vision and/or other insurance plans and benefits, the costs of which shall be reimbursed by the Employer to the Executive as continuation of reimbursement of the Executive's costs for the aforementioned benefit for a period of eighteen (18) months, subject to a maximum average monthly reimbursement to the Executive of five thousand dollars (\$5,000);

(iv) the RSUs and options, both vested and unvested, previously granted, to the Executive shall immediately vest; and

(v) a pro rata share of the Executive's Target Bonus (based on it being payable in full) at the date of termination, and any declared but unremitted bonus payment owing that had not yet been paid to the Executive from the prior year.

Any payment(s) of the Termination Benefits shall be conditional upon the execution, delivery, and, if applicable, non-revocation by the Executive of a full and final release of claims agreement in favor of Sphere, substantially in the form and substance as set forth in **Exhibit A** attached hereto (the "**Release**"), by the earlier of the date specified in such Release or the 60th day following the date of termination.

Notwithstanding the foregoing, nothing in this Section 7(a) shall be construed to affect the Executive's right to receive COBRA continuation entirely at the Executive's own cost to the extent that the Executive may continue to be entitled to COBRA continuation after the Executive's right to cost sharing under Section 7(a)(iii) ceases. Additionally, Employer and Executive agree that the cost sharing under Section 7(a)(iii) above shall apply in the case of a termination of Executive's employment with the Employer for any reason other than a termination for Cause.

For purposes of this Agreement, the term "**Cause**" shall mean:

(i) materially dishonest or fraudulent statements or acts of the Executive with respect to the Employer or any affiliated entity of the Employer;

(ii) the Executive's conviction of, or entry of a plea of guilty or *nolo contendere* for, (A) a felony or (B) any misdemeanor (excluding minor traffic violations) involving moral turpitude, deceit, dishonesty or fraud;

(iii) willful misconduct of the Executive or the willful failure of the Executive without justification, within thirty (30) days after receipt by the Executive of written notice from the Board, to comply with reasonable specific written instructions of the Board; or

(iv) material breach by the Executive of this Agreement, or any breach of the restrictive covenant provisions contained in Section 8 below, provided that the Employer has given written notice to the Executive of such asserted material breach and the Executive has failed to cure such breach within thirty (30) days of such notice. For purposes of this definition of Cause, conduct shall not be considered to be "willful" unless done, or omitted to be done, by the Executive not in good faith and without a reasonable basis to believe that such conduct (or lack thereof) was in the best interests of the Employer.

For purposes of this Agreement, "**Good Reason**" shall mean the occurrence of any of the following without the Executive's written consent:

- (i) a material reduction in the compensation (including Base Salary (other than as part of a company-wide reduction as described in Section 5(a)), or Target Bonus opportunity), duties, authorities, title, or responsibilities of the Executive;
- (ii) a material breach by Employer of this Agreement;
- (iii) a diminution in the Executive's title, compensation, or responsibilities; and/or
- (iv) the relocation of the geographic location of the Executive's principal place of employment by more than twenty-five (25) miles from the location of the Executive's principal place of employment as of the Effective Date or denial of the Executive's working remotely.

Notwithstanding the foregoing, "Good Reason" shall not exist unless: (w) the Executive provides the Employer written notice setting forth the circumstances of such conduct or condition within ninety (90) days following the date that the Executive becomes aware of such circumstances constituting "Good Reason" (the "**Good Reason Notice**"); (x) the Employer has thirty (30) days to cure such conduct or condition claimed to give rise to Good Reason; (y) the Employer fails to cure by the end of the thirty (30)-day cure period; and (z) the Executive resigns for Good Reason within one hundred eighty (180) days following the Employer's failure to cure.

The parties hereto acknowledge and agree that Executive has Good Reason as of the Effective Date under the Prior Employment Agreement, due to the change in his title from Chief Executive Officer to Chief Financial Officer pursuant to the terms of the Prior Employment Agreement, which is specifically incorporated herein by reference for this purpose (including, for the avoidance of doubt, the procedural requirements to provide notice of, and resign for, Good Reason).

For purposes of this Agreement, a "**Change in Control**" shall mean the occurrence after the date hereof of any of (a) acquisition by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) promulgated under the Securities Exchange Act of 1934, as amended) of effective control (whether through legal or beneficial ownership of capital stock of Employer, by contract or otherwise) of in excess of fifty percent (50%) of the voting securities of Employer (calculated on an as-converted basis, regardless of any restrictions on conversion), (b) Employer merges into or consolidates with any other person or entity, or any person or entity merges into or consolidates with Employer and, after giving effect to such transaction, the stockholders of Employer immediately prior to such transaction own less than fifty percent (50%) of the aggregate voting power of Employer (calculated on an as-converted basis, regardless of any restrictions on conversion) or the successor entity of such transaction, (c) Employer sells or transfers all or substantially all of its assets to another person or entity and the stockholders of Employer immediately prior to such transaction own less than fifty percent (50%) of the aggregate voting power of the acquiring entity immediately after the transaction (calculated on an as-converted basis, regardless of any restrictions on conversion), or (d) the execution by Employer of an agreement to which Employer is a party or by which it is bound, providing for any of the events set forth in clauses (a) through (c) above.

In the event of a Change in Control, in consideration of and contingent upon receipt of his Termination Benefits, the Executive shall help transition his duties for a three (3)-month period following the date of termination if requested in writing by the Employer during reasonable business hours.

(b) Disability. If the Executive shall be disabled so as to be unable to perform the essential functions of the Executive's then existing position or positions under this Agreement with reasonable accommodation ("**Disability**"), the Board may remove the Executive from any responsibilities and/or reassign the Executive to another position with the Employer during the period of such disability. Notwithstanding any such removal or reassignment, the Executive shall continue to receive the Executive's full Base Salary and be eligible for benefits under Sections 5(a) and 5(c) of this Agreement (except to the extent that the Executive may be ineligible for one or more such benefits under applicable plan terms) for a period of time equal to twelve (12) months. In addition, the Executive shall be entitled to receive the pro rata portion of the Target Bonus (based on it being payable in full) up to the date of the Disability. If any question shall arise as to whether during any period the Executive is disabled so as to be unable to perform the essential functions of the Executive's then existing position or positions with reasonable accommodation, the Executive may, and at the request of the Employer shall, submit to the Employer a certification in reasonable detail by the Executive's physician and at the Board's discretion, verified by a physician selected by the Employer to whom the Executive or the Executive's guardian has no reasonable objection as to whether the Executive is so disabled and such certification shall for the purposes of this Agreement be conclusive of the issue. The Executive shall cooperate with any reasonable request of the physician in connection with such certification. If such question shall arise and the Executive shall fail to submit such certification, the Employer's determination of such issue shall be binding on the Executive. Nothing in this Section 7(b) shall be construed to waive the Executive's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 *et seq.* and the Americans with Disabilities Act, 42 U.S.C. §12101 *et seq.*

(c) Death. Upon the death of the Executive, the Executive shall receive no payments other than accrued and unpaid wages, unpaid and accrued vacation, and bonuses, vested equity awards, and RSUs, and any other amounts to which the Executive may then be entitled under the Agreement to the effective date of termination. In addition, any unvested RSUs or other equity grants shall be deemed vested as of the day immediately prior to the date of death. All such amounts shall be paid to the Executive's estate.

(d) Notwithstanding anything to the contrary in this Agreement, in the event of the termination of Executive's employment either by the Employer without Cause or by Executive for Good Reason in connection with the consummation of the Transaction or prior to January 1, 2027, then in lieu of the Termination Benefits provided under Section 7(a), Employer shall pay or otherwise provide Executive:

- (i) subject to and conditioned upon the satisfaction of the Megawatt Condition, a cash amount equal to \$1,095,000 (the "**Conditional Severance Payment**");
- (ii) the benefits described in Section 7(a)(iii);
- (iii) the benefits described in Section 7(a)(iv) with respect to equity awards granted to the Executive prior to the Transaction Date; and
- (iv) only in the event of a termination without Cause, Executive shall vest in a prorated portion of all equity awards granted to the Executive on or following the Transaction Date through the date of termination, with the proration being a fraction equal to (A) the total number of days from the Transaction Date through the termination date divided by (B) the total number of days in the full vesting schedule applicable to each such award (measured from the grant date through the scheduled vesting completion date).

The Conditional Severance Payment, if any, shall be payable as salary continuation for the eighteen (18)-month period following termination of Executive's employment by the Employer without Cause or by the Executive for Good Reason; provided, however, that if the Megawatt Condition is not satisfied as of the date of termination of Executive's employment, payment shall commence on the first payroll period of the Employer following such satisfaction of the Megawatt Condition, with the first installment including payment of all prior unpaid amounts through such date. Notwithstanding the foregoing, and for the avoidance of doubt, if the Megawatt Condition is not satisfied by the second anniversary of the Transaction Date, the Executive shall not be entitled to the Conditional Severance Payment and shall only be entitled to the benefits described in Sections 7(a)(iii) and 7(a)(iv).

Notwithstanding the foregoing, upon any applicable Conditional Severance Payment monthly payment date, if the Combined Company's board of directors, acting reasonably, determines that the Combined Company does not have sufficient cash to pay such monthly payment, then the Combined Company may satisfy such payment in the form of fully vested common shares of the Combined Company with a fair market value equal to the monthly installment payment, provided the issuance of such shares by the Combined Company is registered under the Securities Act.

Any payment(s) made to the Executive as set forth in Section 7(d) shall be conditional upon the execution and delivery (and non-revocation) by the Executive of the Release, no later than (y) the earlier of the date specified in such Release or the 60th day following the date of termination or (z) the date on which the Megawatt Condition is satisfied.

Notwithstanding the foregoing, nothing in this Section 7(d) shall be construed to affect the Executive's right to receive COBRA continuation entirely at the Executive's own cost to the extent that the Executive may continue to be entitled to COBRA continuation after the Executive's right to cost sharing under Section 7(d)(iii) ceases.

For the avoidance of doubt, if the Conditional Severance Payment becomes payable to Executive hereunder, then Executive shall not be entitled to the Cash Bonus.

8. Confidential Information, Noncompetition and Cooperation.

(a) Confidential Information. As used in this Agreement, "**Confidential Information**" means information belonging to the Employer which is of value to the Employer in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to the Employer. Confidential Information includes, without limitation, financial information, reports and forecasts; inventions, improvements and other intellectual property; trade secrets; know-how; designs, processes or formulae; software; market or sales information or plans; customer lists; and business plans, prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) that have been developed for the Employer, or discussed or considered by the management of the Employer and that have specific application to the Employer. Confidential Information includes information developed by the Executive in the course of the Executive's employment by the Employer, as well as other information to which the Executive may have access in connection with the Executive's employment. Confidential Information also includes the confidential information of others with which the Employer has a business relationship. Notwithstanding the foregoing, Confidential Information does not include the following: information in the public domain, including general market or industry knowledge, unless due to breach of the Executive's duties under Section 8(b); any of the items listed in this Section 8 that were developed, possessed or created by the Executive prior to the date of this Agreement; or any designs, inventions and other intellectual property conceptualized by the Executive during the period he is employed by the Employer but which are not directly related to the Employer's business operations.

(b) Confidentiality. The Executive understands and agrees that the Executive's employment creates a relationship of confidence and trust between the Executive and the Employer with respect to all Confidential Information. At all times, both during the Executive's employment with the Employer and after its termination, the Executive shall keep in confidence and trust all such Confidential Information, and shall not use or disclose any such Confidential Information without the prior written consent of the Employer, except as may be necessary in the ordinary course of performing the Executive's duties to the Employer.

(c) Documents, Records, etc. All documents, records, data, apparatus, equipment and other physical property, whether or not pertaining to Confidential Information, which are furnished to the Executive by the Employer or are produced by the Executive in connection with the Executive's employment shall be and remain the sole property of the Employer. The Executive shall return to the Employer all such materials and property as and when requested by the Employer. In any event, the Executive shall return all such materials and property immediately upon termination of the Executive's employment for any reason. The Executive shall not retain with the Executive any such material or property or any copies thereof after such termination. Notwithstanding the foregoing, the Executive may retain after the termination of his employment with the Employer copies of his personal notes, diaries, journals, correspondence, expense accounts, communication logs, business cards, contact lists, and other similar materials maintained by the Executive.

(d) Non-solicitation. Without the prior written consent of the Board, during the period that the Executive is employed by Employer and for twelve (12) months immediately following the termination of the Executive's employment for any reason, the Executive shall refrain from directly or indirectly employing, attempting to employ, recruiting or otherwise soliciting, inducing or influencing any person to leave employment with the Employer, and also shall refrain from soliciting or encouraging any customer or supplier to terminate or otherwise modify adversely its business relationship with the Employer. The Executive understands that the restrictions set forth in this Section 8(d) are intended to protect the Employer's interest in the Confidential Information and established employee, customer and supplier relationships and goodwill, and agrees that such restrictions are reasonable and appropriate for this purpose.

(e) Third-Party Agreements and Rights. The Executive hereby confirms that the Executive is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Executive's use or disclosure of information or the Executive's engagement in any business. The Executive represents to the Employer that the Executive's execution of this Agreement, the Executive's employment with the Employer and the performance of the Executive's proposed duties for the Employer will not violate any obligations the Executive may have to any such previous employer or other party. In the Executive's work for the Employer, the Executive will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Executive will not bring to the premises of the Employer any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(f) Litigation and Regulatory Cooperation. During and after the Executive's employment, the Executive shall reasonably cooperate with the Employer in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Employer which relate to events or occurrences that transpired while the Executive was employed by the Employer. The Executive's reasonable cooperation in connection with such claims or actions shall include, but not be limited to, being reasonably available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Employer at mutually convenient times. During and after the Executive's employment, the Executive also shall reasonably cooperate with the Employer in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Employer. The Employer shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 8(f) and shall pay the Executive for his time as a consultant on an hourly basis calculated based on his Base Salary (expressed on an hourly basis) at the time of the termination of his employment or as otherwise mutually agreed. However, and notwithstanding anything to the contrary above, in no event shall the Executive be required to act or cooperate against his own interests.

(g) Developments. The Executive shall make full and prompt disclosure to the Employer of all inventions, discoveries, designs, developments, methods, modifications, improvements, processes, algorithms, databases, computer programs, formulae, techniques, trade secrets, graphics or images, audio or visual works, and other works of authorship (collectively "**Developments**"), whether or not patentable or copyrightable, that are created, made, conceived or reduced to practice by the Executive (alone or jointly with others) or under the Executive's direction during the period of his employment and that pertain directly to the Employer's business operations. The Executive acknowledges that all work performed by the Executive for Employer hereunder is on a "work for hire" basis, and the Executive hereby assigns and transfers, and shall assign and transfer, to the Employer and its successors and assigns all of the Executive's right, title and interest, including, but not limited to, all patents, patent applications, trademarks and trademark applications, copyrights and copyright applications, and other intellectual property rights in all countries and territories worldwide and under any international conventions, in and to all Developments that (a) relate to the business of the Employer or any of the products or services of the Employer; (b) result from tasks assigned to the Executive by the Employer; or (c) result from the use of personal property (whether tangible or intangible) owned, leased or contracted for by the Employer.

(h) Injunction. The Executive agrees that it would be difficult to measure any damages caused to the Employer which might result from any breach by the Executive of the promises set forth in this Section 8, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, subject to Section 10 of this Agreement, the Executive agrees that if the Executive breaches, or proposes to breach, any portion of this Agreement, the Employer shall be entitled, in addition to all other remedies that it may have, to seek an injunction or other appropriate equitable relief to restrain any such breach.

9. Indemnification. The Employer agrees to indemnify and hold harmless the Executive to the fullest extent permitted by New York law (including, but not limited to, indemnification for reasonable attorneys' fees and related expenses, including advancement of such fees and expenses as incurred) with respect to any future legal action, investigation, or other matter that in the Executive's reasonable good-faith belief requires independent counsel, related to acts taken by the Executive in good faith and within the scope of his employment during the course of the Executive's employment.

10. Arbitration of Disputes. Except for a claim of sexual harassment or sexual assault, any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of the Executive's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination whether based on age or otherwise as permitted by applicable law) shall, to the fullest extent permitted by law, be settled by arbitration in any forum, form or location agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("**AAA**") in New York, New York in accordance with the Employment Dispute Resolution Rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. The cost of such arbitration shall be borne by Employer. In the event that any person or entity other than the Executive or the Employer may be a party with regard to any such controversy or claim, such controversy or claim shall be submitted to arbitration subject to such other person or entity's agreement. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 10 shall be specifically enforceable. Notwithstanding the foregoing, this Section 10 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate; provided, that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 10.

11. Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 10 of this Agreement, the parties hereby consent to the jurisdiction of the courts of the State of California. Accordingly, with respect to any such court action, the Employer and the Executive (a) submit to the personal jurisdiction of such courts; (b) consent to service of process; and (c) waive any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

12. Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect to any related subject matter.

13. Assignment; Successors and Assigns, etc. Neither the Employer nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party; provided, that the Employer may assign its rights under this Agreement without the consent of the Executive in the event that the Employer shall effect a reorganization, consolidate with or merge into any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity. This Agreement shall inure to the benefit of and be binding upon the Employer and the Executive, their respective successors, executors, administrators, heirs and permitted assigns.

14. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

15. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

16. Notice. Any notices, requests, demands, and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to the Executive at the last address the Executive has filed in writing with the Employer, or in the case of the Employer, at its principal executive offices, Attention: Chairman of the Board, and a duplicate copy by email at its last known email address, with a copy (which shall not constitute notice) to Meretsky Law Firm, 121 King Street West, Suite 2150, Toronto, Ontario M5H 3T9, Attention: Jason Meretsky, Esq., and shall be effective on the date of delivery in person or by courier or three days after the date mailed.

17. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Employer.

18. Governing Law. This is a California contract and shall be construed under and be governed in all respects by the laws of the State of California, without giving effect to the conflict of laws principles of such State.

19. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

20. Sarbanes-Oxley Act of 2002.

(a) If the Executive becomes the subject of a formal investigation by a governmental authority involving possible violations of the United States federal securities laws, the Board may direct the Employer to withhold any payments otherwise due to the Executive under this Agreement that the Board reasonably determines, in good faith, may constitute "extraordinary payments" within the meaning of Section 1103 of the Sarbanes-Oxley Act of 2002 ("**SOX**") (including severance payments under Section 7) (collectively, "**Withheld Payments**"), subject to the following:

(i) Within five (5) business days of such determination, the Employer shall provide the Executive with written notice specifying the nature of the investigation, the categories of payments being withheld, and the factual basis for the Board's determination. The Executive shall have the right, upon ten (10) business days' prior written notice, to appear before the Board with counsel to contest the withholding, and the Board shall respond in writing within ten (10) business days of any such appearance. Any dispute arising under this Section 20(a) may be submitted to arbitration pursuant to Section 10.

(ii) Withholding shall continue until the earliest of: (A) the conclusion of the investigation without charges against the Executive; (B) a final, non-appealable adjudication or settlement resolving the matter; (C) a court or administrative order directing release; or (D) eighteen (18) months from the date withholding commenced (extendable only by court order under SOX Section 1103).

(iii) Withheld Payments shall accrue interest at the prime rate published in The Wall Street Journal (determined quarterly, compounded quarterly). Upon the occurrence of clauses (A), (C), or (D) of Section 20(a)(ii), or upon the Executive's exoneration, all Withheld Payments together with accrued interest shall be paid within thirty (30) calendar days.

(iv) If the Executive admits wrongdoing with respect to federal securities law violations, or is found liable or guilty by final, non-appealable adjudication, the Board may (by two-thirds vote, excluding the Executive) permanently forfeit some or all Withheld Payments; provided that no forfeiture shall exceed amounts the Board reasonably determines would have been subject to disgorgement or restitution under applicable law. Any Withheld Payments directed to be released by a court or administrative order shall be paid to the Executive notwithstanding the foregoing.

(v) Nothing herein limits or expands the authority of the Securities and Exchange Commission ("SEC") to seek a court order freezing extraordinary payments under SOX Section 1103, which authority exists independently of this Agreement.

(b) In the event that the Employer restates any financial statements that have been contained in reports or registration statements filed with the SEC, and the restatement of the prior financial statements is the result of material noncompliance with any financial reporting requirement under the securities laws - except with respect to restatements due to (i) changes in accounting laws or business issues not within the Executive's control, or (ii) lawsuits filed or threatened against the Employer - the Executive hereby acknowledges that the Employer shall recover from the Executive (x) incentive-based compensation (including stock options) awarded during the three (3)-year period preceding the date on which the Employer is required to prepare the restatement, (y) in excess of what would have been paid to the Executive under the restatement. Any rules passed by the SEC under Section 10D of the Securities Exchange Act of 1934 (added by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) shall be incorporated in this Agreement to the extent applicable. The Executive agrees to reimburse the Employer for any bonuses received and/or profits realized from the sale of the Employer's securities (including the cash received from exercise of any options (or other awards of stock rights)) during the twelve (12)-month period following the first public issuance or filing with the SEC of the report or registration statement (whichever comes first) containing the financial information required to be restated, to the extent that such a clawback is required by Section 10D of the Securities Exchange Act of 1934; provided, however, that this Section shall not impose any liability on the Executive beyond any liability that is imposed under Section 304 of SOX, and the Executive shall only be obligated under this Section 20 to the extent that it is applied consistently to all of the Employer's officers.

(c) Notwithstanding the last sentence of Section 20(a), if Employer's common stock is listed on a national securities exchange and such exchange adopts rules requiring clawbacks beyond what Section 304 of SOX requires, such rules shall be incorporated in this Agreement to the extent applicable and the Executive shall comply with such rules, including but not limited to executing any amendment to this Agreement.

21. Section 409A.

(a) General. It is the intention of both Employer and the Executive that the benefits and rights to which the Executive could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If the Executive or the Employer believes, at any time, that any such benefit or right that is subject to Section 409A does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on the Executive and on the Employer).

(b) Distributions on Account of Separation from Service. If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of the Executive's employment shall be made unless and until the Executive incurs a "separation from service" within the meaning of Section 409A.

(c) Six (6) Month Delay for Specified Employees.

(i) If the Executive is a "specified employee," then no payment or benefit that is payable on account of the Executive's "separation from service," as that term is defined for purposes of Section 409A, shall be made before the date that is six (6) months after the Executive's "separation from service" (or, if earlier, the date of the Executive's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(ii) For purposes of this provision, the Executive shall be considered to be a "specified employee" if, at the time of his separation from service, the Executive is a "key employee," within the meaning of Section 416(i) of the Code, of the Employer (or any person or entity with whom the Employer would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.

(d) No Acceleration of Payments. Neither the Employer nor the Executive, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

(e) Treatment of Each Installment as a Separate Payment. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Executive is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(f) Taxable Reimbursements and In-Kind Benefits. Any reimbursements by the Employer to the Executive of any eligible expenses under this Agreement that are not excludable from the Executive's income for Federal income tax purposes (the "Taxable Reimbursements") shall be made by no later than the last day of the taxable year of the Executive following the year in which the expense was incurred. The amount of any Taxable Reimbursements, and the value of any in-kind benefits to be provided to the Executive, during any taxable year of the Executive shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year of the Executive. The right to Taxable Reimbursement, or in-kind benefits, shall not be subject to liquidation or exchange for another benefit. If the Employer provides payment or reimbursement of health coverage and/or COBRA premiums, or otherwise provides group health plan coverage at no cost to the Executive and the group health plan is self-funded, then the fair market value of such reimbursement and/or coverage shall be included as additional taxable income to the Executive.

(g) No Guaranty of 409A Compliance. Notwithstanding the foregoing, the Employer does not make any representation to the Executive that the payments or benefits provided under this Agreement are exempt from, or satisfy, the requirements of Section 409A, and the Employer shall have no liability or other obligation to indemnify or hold harmless the Executive or any beneficiary of the Executive for any tax, additional tax, interest or penalties that the Executive or any beneficiary of the Executive may incur in the event that any provision of this Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

(h) Release. In the event that any payment(s) from the Employer to Executive is conditioned upon Executive's execution and non-revocation of a general release of claims in favor of the Employer, and the period Executive has to sign and/or revoke such release spans two calendar years, the Employer will pay (or begin paying you, as applicable) such payment(s) as soon as possible but in no event earlier than the beginning of such second calendar year.

[Signature page to follow]

VOTING AGREEMENT

THIS VOTING AGREEMENT is made as of the [●] day of [●], 2026 (this "**Agreement**").

BETWEEN:

[NAME]

[an individual residing in [●]/a trust formed pursuant to the laws of [●]]

(hereinafter referred to as the "**Principal Holder**")

SPHERE 3D CORP.

a corporation amalgamated pursuant to the laws of the Province of Ontario

(hereinafter referred to as "**Sphere**")

WHEREAS Sphere has acquired all of the issued and outstanding shares of Cathedra Bitcoin Inc. ("**Cathedra**") in connection with an arrangement agreement dated March 5, 2026 (the "**Arrangement Agreement**"), pursuant to a plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (British Columbia) completed on the date hereof (the "**Transaction**");

AND WHEREAS the execution and delivery of this Agreement was a condition precedent to the obligation of Sphere to complete the Transaction;

AND WHEREAS the Principal Holder has agreed to enter into this Agreement as an inducement for Sphere to enter into the Arrangement Agreement and complete the Transaction.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

INTERPRETATION

Definitions.

Throughout this Agreement, except as otherwise expressly provided, the following terms have the meanings specified or referred to in this Section 1.1:

"**Agreement**" means this voting agreement, as may be supplemented or amended from time to time;

"**Arrangement**" has the meaning ascribed thereto in the recitals;

"**Arrangement Agreement**" has the meaning ascribed thereto in the recitals;

"**Business Day**" means any day except Saturday, Sunday or any day on which banks are generally not open for business in the Provinces of British Columbia or Ontario or the State of New York;

"**Cathedra**" has the meaning ascribed thereto in the recitals;

"**Effective Date**" means the date hereof;

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended;

"**Parties**" means the Principal Holder and Sphere, and "Party" means any one of them;

"**Person**" means an individual, corporation, company, limited liability company, body corporate, partnership, joint venture, governmental authority, unincorporated organization, trust, association or other entity;

"**Sphere Board**" means the board of directors of Sphere;

"**Sphere Common Shares**" means the common shares in the capital of Sphere;

"**Sphere Series I Shares**" means the Series I Preferred Shares in the capital of Sphere; and

"**Term**" has the meaning ascribed thereto in Section 4.1.

Certain Rules of Interpretation

In this Agreement and the Schedules:

Consent. Whenever a provision of this Agreement requires or contemplates the consent or approval of a Party and that approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, that Party will be deemed to have withheld its approval or consent.

Gender and Number. In this Agreement, unless the context requires otherwise, any reference to gender includes all genders and words importing the singular number only include the plural and vice versa.

Predecessors and Successors. In this Agreement, unless the context requires otherwise, any reference to a Person shall be deemed to include their respective predecessors, successors and permitted assigns.

Headings, etc. The division of this Agreement into Sections and other subdivisions and the inclusion of headings are provided for convenience only and do not affect the construction or interpretation of this Agreement.

Including. In this Agreement, the words "include" or "including" mean "include (or including) without limitation" and the words following "include" or "including" are not to be considered an exhaustive list.

Performance on Holidays. If any act is required by the terms of this Agreement to be performed on a day which is not a Business Day, the act will be valid if performed on the next succeeding Business Day.

References to Documents. Unless otherwise specified, any reference in this Agreement to this Agreement or any other agreement or document, is a reference to this Agreement or the other agreement or document as it may have been, or may from time to time be, amended, supplemented, restated, novated or replaced and includes all schedules to it.

References to this Agreement. The words "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement as a whole and not to any particular Section or portion of it.

Statutory References. Unless otherwise specified, any reference in this Agreement to a statute includes all rules and regulations made under it, in each case as it or they may have been, or may from time to time be, amended or re-enacted.

Time. Time is of the essence of this Agreement, and no extension or variation of this Agreement will operate as a waiver of this provision.

NATURE OF AGREEMENT

No Partnership

Nothing in this Agreement will be deemed to constitute a legal partnership, agency or similar relationship between the Parties, or to authorize any Party to bind the other. Except as provided herein or as the Parties may otherwise agree, each Party shall have the right to engage in and receive the full benefits from any independent business activities or operations, whether or not competitive with the business activities and operations carried on by the other Party, without consulting with, or incurring any obligation to, the other Party, and each Party will be free to pursue and derive the benefits of all such future business opportunities as such Party sees fit without reference to or restriction by doctrines of "corporate opportunity" or "business opportunity" or other similar doctrines, all of which the Parties expressly agree shall not apply to the Parties in their dealings with each other. Notwithstanding the foregoing, nothing in this Section 2.1 shall modify, limit, or supersede any non-competition or similar restrictive covenant agreement between the Principal Holder and Sphere or any of its affiliates.

REPRESENTATIONS AND WARRANTIES

Representations and Warranties of Principal Holder.

The Principal Holder hereby represents and warrants to and in favour of Sphere as follows and acknowledges and confirms that Sphere is relying on such representations and warranties in entering into this Agreement:

Capacity. The Principal Holder has full legal capacity and power, and absolute authority, to enter into this Agreement and perform all of the obligations under this Agreement; and

Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Principal Holder and constitutes a legal, valid and binding obligation of the Principal Holder enforceable against the Principal Holder in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.

Representations and Warranties of Sphere

Sphere represents and warrants to the Principal Holder as follows and acknowledges and confirms that the Principal Holder is relying on such representations and warranties in entering into this Agreement:

Corporate Power. Sphere has been duly formed and is validly existing under the laws of the Province of Ontario and has all requisite corporate power and all necessary authority to enter into and deliver this Agreement and to perform its obligations under this Agreement;

Conflict with Other Instruments. The execution and delivery by Sphere and the performance by it of its obligations under, and in compliance with, the terms, conditions and provisions of this Agreement will not conflict with or result in a breach of: (i) its articles of incorporation and by-laws; (ii) any applicable law, rule or regulation; (iii) any agreement or instrument to which Sphere is a party or by which it is bound or by which any of its properties or assets are bound; or (iv) any judgment, injunction, determination or award which is binding on it;

Corporate Action. The execution and delivery of this Agreement by Sphere and the performance by Sphere of its obligations under this Agreement have been duly authorized by all necessary corporate action on the part of Sphere; and

Execution and Binding Obligations. This Agreement has been duly executed and delivered by Sphere and constitutes a legal, valid and binding obligation of Sphere enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.

Survival of Representations and Warranties

The representations and warranties of each Party contained in this Section 3 shall survive the execution and delivery of this Agreement and shall continue in full force and effect for the duration of the Term and for a period of twelve (12) months following the termination or expiration of this Agreement.

COVENANTS OF THE PRINCIPAL HOLDER

Voting Support

Subject to Section 4.1(b), for a period of twenty-four (24) months following the Effective Date (such period, the "**Term**"), the Principal Holder hereby covenants and agrees:

to vote, or cause to be voted, all Sphere Common Shares beneficially owned (as determined pursuant to Rule 13d-3 under the Exchange Act), or over which control or direction is exercised, by the Principal Holder at each meeting of shareholders of Sphere in accordance with the recommendations of the Sphere Board;

that the Principal Holder will not, and will not permit any entity under its control, to deposit any of the Sphere Common Shares beneficially owned (as determined pursuant to Rule 13d-3 under the Exchange Act), or over which it exercises control or direction, into a voting trust or subject any of the Sphere Common Shares beneficially owned (as determined pursuant to Rule 13d-3 under the Exchange Act), or over which it exercises control or direction, to any arrangement or agreement with respect to the voting of such securities, other than pursuant to this Agreement; and

that the Principal Holder will not, and will not permit any entity under its control, to: (A) solicit proxies, or become a participant in a solicitation in opposition to, or competition with, any proposal recommended by the Sphere Board at any meeting of shareholders of Sphere; (B) assist any person, entity or group in taking or planning any action that would compete with, restrain or otherwise serve to interfere with or inhibit any proposal recommended by the Sphere Board at any meeting of shareholders of Sphere; or (C) act jointly or in concert with others with respect to voting securities of Sphere for the purpose of opposing or competing with any proposal recommended by the Sphere Board at any meeting of shareholders of Sphere.

Notwithstanding anything to contrary in this Agreement, the obligations of the Principal Holder set out in Section 4.1(a) shall not apply in respect of any proposal that would materially and disproportionately adversely impact the Principal Holder compared to other shareholders of Sphere. For clarity, the creation of a new class or series of shares of Sphere equal or superior to the Sphere Series I Shares shall not constitute a proposal that will materially and disproportionately adversely impact the Principal Holder.

For greater certainty, any Sphere Common Shares or other securities of Sphere that the Principal Holder purchases or with respect to which the Principal Holder otherwise acquires beneficial ownership (as determined pursuant to Rule 13d-3 under the Exchange Act) after the date of this Agreement and prior to the expiration of the Term, including by reason of any vesting of restricted shares, share split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of options, convertible securities or warrants to purchase such shares, the conversion of any Sphere securities into other classes of Sphere securities or the conversion of any debt for such shares, shall be subject to the terms and conditions of this Section 4.1 to the same extent as if they were Sphere Common Shares held as of the Effective Date.

Information Rights

Sphere covenants and agrees to provide the Principal Holder with: (i) reasonable advance notice (and in any event not less than twenty (20) days' notice) of any meeting of shareholders of Sphere at which the Principal Holder will be required to vote pursuant to Section 4.1; and (ii) all information reasonably necessary for the Principal Holder to make an informed decision with respect to any matter to be voted upon at such meeting, including copies of all proxy materials, management information circulars, and other disclosure documents provided to shareholders generally.

TERMINATION

Termination.

This Agreement shall automatically terminate upon the expiration of the Term and may be terminated earlier at any time by written agreement of the Parties.

Notwithstanding anything to the contrary in this Agreement, the Principal Holder may terminate this Agreement immediately upon written notice to Sphere if any of the following occurs: (i) Sphere commits a material breach of this Agreement that remains uncured for thirty (30) days after written notice thereof from the Principal Holder, which notice shall describe the nature of the breach in sufficient detail; (ii) a Change of Control of Sphere occurs (for purposes of this Section 5.1, "**Change of Control**" means (A) the acquisition by any Person or group of Persons acting jointly or in concert of beneficial ownership of more than fifty percent (50%) of the voting securities of Sphere, (B) a merger, amalgamation, arrangement or other business combination involving Sphere in which the shareholders of Sphere immediately prior to such transaction hold less than fifty percent (50%) of the voting securities of the resulting entity, or (C) a sale of all or substantially all of the assets of Sphere); (iii) the Sphere Common Shares cease to be listed on the Nasdaq Stock Market or another United States or Canadian national securities exchange; or (iv) Sphere becomes subject to any bankruptcy, insolvency, receivership or similar proceeding (whether voluntarily or involuntarily).

Upon termination of this Agreement, each Party shall no longer thereafter have any further liability or obligation to the other Party under this Agreement, excepting any claims, liabilities or damages that arose under this Agreement prior to the date of termination.

MISCELLANEOUS

Notices.

All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); or (c) on the date sent by email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient. Such communications must be sent to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 6.1):

if to Sphere, to:

Sphere 3D Corp.
243 Tresser Blvd., 17th Floor
Stamford, CT 06901
United States of America

Attention: Kurt Kalbfleisch, Chief Financial Officer; Timothy Hanley, Chairman of the Board
Email: kurt.kalbfleisch@sphere3d.com; [***]@gmail.com

if to Principal Holder, to:

[Name]
[Address]

Severability.

If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

Successors and Assigns.

This Agreement shall be binding upon and shall enure to the benefit of the Parties hereto and their respective successors and permitted assigns. Neither Party may assign its rights or obligations hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed.

Public Disclosure.

The Parties acknowledge that Sphere and Cathedra may be required to file this Agreement on SEDAR+ and/or EDGAR as a material contract. The parties shall be permitted to issue a press releases or other public disclosure referencing this Agreement in accordance with applicable securities requirements.

Amendment and Modification; Waiver.

This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Governing Law; Forum Selection.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Any action arising out of or based upon this Agreement or the transactions contemplated hereby may be brought in the courts of the Province of Ontario situated in the City of Toronto, Ontario, and each Party irrevocably submits and agrees to attorn to the exclusive jurisdiction of those courts in any such action. The Parties irrevocably and unconditionally waive any objection to the venue of any action or proceeding in those courts and irrevocably waive and agree not to plead or claim in those courts that such action has been brought in an inconvenient forum.

Specific Performance.

The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

[Name of Principal Holder]

SPHERE 3D CORP.

By: _____

Name: Kurt Kalbfleisch

Title: Chief Financial Officer

VOTING AGREEMENT

THIS VOTING AGREEMENT is made as of the [●] day of [●], 2026 (this "**Agreement**").

BETWEEN:

[NAME]

[an individual residing in [●]/a trust formed pursuant to the laws of [●]]

(hereinafter referred to as the "**Principal Holder**")

SPHERE 3D CORP.

a corporation amalgamated pursuant to the laws of the Province of Ontario

(hereinafter referred to as "**Sphere**")

WHEREAS Sphere has acquired all of the issued and outstanding shares of Cathedra Bitcoin Inc. ("**Cathedra**") in connection with an arrangement agreement dated March 5, 2026 (the "**Arrangement Agreement**"), pursuant to a plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (British Columbia) completed on the date hereof (the "**Transaction**");

AND WHEREAS the execution and delivery of this Agreement was a condition precedent to the obligation of Sphere to complete the Transaction;

AND WHEREAS the Principal Holder has agreed to enter into this Agreement as an inducement for Sphere to enter into the Arrangement Agreement and complete the Transaction.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

INTERPRETATION

Definitions.

Throughout this Agreement, except as otherwise expressly provided, the following terms have the meanings specified or referred to in this Section 1.1:

"**Agreement**" means this voting agreement, as may be supplemented or amended from time to time;

"**Arrangement**" has the meaning ascribed thereto in the recitals;

"**Arrangement Agreement**" has the meaning ascribed thereto in the recitals;

"**Business Day**" means any day except Saturday, Sunday or any day on which banks are generally not open for business in the Provinces of British Columbia or Ontario or the State of New York;

"**Cathedra**" has the meaning ascribed thereto in the recitals;

"**Effective Date**" means the date hereof;

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended;

"**Parties**" means the Principal Holder and Sphere, and "Party" means any one of them;

"**Person**" means an individual, corporation, company, limited liability company, body corporate, partnership, joint venture, governmental authority, unincorporated organization, trust, association or other entity;

"**Sphere Board**" means the board of directors of Sphere;

"**Sphere Common Shares**" means the common shares in the capital of Sphere;

"**Sphere Series I Shares**" means the Series I Preferred Shares in the capital of Sphere; and

"**Term**" has the meaning ascribed thereto in Section 4.1.

Certain Rules of Interpretation

In this Agreement and the Schedules:

Consent. Whenever a provision of this Agreement requires or contemplates the consent or approval of a Party and that approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, that Party will be deemed to have withheld its approval or consent.

Gender and Number. In this Agreement, unless the context requires otherwise, any reference to gender includes all genders and words importing the singular number only include the plural and vice versa.

Predecessors and Successors. In this Agreement, unless the context requires otherwise, any reference to a Person shall be deemed to include their respective predecessors, successors and permitted assigns.

Headings, etc. The division of this Agreement into Sections and other subdivisions and the inclusion of headings are provided for convenience only and do not affect the construction or interpretation of this Agreement.

Including. In this Agreement, the words "include" or "including" mean "include (or including) without limitation" and the words following "include" or "including" are not to be considered an exhaustive list.

Performance on Holidays. If any act is required by the terms of this Agreement to be performed on a day which is not a Business Day, the act will be valid if performed on the next succeeding Business Day.

References to Documents. Unless otherwise specified, any reference in this Agreement to this Agreement or any other agreement or document, is a reference to this Agreement or the other agreement or document as it may have been, or may from time to time be, amended, supplemented, restated, novated or replaced and includes all schedules to it.

References to this Agreement. The words "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement as a whole and not to any particular Section or portion of it.

Statutory References. Unless otherwise specified, any reference in this Agreement to a statute includes all rules and regulations made under it, in each case as it or they may have been, or may from time to time be, amended or re-enacted.

Time. Time is of the essence of this Agreement, and no extension or variation of this Agreement will operate as a waiver of this provision.

NATURE OF AGREEMENT

No Partnership

Nothing in this Agreement will be deemed to constitute a legal partnership, agency or similar relationship between the Parties, or to authorize any Party to bind the other. Except as provided herein or as the Parties may otherwise agree, each Party shall have the right to engage in and receive the full benefits from any independent business activities or operations, whether or not competitive with the business activities and operations carried on by the other Party, without consulting with, or incurring any obligation to, the other Party, and each Party will be free to pursue and derive the benefits of all such future business opportunities as such Party sees fit without reference to or restriction by doctrines of "corporate opportunity" or "business opportunity" or other similar doctrines, all of which the Parties expressly agree shall not apply to the Parties in their dealings with each other. Notwithstanding the foregoing, nothing in this Section 2.1 shall modify, limit, or supersede any non-competition or similar restrictive covenant agreement between the Principal Holder and Sphere or any of its affiliates.

REPRESENTATIONS AND WARRANTIES

Representations and Warranties of Principal Holder.

The Principal Holder hereby represents and warrants to and in favour of Sphere as follows and acknowledges and confirms that Sphere is relying on such representations and warranties in entering into this Agreement:

Capacity. The Principal Holder has full legal capacity and power, and absolute authority, to enter into this Agreement and perform all of the obligations under this Agreement; and

Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Principal Holder and constitutes a legal, valid and binding obligation of the Principal Holder enforceable against the Principal Holder in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.

Representations and Warranties of Sphere

Sphere represents and warrants to the Principal Holder as follows and acknowledges and confirms that the Principal Holder is relying on such representations and warranties in entering into this Agreement:

Corporate Power. Sphere has been duly formed and is validly existing under the laws of the Province of Ontario and has all requisite corporate power and all necessary authority to enter into and deliver this Agreement and to perform its obligations under this Agreement;

Conflict with Other Instruments. The execution and delivery by Sphere and the performance by it of its obligations under, and in compliance with, the terms, conditions and provisions of this Agreement will not conflict with or result in a breach of: (i) its articles of incorporation and by-laws; (ii) any applicable law, rule or regulation; (iii) any agreement or instrument to which Sphere is a party or by which it is bound or by which any of its properties or assets are bound; or (iv) any judgment, injunction, determination or award which is binding on it;

Corporate Action. The execution and delivery of this Agreement by Sphere and the performance by Sphere of its obligations under this Agreement have been duly authorized by all necessary corporate action on the part of Sphere; and

Execution and Binding Obligations. This Agreement has been duly executed and delivered by Sphere and constitutes a legal, valid and binding obligation of Sphere enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.

Survival of Representations and Warranties

The representations and warranties of each Party contained in this Section 3 shall survive the execution and delivery of this Agreement and shall continue in full force and effect for the duration of the Term and for a period of twelve (12) months following the termination or expiration of this Agreement.

COVENANTS OF THE PRINCIPAL HOLDER

Voting Support

Subject to Section 4.1(b), for a period of twenty-four (24) months following the Effective Date (such period, the "**Term**"), the Principal Holder hereby covenants and agrees:

to vote, or cause to be voted, all Sphere Common Shares beneficially owned (as determined pursuant to Rule 13d-3 under the Exchange Act), or over which control or direction is exercised, by the Principal Holder at each meeting of shareholders of Sphere in accordance with the recommendations of the Sphere Board;

that the Principal Holder will not, and will not permit any entity under its control, to deposit any of the Sphere Common Shares beneficially owned (as determined pursuant to Rule 13d-3 under the Exchange Act), or over which it exercises control or direction, into a voting trust or subject any of the Sphere Common Shares beneficially owned (as determined pursuant to Rule 13d-3 under the Exchange Act), or over which it exercises control or direction, to any arrangement or agreement with respect to the voting of such securities, other than pursuant to this Agreement; and

that the Principal Holder will not, and will not permit any entity under its control, to: (A) solicit proxies, or become a participant in a solicitation in opposition to, or competition with, any proposal recommended by the Sphere Board at any meeting of shareholders of Sphere; (B) assist any person, entity or group in taking or planning any action that would compete with, restrain or otherwise serve to interfere with or inhibit any proposal recommended by the Sphere Board at any meeting of shareholders of Sphere; or (C) act jointly or in concert with others with respect to voting securities of Sphere for the purpose of opposing or competing with any proposal recommended by the Sphere Board at any meeting of shareholders of Sphere.

Notwithstanding anything to contrary in this Agreement, the obligations of the Principal Holder set out in Section 4.1(a) shall not apply in respect of any proposal that would materially and disproportionately adversely impact the Principal Holder compared to other shareholders of Sphere. For clarity, the creation of a new class or series of shares of Sphere equal or superior to the Sphere Series I Shares shall not constitute a proposal that will materially and disproportionately adversely impact the Principal Holder.

For greater certainty, any Sphere Common Shares or other securities of Sphere that the Principal Holder purchases or with respect to which the Principal Holder otherwise acquires beneficial ownership (as determined pursuant to Rule 13d-3 under the Exchange Act) after the date of this Agreement and prior to the expiration of the Term, including by reason of any vesting of restricted shares, share split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of options, convertible securities or warrants to purchase such shares, the conversion of any Sphere securities into other classes of Sphere securities or the conversion of any debt for such shares, shall be subject to the terms and conditions of this Section 4.1 to the same extent as if they were Sphere Common Shares held as of the Effective Date.

Information Rights

Sphere covenants and agrees to provide the Principal Holder with: (i) reasonable advance notice (and in any event not less than twenty (20) days' notice) of any meeting of shareholders of Sphere at which the Principal Holder will be required to vote pursuant to Section 4.1; and (ii) all information reasonably necessary for the Principal Holder to make an informed decision with respect to any matter to be voted upon at such meeting, including copies of all proxy materials, management information circulars, and other disclosure documents provided to shareholders generally.

TERMINATION

Termination.

This Agreement shall automatically terminate upon the expiration of the Term and may be terminated earlier at any time by written agreement of the Parties.

Notwithstanding anything to the contrary in this Agreement, the Principal Holder may terminate this Agreement immediately upon written notice to Sphere if any of the following occurs: (i) Sphere commits a material breach of this Agreement that remains uncured for thirty (30) days after written notice thereof from the Principal Holder, which notice shall describe the nature of the breach in sufficient detail; (ii) a Change of Control of Sphere occurs (for purposes of this Section 5.1, "**Change of Control**" means (A) the acquisition by any Person or group of Persons acting jointly or in concert of beneficial ownership of more than fifty percent (50%) of the voting securities of Sphere, (B) a merger, amalgamation, arrangement or other business combination involving Sphere in which the shareholders of Sphere immediately prior to such transaction hold less than fifty percent (50%) of the voting securities of the resulting entity, or (C) a sale of all or substantially all of the assets of Sphere); (iii) the Sphere Common Shares cease to be listed on the Nasdaq Stock Market or another United States or Canadian national securities exchange; (iv) Sphere becomes subject to any bankruptcy, insolvency, receivership or similar proceeding (whether voluntarily or involuntarily; or (v) the Principal Holder is terminated (whether or not for cause) from, or resigns from, the position of Chief Executive Officer, or any other officer position, of Sphere.

Upon termination of this Agreement, each Party shall no longer thereafter have any further liability or obligation to the other Party under this Agreement, excepting any claims, liabilities or damages that arose under this Agreement prior to the date of termination.

MISCELLANEOUS

Notices.

All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); or (c) on the date sent by email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient. Such communications must be sent to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 6.1):

if to Sphere, to:

Sphere 3D Corp.
243 Tresser Blvd., 17th Floor
Stamford, CT 06901
United States of America

Attention: Kurt Kalbfleisch, Chief Financial Officer; Timothy Hanley, Chairman of the Board
Email: kurt.kalbfleisch@sphere3d.com; thanley1230@gmail.com

if to Principal Holder, to:

[Name]
[Address]

Severability.

If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

Successors and Assigns.

This Agreement shall be binding upon and shall enure to the benefit of the Parties hereto and their respective successors and permitted assigns. Neither Party may assign its rights or obligations hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed.

Public Disclosure.

The Parties acknowledge that Sphere and Cathedra may be required to file this Agreement on SEDAR+ and/or EDGAR as a material contract. The parties shall be permitted to issue a press releases or other public disclosure referencing this Agreement in accordance with applicable securities requirements.

Amendment and Modification; Waiver.

This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Governing Law; Forum Selection.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Any action arising out of or based upon this Agreement or the transactions contemplated hereby may be brought in the courts of the Province of Ontario situated in the City of Toronto, Ontario, and each Party irrevocably submits and agrees to attorn to the exclusive jurisdiction of those courts in any such action. The Parties irrevocably and unconditionally waive any objection to the venue of any action or proceeding in those courts and irrevocably waive and agree not to plead or claim in those courts that such action has been brought in an inconvenient forum.

Specific Performance.

The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

Principal Holder

SPHERE 3D CORP.

By: _____
Name: Kurt Kalbfleisch
Title: Chief Financial Officer

INDEMNITY AGREEMENT

THIS AGREEMENT is made as of the ● day of ●, 20●.

BETWEEN:

SPHERE 3D CORP., a corporation existing under the laws of the Province of Ontario (the "**Corporation**")

-and-

[●], an individual principally residing at ● (the "**Indemnified Party**").

RECITALS:

- A. The Indemnified Party is a duly elected or appointed director or officer of the Corporation;
- B. The Corporation considers it desirable and in the best interests of the Corporation to enter into this Agreement to set out the circumstances and manner in which the Indemnified Party may be indemnified in respect of certain liabilities, expenses and/or other exposures which the Indemnified Party may incur as a result of acting as a director or officer of the Corporation; and
- C. The by-laws of the Corporation contemplate that the Indemnified Party be indemnified or receive advancement of expenses in certain circumstances.

THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency whereof is mutually acknowledged, the Indemnified Party and the Corporation covenant and agree as follows:

1. Indemnity

Subject to Section 4 and Section 8 of this Agreement, the Corporation agrees to indemnify and save harmless the Indemnified Party and the heirs and legal representatives of the Indemnified Party to the fullest extent permitted by applicable law against any and all Liabilities (as defined below).

"**Expenses**" means all costs, professional fees and retainers and other expenses of whatever nature or kind.

"**Liabilities**" means any and all losses, liabilities, claims, damages, fines, penalties, charges and Expenses which are incurred by the Indemnified Party in respect of any Proceeding (as defined below), including, without limitation:

- (a) an amount paid to settle an action or satisfy a judgment in respect of any Proceeding;
 - (b) all reasonable legal and other professional fees and disbursements incurred in connection with any Proceeding or appeal thereof;
 - (c) all reasonable out-of-pocket Expenses incurred by the Indemnified Party to prepare for any Proceeding or appeal thereof, including out-of-pocket Expenses for attending discoveries, trials, hearings, and meetings;
-

- (d) any fines or other financial penalties imposed against the Indemnified Party in connection with any Proceeding or appeal thereof; and
- (e) the full amount of any income taxes that the Indemnified Party is required to pay as a consequence of receiving any payment made by the Corporation pursuant to this Agreement, except to the extent that, in computing income for income tax purposes, the Indemnified Party is entitled to deduct amounts paid by the Indemnified Party on account of Liabilities for which the Indemnified Party has been indemnified by the Corporation (or its insurers) under this Agreement.

"Proceeding" means any civil, criminal, administrative, investigative or other proceeding (including, without restriction, any claim, action, suit, application, litigation, charge, complaint, prosecution, assessment, reassessment, investigation, inquiry or hearing of any nature or kind) which (i) is made or asserted against or affects the Indemnified Party or in which the Indemnified Party is required by law to participate or in which the Indemnified Party participates at the request of the Corporation or where the Indemnified Party is made a witness or participant in any other respect in any such proceeding, and (ii) arises because the Indemnified Party is a director or officer (or serves in a similar capacity) of the Corporation or a former director or officer (or serves in a similar capacity) of the Corporation). Without limiting the generality of the foregoing, a Proceeding shall include any and every claim for liability and/or any legal, regulatory or investigative action or proceeding by any governmental or regulatory authority or any person, firm, corporation or other entity whatsoever, whether such action, proceeding or investigation be current, pending, anticipated, threatened or completed.

2. Claims Process

- (a) The Indemnified Party shall, as a condition precedent to the right of the Indemnified Party to be indemnified under this Agreement, give the Chief Financial Officer of the Corporation (or any officer performing similar functions) written notice (an **"Indemnification Notice"**) as soon as reasonably practicable of any Proceeding made or threatened to be made against the Indemnified Party for which indemnification may be sought hereunder, provided, however, that the failure to give notice in a timely fashion shall not disentitle the Indemnified Party to the right to indemnity under this Agreement except to the extent the Corporation suffers prejudice by reason of a delay.
 - (b) The Indemnified Party shall permit the Corporation to assume the defence of any claim or action described in the Indemnification Notice with counsel of its choice. Whether or not such defence is assumed by the Corporation, the Corporation will not be subject to any liability for any settlement made without its consent. The Corporation shall not settle, compromise or consent to the entry of any judgment or order in respect of any Proceeding without the prior written consent of the Indemnified Party, such consent not to be unreasonably withheld or delayed. The Corporation, if it assumes such defence, will not consent to any judgment or order or enter into any settlement that does not include, as an unconditional term thereof, the giving by the claimant or plaintiff to the Indemnified Party of a release from all liability with respect to such claim, action or proceeding. If the Corporation is not entitled to, or does not elect to, assume the defence of a claim, action or proceeding, the Corporation will not be obligated to pay the costs, fees and expenses of more than one counsel (which for these purposes includes a legal firm) for the Indemnified Party and any other directors or officers of the Corporation who are indemnified pursuant to similar indemnity agreements with respect to such claim, action or proceeding, unless a conflict of interest shall exist between the Indemnified Party and any other indemnified party with respect to such claim, action or proceeding, in which event the Corporation will be obligated to pay the fees and expenses of an additional counsel for each indemnified party or group of indemnified parties with whom a conflict of interest exists. In addition, the Indemnified Party shall give the Corporation such information and cooperation as it may reasonably require. If the Corporation becomes aware of any Proceeding or reasonably expects that a Proceeding will be made, the Corporation will give the Indemnified Party notice in writing promptly of such Proceeding or potential Proceeding.
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3. Advance of Costs

The Corporation shall, as soon as reasonably practicable following a written request from the Indemnified Party, advance monies to the Indemnified Party for all charges and Expenses to be actually and reasonably incurred by the Indemnified Party in the monitoring, investigation, defence or appeal of any Proceeding in advance of the final disposition of the Proceeding (subject to Section 8). Such written request shall include or be preceded or accompanied by a written undertaking by or on behalf of the Indemnified Party that if, pursuant to Section 4 of this Agreement, the Corporation has no obligation or liability to indemnify the Indemnified Party under this Agreement, the Indemnified Party agrees to repay promptly any monies that have been advanced to the Indemnified Party by the Corporation pursuant to this Agreement.

4. Limitation

- (a) The indemnity described in this Agreement shall not apply to (i) claims initiated by the Indemnified Party against the Corporation except for claims relating to the enforcement of this Agreement or (ii) claims initiated by the Indemnified Party against any other person or entity unless the Corporation has joined with the Indemnified Party in or consented to the initiation of that Proceeding.
- (b) The Corporation will have no obligation or liability to indemnify the Indemnified Party under this Agreement, unless (i) the Indemnified Party acted honestly and in good faith with a view to the best interests of the Corporation; and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Indemnified Party had reasonable grounds for believing that his or her individual conduct was lawful.
- (c) If after being reimbursed in respect of Liabilities pursuant to this Agreement, the Indemnified Party subsequently receives indemnification or reimbursement in respect of all or any part of such Liabilities from a source other than the Corporation, the amounts so advanced and paid by the Corporation shall be repaid by the Indemnified Party to the Corporation as soon as reasonably practicable following a written request for repayment to the extent that the Indemnified Party has received indemnification or reimbursement from such other source. For greater certainty, the Indemnified Party shall be entitled to indemnification hereunder solely to the extent that the indemnification received by the Indemnified Party under any directors' and officers' liability insurance policy maintained by the Corporation does not fully indemnify the Indemnified Party in respect of Liabilities.

5. Absence of Presumption

- (a) For purposes of any determination under this Agreement, the Indemnified Party will be presumed to have acted honestly and in good faith and with a view to the best interests of the Corporation. The Corporation will have the burden of establishing the absence of good faith.
 - (b) For the purposes of Section 4 hereof, the termination of any civil, criminal or administrative action or other Proceeding by judgment, order, settlement, conviction or similar or other result shall not, of itself, create a presumption either that the Indemnified Party did not act honestly and in good faith with a view to the best interests of the Corporation or that, in the case of a criminal or administrative action or other Proceeding that is enforced by a monetary penalty, the Indemnified Party did not have reasonable grounds for believing that his or her individual conduct was lawful.
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- (c) The knowledge and/or actions, or failure to act, of any other director, officer, agent or employee of the Corporation or any subsidiary will not be imputed to the Indemnified Party for purposes of determining the Indemnified Party's right to indemnification under this Agreement.

6. Mandatory Obligation to Indemnify

Nothing in this Agreement, including Section 4 hereof, or otherwise, shall, directly or indirectly, in any way adversely affect or diminish the obligation of the Corporation to indemnify the Indemnified Party pursuant to Section 136 of the *Business Corporations Act* (Ontario) and the Corporation agrees to indemnify and shall indemnify the Indemnified Party pursuant to Section 136 of the *Business Corporations Act* (Ontario), and any re-enactment, replacement and successor thereof, and otherwise in accordance with the provisions of this Agreement.

7. Former Directors and Officers and Access to Information

- (a) The Indemnified Party shall continue to be entitled to indemnification hereunder, even though the Indemnified Party may no longer be acting as a director or officer (or in a similar capacity) of the Corporation;
- (b) The Indemnified Party and its advisors shall at all times be entitled to review during regular business hours all documents, records and other information with respect to the Corporation which are under the Corporation's control and which may be reasonably necessary in order to defend itself against any Proceeding that relates to, arises from or is based on its discharge of its duties in an indemnified capacity, provided that the Indemnified Party shall maintain all such information in strictest confidence except to the extent necessary for its defence. This Section 7(b) shall not apply where the Proceeding is initiated by the Corporation nor shall it apply where the review by the Indemnified Party and/or its advisors of any such documents, records or other information would, in the opinion of legal counsel to the Corporation, cause the Corporation to lose its entitlement to claim any legal privilege (solicitor/client/litigation or otherwise) with respect to the disclosure of same in any proceeding in any jurisdiction.

8. Application to Court

In respect of an action or other Proceeding by or on behalf of the Corporation to procure judgment in its favour to which the Indemnified Party is made a party by reason of being or having been a director or officer (or serving in a similar capacity) of the Corporation, the Corporation shall make application for, and use its reasonable best efforts to obtain, approval of the court in the applicable jurisdiction to indemnify the Indemnified Party against all Liabilities reasonably incurred by the Indemnified Party in connection with such action or Proceeding if:

- (a) the Indemnified Party acted honestly and in good faith with a view to the best interests of the Corporation; and
-

- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Indemnified Party had reasonable grounds for believing that his or her individual conduct was lawful.

In respect of an action or other Proceeding by or on behalf of the Corporation to procure judgment in its favour in respect of which the Corporation is obligated by this Section 8 to make application for approval of the court in the applicable jurisdiction to indemnify the Indemnified Party, the Corporation shall advance monies pursuant to Section 3 and pay all such Expenses in respect of the final disposition of the action or Proceeding in question.

9. Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the party to be bound by the waiver. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right it may have.

10. Successors and Assigns

This Agreement becomes effective only when executed by all of the parties hereto. After that time, this Agreement and the benefit of all covenants herein contained will be binding upon and enure to the benefit of the parties and their respective successors, heirs, legal personal representatives, executors, administrators and permitted assigns.

Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by the Indemnified Party without the prior written consent of the Corporation. The Corporation shall not assign this Agreement nor any of the rights or obligations under this Agreement without the prior written consent of the Indemnified Party; provided, however that this Agreement may be assigned by the Corporation to any successor (whether direct or indirect, and whether by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part of the business or assets of the Corporation.

11. Directors' and Officers' Insurance

The Corporation shall maintain an insurance policy or policies providing liability insurance for its current and former directors, officers or persons serving in a similar capacity for the Corporation, with coverage amounts and terms consistent with policies maintained by similarly situated public companies in its industry. The Indemnified Party shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available under any such policy or policies. The Corporation shall use its reasonable efforts to include the Indemnified Party as an insured under such insurance policy or policies. Upon receipt of a notice of a claim pursuant to the terms hereof, the Corporation shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Corporation shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnified Party all amounts payable as a result of such proceeding in accordance with the terms of such policies.

The Corporation shall, upon request of the Indemnified Party, provide a copy of each insurance policy providing the coverage contemplated by this Section promptly after coverage is obtained, and will promptly notify the Indemnified Party if the insurer cancels, makes material changes to coverage or refuses to renew coverage (or any part of the coverage). The Corporation will advise the Indemnified Party promptly after it becomes aware of any material change in or withdrawal or lapse in coverage of any directors' and officers' liability insurance policy maintained by the Corporation, details of any claim made under such a policy and the triggering of any extended reporting period applicable to any such policy.

12. Further Assurances

No amendment, alteration or repeal of this Agreement or any provision hereof shall limit or restrict any right of the Indemnified Party under this Agreement in respect of any action taken or omitted by such Indemnified Party prior to such amendment, alteration or repeal.

The Corporation hereby covenants and agrees that it will not take any action, including, without limitation, the enacting, amending or repealing of any by-law, which would in any manner adversely affect or prevent the Corporation's ability to perform its obligations under this Agreement.

This Agreement shall continue in full force and effect after the Indemnified Party has ceased to be a director or officer (or serving in a similar capacity) of the Corporation, and shall survive until thirty (30) days following the expiration of the statute of limitations applicable to any and all claims. This Agreement shall be deemed to have been in effect during all periods that the Indemnified Party is acting as a director or officer (or serving in a similar capacity) of the Corporation.

The parties shall do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable to give effect to this Agreement.

13. Subrogation

To the extent permitted by law, the Corporation shall be subrogated to all rights which the Indemnified Party may have under all policies of insurance or other contracts pursuant to which the Indemnified Party may be entitled to reimbursement of, or indemnification in respect of, any Liabilities borne by the Corporation pursuant to this Agreement. All of the actions of the Indemnified Party to assist the Corporation in securing and enforcing its subrogation rights shall themselves be subject to the terms of this Agreement.

14. Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

15. Governing Law

This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

16. Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by facsimile or electronic transmission) and all such counterparts taken together will be deemed to constitute one and the same instrument.

17. Rights Not Excluded

This Agreement shall not operate to abridge or exclude any other rights to which the Indemnified Party may be entitled by operation of law or under any statute, by-law of the Corporation, Agreement, vote of shareholders of the Corporation, vote of disinterested directors of the Corporation or otherwise. This Agreement is to be deemed consistent wherever possible with relevant provisions of the by-laws of the Corporation; provided, however, that in the event of a conflict between this Agreement and such provisions, including any future amendment, modification, revocation or deletion thereof, the provisions of this Agreement shall control. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the by-laws and/or this Agreement, it is the intent of the parties hereto that the Indemnified Party shall enjoy by this Agreement the greater benefits afforded by such change.

18. Partial Indemnification

If the Indemnified Party is entitled under any provision of this Agreement to indemnification by the Corporation for some or a portion of the Liabilities reasonably incurred by the Indemnified Party in respect of any Proceeding, but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify and hold harmless the Indemnified Party for that portion for which the Indemnified Party is entitled to indemnification.

[Signature page follows]

Yours truly,

SPHERE 3D CORP.

Per: _____
●

ACKNOWLEDGED AND AGREED to on _____, 20●

●

CONSENT OF INDEPENDENT AUDITOR

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-269663 and 333-291698); and Forms S-8 (File Nos. 333-205236, 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, 333-292766 and 333-296313) of Sphere 3D Corp. of our report dated March 24, 2026 relating to the financial statements of Cathedra Bitcoin Inc. and its subsidiaries, which appears in this Current Report on Form 8-K of Sphere 3D Corp.

/s/ SRCO Professional Corporation

SRCO Professional Corporation

Richmond Hill, Ontario, Canada

June 3, 2026



Sphere 3D and Cathedra Bitcoin Announce Closing of Business Combination

Combination creates a scaled data infrastructure platform with 53 megawatts of operating capacity and a 100mw+ expansion pipeline ; Combined company retains Sphere 3D's name and US listing (NASDAQ: ANY)

TORONTO, ONTARIO, AND STAMFORD, CONNECTICUT, June 1, 2026 - (NEWSFILE) - Sphere 3D Corp. (NASDAQ: ANY) ("**Sphere**") and Cathedra Bitcoin Inc. (TSX-V: CBIT; OTCQB: CBTF) ("**Cathedra**") and together with Sphere, the "**Parties**") today announced that they have completed the previously announced plan of arrangement (the "**Transaction**") pursuant to which Sphere acquired all of the issued and outstanding shares of Cathedra under the arrangement agreement entered into on March 5, 2026 (the "**Agreement**"), and Cathedra is now a wholly-owned subsidiary of Sphere (Sphere, together with Cathedra and their subsidiaries following completion of the Transaction, the "**Combined Company**"). The Transaction was completed by way of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia). The Transaction was approved at a special meeting of the securityholders of Cathedra and at a meeting of the shareholders of Sphere, and by the Supreme Court of British Columbia.

"Closing this combination marks a significant milestone for both companies and our shareholders," said Joel Block, Chief Executive Officer of the Combined Company. "We have integrated Cathedra's energy-centric infrastructure platform with Sphere's public-market presence and robust balance sheet to build a larger, more diversified enterprise with a clear growth trajectory. Together, we offer 53 MW of operational capacity, a pipeline exceeding 100 MW of potential expansion, and a NASDAQ-listed platform designed for scalability. We believe the Combined Company is strategically positioned to generate long-term value by seizing opportunities in high-performance computing and digital asset infrastructure."

Strategic Rationale and Competitive Advantages

The Transaction is expected to deliver greater scale and an expanded US operating footprint, with the Combined Company owning and operating a portfolio of 53 megawatts ("MW") of power capacity across five data centers in Iowa, Kentucky, and Tennessee. This larger platform is also intended to lay a foundation for potential expansion into high-performance compute. With growing demand for compute-intensive workloads, the Combined Company intends to evaluate select opportunities in adjacent high-performance compute and AI infrastructure, leveraging existing power relationships and site capabilities to maximize returns on its power capacity. The expanded operating scale is expected to improve profitability by spreading fixed overhead costs over a larger revenue and asset base.

The combination also diversifies the Combined Company's revenue streams across proprietary mining and hosting services. By integrating Sphere's updated mining machine fleet with Cathedra's data center operations and experience, the Combined Company gains exposure to mining economics while maintaining downside protection through fixed-margin hosting contracts with third parties. These strengths are paired with strong growth prospects supported by a scalable development model and access to capital: Cathedra's low-cost development model and infrastructure-first approach, coupled with Sphere's capital markets expertise, position the Combined Company to capitalize on a robust pipeline of over 100 MW of potential expansion opportunities and to further grow its portfolio of infrastructure assets.

Over time, the Combined Company intends to maximize returns on power capacity by assessing the highest-value applications for its energy resources, including digital asset mining, AI model training, and other compute-intensive workloads that require reliable, cost-effective power at scale.

The Combined Company's bitcoin mining operations and balance sheet include managed power capacity of 53 MW at five data centers across three U.S. states, comprising both data centers owned by the Combined Company and those leased from and/or operated by third parties, as well as 1.2 EH/s of installed proprietary mining hash rate across data centers owned by the Combined Company and third-party hosting providers.

Board and Management

Underpinning these advantages is an experienced leadership team with a clear strategic vision and a deep expertise in digital asset mining, digital infrastructure, energy optimization, and capital markets. Joel Block has assumed the role of Chief Executive Officer of the Combined Company and joins the board of directors, bringing extensive experience in both private and public capital markets and in operating within the digital infrastructure and bitcoin mining arena. Kurt Kalbfleisch, previously Chief Executive Officer and Chief Financial Officer of Sphere, has maintained his role of Chief Financial Officer and joins the board of directors, contributing over two decades of executive leadership experience at multiple NASDAQ-listed companies. Tiah Reppas will continue her role as Chief Accounting Officer of the Combined Company, bringing over two decades of public accounting experience. Thomas Masiero will be Head of Strategy of the Combined Company, bringing significant experience in the development of power capacity and infrastructure.

The board of directors comprises Tim Hanley, who serves as Chair, together with Marcus Dent, Kurt Kalbfleisch, Nicholas Gates, and Joel Block. Mr. Hanley, Mr. Dent, and Mr. Gates serve as independent directors, focused on robust governance, diverse strategic perspectives, and disciplined execution. Mr. Hanley is a seasoned global executive with significant audit committee and boardroom experience. He spent 17 years at Deloitte, where he led the firm's Global Consumer and Industrial Products practice and grew it to more than \$14 billion in annual revenue, and he later served as Acting Keyes Dean of the College of Business at Marquette University. Marcus Dent, founder of TFTC.io and Managing Partner at Ten31, is a media personality and recognized thought leader in the digital assets industry. He previously served as Director of Business Development at Great American Mining, an early innovator in off-grid bitcoin mining using flared natural gas, and has served as a director of Cathedra since 2021. Nicholas Gates is Managing Director, Integrated Projects at Priority Power Management, an Arlington, Texas-based leader in energy management, procurement, and infrastructure development. He brings deep expertise in energy strategy, power procurement, and the development of large-scale power infrastructure.

Additional Transaction Details

As a result of the Transaction, Cathedra security holders received common shares of Sphere (the "**Sphere Common Shares**") and/or securities exercisable or convertible into Sphere Common Shares. The Combined Company has retained Sphere's name and listing on NASDAQ under the symbol "ANY".

Pursuant to the terms of the Agreement, Cathedra has amalgamated with S3D Acquisition Corp., a wholly owned subsidiary of Sphere formed to complete the Transaction. Holders of Cathedra subordinate voting shares ("**Cathedra SV Shares**") received 0.123014 of a Sphere Common Share for each Cathedra SV Share held (the "**SV Exchange Ratio**") and holders of Cathedra multiple voting shares ("**Cathedra MV Shares**") received 12.3014 Sphere Common Shares for each Cathedra MV Share held, which provided economically equivalent consideration for both classes of shares. Cathedra's outstanding warrants, stock options and certain restricted share units were exchanged for corresponding Sphere securities in accordance with the applicable exchange ratio. The remaining restricted share units fully vested immediately prior to closing, and the holders thereof received Sphere Common Shares in accordance with the SV Exchange Ratio. In addition, certain key Cathedra shareholders were subject to a 7% post-closing ownership cap, with any consideration that would have otherwise exceeded such cap received in a new series of Sphere non-voting preferred shares having equivalent economic value.

The securities issued pursuant to the Transaction were not registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and were issued in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof and pursuant to similar exemptions from applicable state securities laws.

Stock Exchange Listing

The Cathedra SV Shares are expected to be delisted from the TSX Venture Exchange and the OTCQB at the close of trading on June 2, 2026, and Cathedra intends to submit an application to the applicable securities regulators to cease to be a reporting issuer and to terminate its public reporting obligations. The Sphere Common Shares will continue to trade on NASDAQ under the ticker "ANY". Further details regarding the Transaction are set out in the information circular of Cathedra and the proxy statement of Sphere, which are available on SEDAR+ at www.sedarplus.ca and EDGAR at www.sec.gov, respectively.

Inducement Award

In connection with the commencement of his employment with the Combined Company, subject to the approval of the Compensation Committee of the Combined Company's board of directors and the Combined Company's board, Mr. Block shall be entitled to a one-time inducement equity award of an aggregate of 500,000 restricted stock units, which shall be settled in Sphere Common Shares, vesting, subject to Mr. Block's continued employment, bi-annually in four equal installments over a two-year period, with the first tranche vesting on the six-month anniversary of the grant date. Such inducement award is a material inducement to Mr. Block entering into employment with the Combined Company and will be granted in accordance with Nasdaq Rule 5635(c)(4).

Advisors and Counsel

Dumoulin Black LLP acted as Canadian legal counsel to Cathedra and Greenberg Traurig, LLP acted as U.S. legal counsel to Cathedra. Evans & Evans, Inc. was the fairness opinion provider to Cathedra on this transaction.

Second Gate Advisory LLC acted as strategic advisor to Sphere, Meretsky Law Firm acted as Canadian legal counsel to Sphere and Pryor Cashman LLP acted as U.S. legal counsel to Sphere. Rosenblatt Securities was the fairness opinion provider to Sphere on this transaction.

For further information, please contact:

Joel Block, CEO, Sphere 3D Corp.
+1 (647) 952-5049
investor.relations@sphere3d.com

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements Disclaimer

This news release contains certain "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian and United States securities laws that are based on expectations, estimates and projections as at the date of this news release. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the U.S. Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws. The information in this release about future plans and objectives of the Combined Company, are forward-looking information. Other forward-looking information includes, but is not limited to, information concerning: the intentions and future actions of senior management, the intentions, plans and future actions of the Combined Company, as well as its ability to successfully mine digital currency; the anticipated timing for delisting of the Cathedra SV Shares from the TSX Venture Exchange and the OTCQB and submission of an application by Cathedra to cease to be a reporting issuer; revenue and capacity projections of the Combined Company; the expected benefits from the Transaction; the expected growth and capabilities of the Combined Company; the expected improved profitability and increased liquidity of the Combined Company; the construction and operation of expanded blockchain infrastructure as currently planned; the creation of long-term value for the shareholders of the Combined Company; planned growth, vertical integration and expansion into high-performance compute and AI infrastructure; projected reductions in power costs; expected operational, cost and procurement synergies; and the regulatory environment of cryptocurrency in applicable jurisdictions. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "targets", "estimates", "believes", "contemplates", "predicts", "potential", "continue" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "should", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking information and are intended to identify forward-looking information.

This forward-looking information is based on reasonable assumptions and estimates of management of the Combined Company at the time it was made, including, without limitation, the anticipated timing of the delisting of the Cathedra SV Shares from the TSX Venture Exchange and the OTCQB; the ability of the Combined Company to successfully integrate the businesses and realize anticipated synergies, cost savings and operational efficiencies; the accuracy of projected power costs, energy availability and hosting arrangements; the continued availability of low-cost and reliable power; the performance and deployment of mining equipment and infrastructure; the availability of growth capital on acceptable terms; the ability to execute expansion plans on schedule and within budget; market conditions for bitcoin mining and high-performance computing infrastructure; the price of bitcoin and other digital assets; network difficulty and hash rate conditions; regulatory and tax stability in applicable jurisdictions; general economic, financial and capital markets conditions; and that the Combined Company will have access to the financial and other resources required to carry out its business plans as currently anticipated.

Additionally, these forward-looking statements may be affected by risks and uncertainties in the business of the Combined Company and general market conditions. Investors are cautioned that forward-looking statements are not based on historical facts but instead reflect the Combined Company's management's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although the Combined Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed thereon, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the Combined Company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following: the ultimate timing, outcome and results of integrating the operations of Sphere and Cathedra; the effects of the business combination of Sphere and Cathedra, including the Combined Company's future financial condition, results of operations, strategy and plans; the ability of the Combined Company to realize anticipated synergies in the timeframe expected or at all; changes in capital markets and the ability of the Combined Company to finance operations in the manner expected; the risk of changes in governmental regulations or enforcement practices; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws and regulations both locally and in foreign jurisdictions; compliance with extensive government regulation and the costs associated with compliance; unanticipated costs; the risks and uncertainties associated with foreign markets; the volatility of bitcoin prices and other digital asset markets; changes in network difficulty, hash rate or mining economics; the availability, cost and reliability of power and energy

infrastructure; the ability to secure additional power capacity or execute expansion projects on time and within budget; delays in delivery, installation or performance of mining equipment or other critical infrastructure; cybersecurity threats, technology failures or data center outages; counterparty risks relating to hosting clients, equipment suppliers or power providers; the availability and retention of key personnel; the ability to access debt or equity financing on acceptable terms; and risks related to competition in the bitcoin mining and high-performance computing industries.

Additional factors that could cause results to differ materially from those described above can be found in Sphere's reports filed on Form 10-K, Form 10-Q and Form 8-K and in other filings made by Sphere with the SEC from time to time and available at www.sec.gov and available on Sphere's website at www.sphere3d.gcs-web.com under the "Financials" tab, and in Cathedra's management information circular dated April 2, 2026 available under Cathedra's issuer profile on SEDAR+ at www.sedarplus.ca and in other documents Cathedra files on SEDAR+.

All forward-looking statements speak only as of the date they are made and are based on information available at that time. Neither the Combined Company nor any of its subsidiaries assumes any obligation to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements were made or to reflect the occurrence of unanticipated events except as required by applicable securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Combined Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended and such changes could be material. Readers should not place undue reliance on forward-looking information.



Cathedra

Cathedra Bitcoin Inc.

Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(expressed in Canadian dollars, unless otherwise noted)



SRCO Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants
Park Place Corporate Centre
15 Wertheim Court, Suite 409
Richmond Hill, ON L4B 3H7, Canada
Tel: 905 882 9500 & 416 671 7292
Fax: 905 882 9580
Email: info@srco.ca
www.srco.ca

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Cathedra Bitcoin Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Cathedra Bitcoin Inc. and its subsidiaries (collectively referred to as the "Company") as of December 31, 2025 and 2024, the related consolidated statements of income or loss and comprehensive income or loss, changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2025, and the related notes to the consolidated financial statements, (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated 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 its operations and its cash flows for each of the years in the two-year period ended December 31, 2025, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Going Concern Matter

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred losses from operations, has negative cash flows from operating activities, working capital deficiency and has a deficit that raise 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 consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

SRCO Professional Corporation

We have served as the Company's auditor since 2022.
Richmond Hill, Ontario, Canada
March 24, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

Cathedra Bitcoin Inc.
Consolidated Statements of Financial Position
As at December 31, 2025 and 2024
(Expressed in Canadian dollars, unless otherwise noted)

As at:	Notes	December 31, 2025	December 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents		\$ 1,083,973	\$ 101,367
Digital currencies	4	584,139	6,456,425
Trade and other receivables	5	932,524	1,448,900
Due from related parties	18	19,792	-
Prepaid expenses	6	1,741,537	1,257,493
Deposits	7	92,104	148,309
Other assets		383,873	413,776
Assets classified as held for sale	11	-	31,127,752
Total current assets		\$ 4,837,942	\$ 40,954,022
Non-current assets			
Deposits	7	2,295,392	2,473,407
Other non-current assets	8	919,700	891,918
Property and equipment	9	6,201,596	7,409,084
Right-of-use assets	10	1,219,170	1,705,863
Investments	12	1,016,658	916,483
Goodwill	2	15,673,534	16,845,242
Total assets		\$ 32,163,992	\$ 71,196,019
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	13	2,659,980	2,478,212
Due to related parties	18	1,109,675	672,411
Income tax payable	19	334,900	522,299
Contract liabilities		791,671	149,452
Customer liabilities		2,044,454	1,328,644
Decommissioning liability		30,839	32,375
Current portion of lease liabilities	10	80,053	1,132,305
Loans and borrowings	14	-	5,134,121
Liabilities directly associated with assets held for sale	11	-	14,506,358
Total current liabilities		\$ 7,051,572	\$ 25,956,177
Non-current liabilities			
Customer liabilities		-	747,053
Lease liabilities	10	1,282,012	695,617
Total liabilities		\$ 8,333,584	\$ 27,398,847
EQUITY			
Share capital	15	22,499,148	21,716,754
Reserves	16	3,910,445	3,534,980
Contributed surplus	17	813,016	-
Accumulated other comprehensive income		3,544,813	5,559
Retained earnings (deficit)		(6,937,014)	3,019,093
Total shareholders' equity		\$ 23,830,408	\$ 28,276,386
Non-controlling interest	11	-	15,520,786
Total liabilities and equity		\$ 32,163,992	\$ 71,196,019

The accompanying notes are an integral part of these consolidated financial statements

Nature of operations (Note 1)

Segment reporting (Note 23)

Events after reporting period (Note 24)

Approved by the Board of Directors and authorized for issue on March 23, 2026:

"Joel Block"

Director

"David Jaques"

Director

Cathedra Bitcoin Inc.**Consolidated Statements of Income or Loss and Comprehensive Income or Loss**

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars, unless otherwise noted)

For the year ended:	Notes	December 31, 2025	December 31, 2024
Revenues	4,23	21,194,411	23,143,723
Cost of revenues			
Operating costs	23	(16,046,553)	(16,102,353)
Depreciation	8,9,10	(4,783,926)	(3,168,279)
Gross income		\$ 363,932	\$ 3,873,091
Realized gain on sale of digital currencies	4	4,751	250,549
Income before operating expenses		\$ 368,683	\$ 4,123,640
Operating expenses			
Director fees	18	326,178	129,001
Management and consulting fees	18	2,525,353	282,141
Office and administration		1,144,705	428,502
Professional fees	2,18	1,450,071	1,384,919
Salaries and wages	18	921,780	300,562
Share-based compensation	16,18	895,182	217,966
Travel		68,117	33,142
Total operating expenses		\$ (7,331,386)	\$ (2,776,233)
Operating income (loss)		\$ (6,962,703)	\$ 1,347,407
Other income (expenses)			
Foreign exchange gain (loss)		(2,228,081)	2,208,663
Net finance costs	10,14	(671,909)	(1,952,690)
Transaction costs	2	-	(341,841)
Other income	9,13	75,914	-
Impairment of goodwill	2	(1,171,708)	-
Gain on settlement of debt	14	693,411	-
Gain on disposal of subsidiary	11	167,365	-
Unrealized gain (loss) on investment	12	120,317	(14,321)
Income (loss) from continuing operations before tax		\$ (9,977,394)	1,247,218
Current income tax expense	19	-	(513,330)
Income (loss) from discontinued operation	11	290,421	(819,276)
Net loss		\$ (9,686,973)	\$ (85,388)
Other comprehensive income (loss)			
<i>Items that may be reclassified to income or loss</i>			
Exchange differences on translation of foreign operations		1,902,986	(1,391,457)
Exchange differences on translation of discontinued operation		(4,205)	1,093,157
Revaluation gain on digital currencies	4	1,660,137	1,451,423
Total comprehensive income (loss)		\$ (6,128,055)	\$ 1,067,735
Net income (loss) for the year attributable to:			
Shareholders of the Company		(9,956,107)	673,835
Non-controlling interest	11	269,134	(759,223)
		(9,686,973)	(85,388)
Total comprehensive income (loss) for the year attributable to:			
Shareholders of the Company		(6,392,984)	733,801
Non-controlling interest	11	264,929	333,934
		(6,128,055)	1,067,735
Basic and diluted earnings (loss) per common share	15	\$ (0.34)	\$ 0.03
Weighted average number of subordinated voting shares outstanding on a 'if converted' basis - basic	15	29,091,882	24,363,466
Weighted average number of subordinated voting shares outstanding on a 'if converted' basis - diluted	15	31,854,927	24,363,466

The accompanying notes are an integral part of these consolidated financial statements

Cathedra Bitcoin Inc.
**Consolidated Statements of Changes in Equity
For the years ended December 31, 2025 and 2024**
(Expressed in Canadian dollars, unless otherwise noted)

	Share capital	Reserves	Contributed surplus	Accumulated other comprehensive income/(loss)	Retained earnings (deficit)	Shareholders' equity	Non-controlling interest	Total equity
Balance - December 31, 2023	\$ 1,278	\$ -	\$ -	\$ (54,407)	\$ 2,345,258	\$ 2,292,129	\$ -	\$ 2,292,129
Multiple voting shares issued in connection with business combination	21,576,955	2,156,429	-	-	-	23,733,384	-	23,733,384
Recognition of non-controlling interest from sale of interest in the subsidiary	-	-	-	-	-	-	15,186,852	15,186,852
Share-based compensation	-	217,966	-	-	-	217,966	-	217,966
Subordinate voting shares issued on RSU vesting	138,521	(138,521)	-	-	-	-	-	-
Warrants repricing	-	1,299,106	-	-	-	1,299,106	-	1,299,106
Translation adjustment	-	-	-	(1,391,457)	-	(1,391,457)	1,093,157	(298,300)
Unrealized gain from revaluation of digital currencies	-	-	-	1,451,423	-	1,451,423	-	1,451,423
Net income (loss) for the year	-	-	-	-	673,835	673,835	(759,223)	(85,388)
Balance - December 31, 2024	\$ 21,716,754	\$ 3,534,980	\$ -	\$ 5,559	\$ 3,019,093	\$ 28,276,386	\$ 15,520,786	\$ 43,797,172
Derecognition of subsidiary	-	-	-	-	-	-	(14,696,763)	(14,696,763)
Share-based compensation	-	895,182	-	-	-	895,182	-	895,182
Subordinate voting shares issued on RSU vesting	416,287	(416,287)	-	-	-	-	-	-
Repurchase of share purchase warrants for cancellation	-	(103,430)	-	-	-	(103,430)	-	(103,430)
Units issued in private placement, net of unit issuance costs	516,107	-	-	-	-	516,107	-	516,107
Subscriptions receivable	(150,000)	-	-	-	-	(150,000)	-	(150,000)
Shareholder loan forgiveness	-	-	813,016	-	-	813,016	-	813,016
Exchange differences on translation of foreign operations	-	-	-	1,902,986	-	1,902,986	(4,205)	1,898,781
Reclassification of foreign exchange differences to statement of profit or loss on disposal	-	-	-	(23,869)	-	(23,869)	(1,088,952)	(1,112,821)
Unrealized gain from revaluation of digital currencies	-	-	-	1,660,137	-	1,660,137	-	1,660,137
Net income (loss) for the year	-	-	-	-	(9,956,107)	(9,956,107)	269,134	(9,686,973)
Balance - December 31, 2025	\$ 22,499,148	\$ 3,910,445	\$ 813,016	\$ 3,544,813	\$ (6,937,014)	\$ 23,830,408	\$ -	\$ 23,830,408

The accompanying notes are an integral part of these consolidated financial statements

Business Combination (Note 2)

Share Capital (Note 15)

Reserves (Note 16)

Contributed Surplus (Note 17)

Cathedra Bitcoin Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Expressed in Canadian dollars, unless otherwise noted)

For the year ended:	December 31, 2025	December 31, 2024
OPERATING ACTIVITIES		
Net loss for the year	\$ (9,686,973)	\$ (85,388)
Non-cash items:		
Depreciation	4,783,926	3,168,279
Share-based compensation	895,182	217,966
Net finance costs	671,909	1,974,469
Unrealized gain (loss) on investment	(120,317)	14,321
Impairment of goodwill	1,171,708	-
Write-down of other assets	-	565,292
Gain on disposal of subsidiary	(167,365)	-
Gain on settlement of debt	(693,411)	-
Gain on sale of property and equipment	(54,360)	-
Foreign exchange	1,848,151	(1,787,983)
Changes in non-cash working capital items:		
Digital currencies	(4,209,456)	(3,647,863)
Trade and other receivables	253,433	(379,974)
Prepaid expenses	(541,063)	(634,772)
Deposits	168,153	968,808
Other assets	10,406	2,238
Trade payables and accrued liabilities	156,270	(509,279)
Customer liabilities	733,340	(1,091,425)
Advances from (repayment to) related parties	1,495,991	(2,540,822)
Income tax payable	(166,020)	483,041
Decommissioning liability	-	(46,413)
Net cash used in operating activities	\$ (3,450,496)	\$ (3,329,505)
INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (2,799,325)	\$ -
Acquisition of business, net of cash and cash equivalents acquired	-	1,429,575
Proceeds from sale of property and equipment	152,207	-
Proceeds from sale of digital currencies, net of fees	12,955,639	3,002,559
Net cash generated by investing activities	\$ 10,308,521	\$ 4,432,134
FINANCING ACTIVITIES		
Payment of lease obligations	\$ (1,387,028)	\$ (1,016,840)
Proceeds from term loan	3,564,168	-
Repayment of term loan	(3,474,841)	-
Repayment of principal and interest on convertible loan	(4,586,983)	-
Repayment of interest on term loan	(244,131)	(100,340)
Repurchase of share purchase warrants for cancellation	(103,430)	-
Proceeds from share issuance, net of issuance cost	366,107	-
Net cash used in financing activities	\$ (5,866,138)	\$ (1,117,180)
Effect of foreign exchange rate fluctuation	(9,281)	(6,270)
Increase (decrease) in cash and cash equivalents	\$ 982,606	\$ (20,821)
Cash and cash equivalents, beginning of year	\$ 101,367	\$ 122,188
Cash and cash equivalents, end of year	\$ 1,083,973	\$ 101,367

Supplemental cash flow information (Note 22)

The accompanying notes are an integral part of these consolidated financial statements

Cathedra Bitcoin Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars, unless otherwise noted)

1. Nature of Operations

Cathedra Bitcoin Inc. ("Cathedra", "we", "our" or the "Company") develops and operates high-density compute infrastructure across North America. We host bitcoin mining clients across a portfolio of four data centers (45 megawatts total) in Tennessee and Kentucky. Cathedra also operates a fleet of proprietary bitcoin mining machines at our own and third-party data centers, producing approximately 400 PH/s of hash rate. We are focused on expanding our portfolio of data center infrastructure for high-density compute applications including bitcoin mining and artificial intelligence. Cathedra is headquartered in Vancouver, British Columbia, and our shares trade on the TSX Venture Exchange (the "TSXV") under the symbol CBIT and on the OTCQB Venture Market under the symbol CBTTF. The Company was incorporated under the Business Corporations Act (Ontario) on July 13, 2011, and our registered and records office is located at 170 - 422 Richards Street, Vancouver, British Columbia, Canada, V6B 2Z4.

These consolidated financial statements ("Financial Statements") have been prepared on a going concern basis which contemplates that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended December 31, 2025, the Company incurred losses from operations of \$9,686,973, had negative cash flows from operating activities of \$3,450,496, and as of that date, had a working capital deficiency of \$2,213,630 and a deficit of \$6,937,014. These factors raise substantial doubt about its ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company has relied on its plan to obtain additional equity and debt financing, in addition to operating cash flow, to fund its operations. Although the Company has been successful in the past in obtaining financing and it believes that will continue to be successful, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on terms that are advantageous to the Company.

2. Business Combination

On July 23, 2024, the Company completed a business combination (the "Kungsleden Merger") with Kungsleden, Inc. ("Kungsleden"), a developer and operator of alternative high-density compute infrastructure.

The Kungsleden Merger was completed according to the terms of a share exchange agreement dated March 6, 2024, as amended on June 18, 2024 (together, the "Share Exchange Agreement"), between Cathedra, Kungsleden and Kungsleden's shareholders (the "Vendors").

Pursuant to the terms of the Share Exchange Agreement, Cathedra acquired all of the outstanding shares of Kungsleden from the Vendors in exchange for 208,446 multiple voting shares of Cathedra (the "Multiple Voting Shares") on the basis of an exchange ratio of one common share of Kungsleden for approximately 6.253429078 Multiple Voting Shares. The 208,446 Multiple Voting Shares issued to the Vendors are convertible into 20,844,600 subordinate voting shares of Cathedra (the "Subordinate Voting Shares"). The Kungsleden Merger resulted in the Vendors owning (on a non-diluted basis) approximately 72.5% of the equity of the Company and existing Cathedra shareholders owning the remaining 27.5% of the equity of the Company. The Vendors hold approximately 80% of the voting rights of Cathedra and existing Cathedra shareholders own the remaining 20%.

The Kungsleden Merger has been accounted for using the acquisition method under IFRS 3, Business Combinations ("IFRS 3"), which requires that one of Cathedra or Kungsleden be determined to be the acquirer for accounting purposes. The Kungsleden Merger has been accounted for as a reverse take-over of Cathedra by Kungsleden. The entities which are party to the Kungsleden Merger meet the definition of a business. These consolidated financial statements reflect the continuance of Kungsleden and the acquisition and assumption of Cathedra's identifiable assets and liabilities, respectively, at fair value.

Cathedra Bitcoin Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian dollars, unless otherwise noted)

Kungsleden is deemed to have issued 379,310 common shares in exchange for all of the issued and outstanding shares of Cathedra. The consideration for shares issued is \$22,154,165, including \$577,210 (Note 14) being the convertible loan equity portion, based on Kungsleden's enterprise value of \$93,457,280. The Company issued the following replacement awards: 120,175 stock options, 57,228 restricted share units and 1,704,819 share purchase warrants valued \$1,579,219 exercisable into subordinate voting shares of Cathedra; see Note 16 for details on valuation approach and assumptions used to value replacement awards.

	\$
Consideration:	
Deemed share consideration	22,154,165
Replacement awards	1,579,219
Total consideration	23,733,384
Assets acquired:	
Cash and cash equivalents	1,429,575
Digital currencies	4,029,042
Other receivables	136,545
Prepaid expenses	349,593
Deposits	1,643,960
Other assets	954,772
Property and equipment	4,986,820
Right-of-use assets	1,510,745
Investments	913,658
Goodwill	16,845,242
Total assets acquired	32,799,952
Liabilities assumed:	
Trade payables and accrued liabilities	2,637,725
Interest payable	12,543
Decommissioning liability	77,610
Lease liabilities	1,510,745
Convertible loan	4,827,945
Total liabilities assumed	9,066,568
Net assets acquired	23,733,384

Reorganization

For the period from August 12, 2022, the date of formation, through December 31, 2022 and for the period from January 1, 2023 to September 12, 2023, the Kungsleden Business was operated through Poimen Trust ("Poimen"), a trust certified under the State of Tennessee, controlled by the shareholders of the Company. The trustees of Poimen also are the shareholders of the Company. Kungsleden was incorporated to transform the Kungsleden Business from a trust to a corporation through a reorganization under common control ("Transformation"). The Transformation resulted in the transfer of all assets and liabilities and contracts related to the Kungsleden Business at their historical book values from Poimen to Kungsleden on September 13, 2023, the date on which Kungsleden was incorporated.

Revenues of \$3,851,629 and net loss of \$2,798,571 from the acquired operations are included in the consolidated statement of income and comprehensive income for the year ended December 31, 2024. Had the acquisition of Cathedra Bitcoin Inc. occurred on January 1, 2024, the consolidated revenues would have been \$29,339,761 and the consolidated net loss would have been \$1,690,909 for the year ended December 31, 2024. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2024.

Transaction costs of \$540,274 were incurred in connection with the acquisition including consulting fees, legal and professional fees for brokering and due diligence services and were recognized in the consolidated statement of income and comprehensive income.

Impairment of goodwill

Management conducted an impairment assessment of goodwill as of December 31, 2025. For the purposes of impairment testing, the Company considers its ongoing operations as a single cash-generating unit (CGU) that includes all goodwill, property and equipment, other non-current assets, and right-of-use assets, which collectively contribute to generating cash flows from hosting and mining activities. The discounted cash flow model was utilized to estimate value in use, as there was no readily available market price nor any purchase offer received for the business. As a result of this assessment, an impairment loss of \$1,171,708 was recognized, as the carrying amount of the CGU, including goodwill, exceeded its recoverable amount.

The significant assumptions applied in determination of the value in use amount as at December 31, 2025 were as follows:

- Cash flows: Estimated cash flows were projected based on estimated operating results from internal sources as well as industry and market trends. Estimated cash flows are primarily driven by projected revenues based on existing and projected data center capacity, bitcoin mining machine quantities and models with respective efficiencies and operating costs;
- Terminal value growth rate: The terminal growth rate was based on historical and projected consume price inflation, historical and projected economic indicators, and projected industry growth; and
- Pre-tax discount rate: The pre-tax discount rate is reflective of the CGU's weighted average cost of capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on a direct comparison approach, an unsystematic risk premium, and cost of debt based on corporate bond yields.

The following inputs are subject to significant estimation uncertainty and may materially affect the value in use determination:

- Terminal value growth rate of 2%
- WACC of 35%
- Average bitcoin price over the forecast period of approximately US\$203,000
- Average hash rate over the forecast period of approximately 1,441 EH/s

A sensitivity analysis indicates that varying each input individually or collectively by +/- 5% would result in an insignificant change to the impairment amount recorded.

3. Material Accounting Policy Information

Basis of Preparation

Statement of Compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Reporting Interpretation Committee ("IFRIC") for all periods presented.

These Financial Statements were approved and authorized for issuance by the Board of Directors on March 23, 2026.

These Financial Statements have been prepared on an accrual basis and are based on historical cost basis except for certain financial instruments which are measured at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

The Financial Statements of the Company are presented in Canadian dollars unless otherwise indicated.

Basis of Consolidation

Subsidiaries

The Financial Statements include the accounts of the Company and its subsidiaries, which are controlled by the Company. Control is achieved when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns.

The financial statements of the subsidiaries are included in these financial statements from the date that control commences until the date that control ceases. All significant inter-company balances and transactions are eliminated on consolidation. The entities contained in the Financial Statements are as follows:

Entity Name	Place of Business and Operations	Functional Currency	Equity Percentage
Cathdra Bitcoin Inc. (the "Company") - parent	Canada	CAD	n/a
HPC Holdings LLC ("HPC Holdings")	United States	USD	100% owned by parent
Kungsleden, Inc. ("Kungsleden" or "K Inc.")	United States	USD	100% owned by parent
Buckeye HPC LLC ("Buckeye HPC")	United States	USD	100% owned by HPC Holdings
Sentinel Technology, LLC	United States	USD	100% owned by K Inc.
Churchill Technologies LLC	United States	USD	100% owned by K Inc.
Two Keys Technologies LLC	United States	USD	100% owned by K Inc.
North Campbell HoldCo LLC	United States	USD	100% owned by K Inc.
Buckeye Technologies HoldCo LLC ("Buckeye HoldCo")	United States	USD	100% owned by K Inc.
Buckeye Technologies OpCo LLC ("Buckeye Technologies")	United States	USD	100% owned by Buckeye HoldCo
North Campbell LandCo LLC	United States	USD	100% owned by North Campbell HoldCo LLC
North Campbell HostCo LLC	United States	USD	100% owned by North Campbell HoldCo LLC
Crystal Core LLC	United States	USD	100% owned by K Inc.
Fortress Blockchain Holdings Corp. ("FBHC")	Canada	CAD	100% owned by parent
Fortress Blockchain (US) Holdings Corp. ("FBUS")	United States	USD	100% owned by FBHC
Cathdra Lease Co LLC ("CLC")	United States	USD	100% owned by FBUS

During the year ended December 31, 2025, the Company established HPC Holdings, Buckeye HPC, Buckeye HoldCo, and Buckeye Technologies to facilitate further business expansion and development opportunities.

The Company de-consolidated Tirpitz Technology HoldCo LLC along with its wholly owned subsidiaries Tirpitz Technology LandCo LLC and Tirpitz Technology HostCo LLC (collectively, "T Tech") in March 2025 after losing control, see Note 11 for additional information.

Cathedra Bitcoin Inc.**Notes to Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Expressed in Canadian dollars, unless otherwise noted)*

Functional and Presentation Currency

Transactions undertaken in foreign currencies are translated into Canadian dollars at daily exchange rates prevailing when the transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates and non-monetary items are translated at historical exchange rates. Realized and unrealized exchange gains and losses are recognized in the consolidated statements of comprehensive income or loss. The assets and liabilities of foreign operations are translated into Canadian dollars using the period-end exchange rates. Income, expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from the translation of foreign operations into Canadian dollars are recognized in other comprehensive income or loss and accumulated in equity.

Comprehensive Income (Loss)

Total comprehensive income (loss) comprises all components of profit or loss and other comprehensive income (loss). Other comprehensive income (loss) includes gains and losses from translating the financial statements of an entity's whose functional currency differs from the presentation currency and gains from revaluation of digital currencies.

Standards issued but not yet effective**Implementation of IFRS 18 - Presentation and Disclosure of Financial Statements**

The introduction of IFRS 18 will provide all entities applying IFRS with more guidance on the presentation and disclosure of information in general purpose financial statements. The new standard will clarify guidance on how to present and disclose information that faithfully represents an entity's assets, liabilities, equity, revenue and expenses. The new standards are applied retrospectively for annual periods beginning on or after 1 January 2027, with early adoption permitted. The Company is currently assessing the expected impact of this standard and has not early adopted IFRS 18.

Implementation of IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information - and IFRS S2 - Climate-related Disclosures

The adoption of IFRS S1 and S2 will introduce new requirements surrounding sustainability and climate-related disclosures for annual reporting purposes. The Canadian Sustainability Standards Board proposed Canadian-specific modifications to the standards issued by the International Sustainability Standards Board in June 2023. The Canadian specific versions of IFRS S1 and S2 are expected to be available for voluntary adoption starting January 1, 2025. The Canadian Securities Administrators have not yet confirmed whether the new standards will be mandatory for Canadian reporting issuers. The Company is currently assessing the expected impact of adopting these standards.

Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 - *Financial Instruments* and IFRS 7 - *Financial Instruments: Disclosures*. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, and create additional disclosure requirements for financial instruments. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

Material Accounting Policies**Business Combination**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred which is measured at acquisition date at fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

Cathdra Bitcoin Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars, unless otherwise noted)

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liability assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGUs or group of CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

The measurement period is the period from the date of acquisition to the date that the Company obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Digital currencies

The Company accounts for its digital currencies on hand at the end of a reporting period, if any, under IAS 38, *Intangible Assets*, as an intangible asset with an indefinite useful life initially measured at cost, deemed to be the fair value upon receipt, and subsequently measured under the revaluation model. Under the revaluation model, increases in the digital currencies' carrying amount is recognized in other comprehensive income and under accumulated other comprehensive income in equity, while decreases are recorded in the consolidated statements of income or loss and comprehensive income or loss. However, increases are recognized in profit or loss to the extent that it reverses a revaluation decrease of digital currencies previously recognized in the statement of profit or loss. There is no recycling of gains from other comprehensive income or loss in the consolidated statements of income or loss and comprehensive income or loss, except to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in the consolidated statements of income or loss and comprehensive income or loss, that increase is recorded in the consolidated statements of income or loss and comprehensive income or loss. The fair value of digital currencies on hand at the end of the reporting period is calculated as the quantity of digital currencies on hand multiplied by the price quoted on Coin Metrics (for bitcoin) and Coinbase (for other digital currencies) as at the reporting date. Any difference between the fair value of the digital currencies recorded upon receipt from mining activities, purchases or profit-sharing arrangements and the actual realized price upon disposal are recorded as gain or loss on sale of digital currencies.

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The Company has continued to classify digital currencies on hand at the end of the year as current assets as management has determined that cryptocurrency markets have sufficient liquidity to allow conversion within the Company's normal operating cycle.

The Company values its bitcoin based on the price quoted on Coin Metrics which is an average of quoted rates from various cryptocurrency exchanges. Coin Metrics data is derived from real-time (block-by-block) market price with over 400 metrics for over 100 assets and it has data feed of aggregate network data metrics for all of the top cryptocurrency assets. Management considers this fair value to be a level 2 input under IFRS 13 fair value measurement fair value hierarchy as the price on this source represents the average quoted prices on multiple digital currency exchanges.

Non-monetary transactions

In the normal course of its business, the Company enters into non-monetary transactions. These non-monetary transactions, which are otherwise payable in cash, are accounted for at their fair value. Non-monetary transactions consist of digital currencies paid for its mining and revenue-sharing fees, digital currencies received from customers for hosting services or proceeds received from sale of a subsidiary. Payments are measured at fair value using the price of the digital currencies provided at the time of the transaction.

Financial Instruments

Financial instruments are accounted for in accordance with IFRS 9, *Financial Instruments: Classification and Measurement*. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI"). Financial assets classified at amortized cost are measured using the effective interest method.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets or financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash and cash equivalents and Investments are measured at FVTPL. Financial instruments including trade and other receivables, due from related parties, trade payables and accrued liabilities, due to related parties, and contract liabilities are measured at amortized cost.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Accounts payable, interest payable, and loan payable are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in the statement of profit or loss.

Revenue recognition

Revenue is recorded at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 are applied using the following five steps:

1. Identify the contract(s) with a customer
 2. Identify the performance obligation in the contract
 3. Determine the transaction price
 4. Allocate the transaction price to the performance obligations in the contract
 5. Recognize revenue when (or as) the entity satisfies a performance obligation
- The Company has concluded that the recognition and measurement of the sale of products in all contracts is consistent with the current revenue recognition practice and therefore does not expect any transitional adjustment.

For arrangements priced at fiat currency, the Company recognizes revenue based on the contract price. For arrangement priced at cryptocurrency, the Company recognizes revenue based on the spot price of the cryptocurrency to fiat currency on the date when it is earned.

Hosting revenue

The Company hosts and provides energized space and operating and maintenance services to third-party mining companies who locate their mining hardware at its data centers. The Company accounts for these agreements as a single performance obligation for services being delivered in a series with delivery being measured by monthly hosting fees of the mining hardware. As such, the Company recognizes revenue over the life of the contract as its series of distinct services are performed over the term of the contracts with its customers. The Company has determined that the contracts do not contain a significant financing component because the expected length of time between the transfer of services and receipt of consideration is less than one year, which are typically one month or less.

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For certain contracts, the Company may also be entitled to a monthly cash or non-cash profit-sharing fee, which is primarily based on the actual amount of bitcoin mined by the customer's hosted mining equipment during the month. The rate of profit sharing is determined at inception of the contract with subsequent amendments, as applicable, and non-cash consideration is generally paid in bitcoin. Non-cash consideration is measured at fair value at contract inception with changes in fair value attributable to reasons other than the form of consideration (other than price of bitcoin) measured as variable consideration (subject to the constraint on variable consideration) and recognized as hosting services are performed. This amount is recognized in revenue as services are performed. Changes in fair value of the non-cash consideration related for reasons other than changes in form are recognized at the end of each month as the related uncertainty is resolved and amount becomes known.

Mining revenue

The Company recognizes revenue from the provision of transaction confirmation services for digital currency blockchains, commonly termed "digital asset mining" or "cryptocurrency mining". As consideration for these services, the Company receives digital currency from each specific blockchain in which it participates ("coins"). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of mining, based on the daily average from Coin Metrics for bitcoin. A coin is considered earned on the completion and addition of a block to the blockchain, at which time the economic benefit is received and can be reliably measured.

Contract assets and liabilities

A contract asset is recognized when the Company recognizes revenue before being unconditionally entitled to consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses and are reclassified to receivables when the right to consideration has become unconditional.

A contract liability is recognized when the customer pays consideration for goods or services before the Company recognizes the related revenue. A contract liability would also be recognized if the Company has an unconditional right to receive non-refundable consideration before the Company recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

Customer liabilities

Customer liabilities include deposits from customers. Deposits from customers are reduced when they are returned back to customers or applied to trade receivables based on the contractual terms between the Company and its customers.

Other assets

Parts and peripherals located in the facilities and warehouses are stated at cost, net of write-offs to account for changing market prices for resale. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and impairment losses, if any.

Property and equipment are recorded at purchase cost. Direct labor and other directly attributable costs incurred to construct new assets and upgrade existing assets are capitalized. Repairs and maintenance expenditures are recognized in the consolidated statements of income or loss as incurred. Significant renewals and betterments are capitalized.

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Property and equipment are depreciated using the straight-line method based on the estimated useful lives of the assets as follows:

Category	Useful Life
Other mining equipment (mining equipment)	5 years
Miners (mining equipment)	3 years
Infrastructure	Lower of contractual terms or 10-12 years
Land	Infinite

Land acquired by the Company has an infinite useful life and therefore is not depreciated.

The depreciation method, useful life and residual value of an asset are reviewed at least at each financial year-end and adjusted, if appropriate.

When assets are retired or otherwise disposed of, their cost and the related accumulated depreciation are derecognized from the consolidated statements of financial position and the resulting gains or losses on the disposal or sale of the assets are recognized in the consolidated statements of operations.

An asset under construction is stated at cost until the construction is completed, at which time it is reclassified to the property and equipment account to which it relates. During the construction period until the asset is ready for its intended use or sale, borrowing costs, which include interest expense, are capitalized in proportion to the average amount of accumulated expenditures during the period. Capitalization of borrowing costs ceases when the construction is completed, and the asset is ready for its intended use or sale.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

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The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

Whenever the Company incurs an obligation for costs to restore a leased asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

The right-of-use asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for property and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are presented as property and equipment and the lease liabilities are presented as loans on the consolidated statement of financial position.

The Company does not recognize right-of-use assets and lease liabilities for the short-term leases that have a lease term of 12 months or less.

Goodwill

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Assets carried at fair value, such as digital currencies, are excluded from impairment analysis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less cost to sell is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs to sell can be estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is reduced to its recoverable amount, an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Income taxes

Prior to the reorganization on September 12, 2023, earnings and losses are included in the personal income tax return of the Company's shareholders. As a result, the Company did not incur any income tax obligation and the financial statements do not include a provision for income taxes.

Post the Company's reorganization on September 12, 2023, current and deferred income taxes are recognized as income or expense and included in the consolidated statements of profit or loss. Current income tax assets and liabilities are measured at the amounts expected to be recovered or paid by using the tax rates and tax laws that have been enacted or substantively enacted at each reporting date. Management periodically evaluates positions taken in the tax reporting process with respect to situations in which applicable tax regulation is subject to interpretation. Where appropriate, management establishes provisions based on the amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences, respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from the temporary differences arising from goodwill not deductible for tax purposes, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates and tax laws at each reporting date which are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced if it is no longer probable that sufficient taxable profit will be available to compensate part or all of the benefits of deferred tax assets. Unrecognized deferred tax assets are re-assessed at each reporting date and recognized if it is probable that future taxable profits will be available for recovery. Tax deductions arising from the reversal of deferred tax assets are excluded from estimates of future taxable income.

Deferred tax assets and liabilities are offset in the consolidated statements of financial position, if and only if it has a legally enforceable right to set off current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same Tax Authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The Company determines the recognition and measurement of tax assets and liabilities that contain uncertainty over income tax by considering the assumptions used in the examination of tax treatments by the tax authorities, the probability that the tax authorities will accept uncertain tax treatment and re-consideration or estimation if there is a change in facts and circumstances.

If the acceptance of tax treatment is probable, the measurement is in line with income tax filings. If the acceptance of tax treatment is not probable, the Company uses tax amounts using the method that provides a better prediction of resolution (i.e., most likely amount or expected value). Due to the complexity of some of these uncertainties, their ultimate resolution may result in payments that are materially different from current estimates. Any such differences will be reflected as adjustments to income tax expenses in the periods in which they are determined.

Convertible loan

Convertible loans/debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible instrument requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value through profit and loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost. The determination of the fair value is also an area of significant judgment given that it is subject to various inputs, assumptions and estimates including: contractual future cash flows, discount rates, credit spreads and volatility. Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds.

All derivative instruments are measured at fair value including embedded derivatives contained within financial or non-financial contracts that are not closely related to the host contract. A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

The debt component is subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative is subsequently measured at fair value at each reporting date, with gains and losses in fair value recognized in profit or loss.

Transaction costs that relate to the issue of the convertible loan are allocated to the liability component and embedded derivative component in proportion to the allocation of the gross proceeds. Transaction costs relating to the embedded derivative liability component are included in the equity component and transaction costs relating to the financial liability component are included in the carrying amount of the liability component and are amortized over the expected life of the convertible loan using the effective interest method.

Decommissioning liability

A legal or constructive obligation to incur restoration costs may arise when mining equipment are deployed at hosting facilities. Such cost arising from the restoration of the hosting site to its original condition, discounted to their net present value, are provided for and charged to the statement of loss and comprehensive loss, as soon as the obligation to incur such costs arises.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The timing or amount of the outflow may still be uncertain. Provisions are measured using the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account risks and uncertainties associated with the obligation. Provisions are discounted where the time value of money is considered material.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to their fair value and any residual in the proceeds is allocated to the warrants.

Share-based compensation

The Company operates a stock option plan and restricted share unit ("RSU") plan. Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black-Scholes pricing model which incorporates all market vesting conditions on grant date. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Earnings (loss) per share

Earnings (loss) per share is computed by dividing net income (loss) attributable to equity holders of the Company by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. For stock options, RSUs, and share purchase warrants, the number of additional shares for inclusion in diluted earnings per share calculations is determined when the exercise price is less than the average market price of the Company's common shares; the stock options and share purchase warrants are assumed to be exercised and the proceeds are used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share.

Common shares that could potentially dilute basic net earnings and net earnings per common share in the future that could be issued from the exercise of share options and warrants are not included in the computation of the diluted earnings per common share because to do so would be anti-dilutive.

Assets held for sale and discontinued operations

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets classified as held for sale continue to be recognised.

Assets classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of assets classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of income or loss.

Use of Estimates, Assumptions, and Judgements

The preparation of the Financial Statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Financial Statements and the reported amount of expenses during the reporting period.

The preparation of the Financial Statements requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's Financial Statements include:

Revenue Recognition

Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of mining, based on the daily average from Coin Metrics for bitcoin.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the production and mining of digital currencies, and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations and the guidance in IFRS 15, *Revenue from Contracts with Customers*, including the stage of completion being the completion and addition of block to a blockchain and the reliability of the measurement of the digital currency received. In the event authoritative guidance is enacted by the IASB or IFRIC, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

Expected Credit Losses

The Company recognizes an amount equal to the lifetime ECL on the trade receivables and amounts due from related parties for which there has been a significant increase in credit risk since initial recognition. Loss allowances are measured based on historical experience and forecasted economic conditions. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions.

Useful Lives of Property and Equipment

Depreciation of property and equipment is dependent upon estimates of useful lives and residual value which are determined through the use of assumptions. Estimates of residual value and useful lives are based on data and information from various sources including industry practice and historic experience. Although management believes the estimated useful lives of the Company's property and equipment are reasonable, changes in estimates could occur, affecting the expected useful lives and salvage values of the property and equipment.

Significant Estimates

Fair Value of Financial Instruments

The individual fair value attributed to the different components of a financing transaction is determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of the issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. The valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of the instrument that are not quoted in active market.

Useful Life and Residual Value

Depreciation of the assets in the cryptocurrency data center is based on an estimate of the assets' expected life. In order to determine the useful life of the assets in the cryptocurrency mining center, assumptions are required about a range of computing industry market and economic factors, including global hash rates dedicated to proof of work mining, network difficulty, technological changes, release and availability of newer and more efficient hardware and other inputs, and production costs. Based on the data that management has reviewed, management has determined to use the straight-line method of amortization over three years, to best reflect the current expected useful life of mining equipment. Management will review its estimates and assumptions at each reporting date and will revise its assumptions if new information supports the change.

Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. Recoverable amounts are also sensitive to assumptions about the future usefulness of in-process development and the related marketing rights.

Taxes

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, the deferral and deductibility of certain items and interpretation of the treatment for tax purposes of digital currencies by taxation authorities. Management also makes estimates of future earnings, which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payments of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

Digital Currency Valuation

Digital currency denominated assets are included in current assets. Digital currencies are carried at their fair value determined by the spot rate based on the daily average from Coin Metrics. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position.

Share-Based Compensation

The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers, employees and consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the calculation of the share-based compensation; however, the most significant estimate is volatility. Expected future volatility can be difficult to estimate as the Company has had limited history, is in a unique industry, and historical volatility is not necessarily indicative of future volatility.

Business Combination - Purchase Price Allocation

The consideration transferred (or deemed consideration) and acquired assets and assumed liabilities are recognized at fair value on the date of the Company effectively obtains control. The measurement of each business combination is based on the information available on the acquisition date. The estimate of fair value of the consideration transferred (or deemed consideration) and acquired intangible assets (including goodwill), property and equipment, other assets and the liabilities assumed are based on estimates and assumptions. The measurement is largely based on the projected cash flows, discount rates and market conditions at the date of acquisition.

Cathdra Bitcoin Inc.**Notes to Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Expressed in Canadian dollars, unless otherwise noted)*

Areas of significant estimates and judgments also include:

- Collectability of trade and other receivables
- Completeness of trade payables and accrued liabilities
- Valuation of right-of-use assets and lease liabilities
- Valuation of convertible loans

4. Digital Currencies and Revenues*Mining and Profit-Sharing Revenue*

Digital currencies are recorded at their fair value on the date they are received as revenues and are revalued to their fair value at each reporting date. Fair value is determined by using the daily price of bitcoin from Coin Metrics.

	BTC Units	Amount (\$)
Bitcoin balance as at December 31, 2023	0.86	47,429
Bitcoin acquired in business combination	44.40	4,029,042
Bitcoin earned	37.89	3,851,629
Bitcoin earned in profit-sharing arrangement	2.33	171,570
Bitcoin exchanged for cash and services	(37.38)	(3,360,913)
Revaluation gain during the year	-	1,451,423
Unrealized translation adjustment	-	264,803
Bitcoin balance as at December 31, 2024	48.10	6,454,983
Bitcoin earned	61.29	8,775,024
Bitcoin exchanged for cash and services	(77.41)	(11,653,136)
Bitcoin exchanged for other digital currency	(5.63)	(826,640)
Bitcoin pledged as collateral	(50.54)	(5,976,307)
Transfer from restricted digital currencies after loan repayment	28.91	4,680,732
Revaluation loss during the year	-	(822,429)
Unrealized translation adjustment	-	(66,308)
Bitcoin balance as at December 31, 2025	4.72	565,919

The Company pledged substantial quantity of its bitcoin as collateral for the term loan during the year ended December 31, 2025. The portion of the collateralized bitcoin was used to prepay the term loan early, please see Note 14 for additional information. The restricted bitcoin balances and changes for the year ended December 31, 2025 are as follows:

	BTC Units	Amount (\$)
Restricted bitcoin balance as at December 31, 2024	-	-
Bitcoin pledged as collateral	50.54	5,976,307
Bitcoin withheld to settle the principal and accrued interest	(21.63)	(3,521,263)
Transfer to digital currencies after loan repayment	(28.91)	(4,680,732)
Revaluation gain during the year	-	2,482,936
Unrealized translation adjustment	-	(257,248)
Restricted bitcoin balance as at December 31, 2025	-	-

The Company used Tether and USD Coin its business operations to receive payments from its customers and make payments to service providers or suppliers. The balances and changes of these digital currencies are shown below:

	Tether Units	Amount (\$)
Tether balance as at December 31, 2024	1,002.13	1,442
Tether received as payment in arrangements with customers	3,648,230.10	5,111,528
Tether exchanged for cash and services	(5,445,988.80)	(7,666,549)
Tether exchanged for other digital currency	597,392.79	826,640
Tether purchased with cash	212,676.81	295,819
Tether received from sale of discontinued operation	1,000,000.00	1,443,800
Revaluation loss	-	(370)
Unrealized translation adjustment	-	5,910
Tether balance as at December 31, 2025	13,313.03	18,220

	USD Coin Units	Amount (\$)
USD Coin balance as at December 31, 2024	-	-
USD Coin purchased with cash	799,272.58	1,149,993
USD Coin exchanged for cash and services	(799,272.58)	(1,149,993)
USD Coin balance as at December 31, 2025	-	-

Hosting Revenue

During the year ended December 31, 2025, the Company generated hosting revenue of \$12,248,650 (2024 - \$19,292,094). Two customers exceeded 10% of total hosting revenue of the Company with the following percentages representing their respective shares: 41% and 39% (2024 - three customers exceeded 10% of total hosting revenue of the Company with the following percentages representing their respective shares: 45%, 19% and 12%).

The Company receives monthly prepayments and short-term or long-term deposits from various customers according to the terms of hosting arrangements. The monthly prepayments are classified as contract liabilities, and deposits are classified as customer liabilities in the consolidated statements of financial position.

5. Trade and Other Receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business and claimed sales tax input tax credits. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measure them subsequently at amortized cost using the effective interest method.

Other receivables represent amounts due from third parties from sale of equipment.

	December 31, 2025	December 31, 2024
Trade receivables	\$ 809,170	\$ 1,448,900
Other receivables	123,354	-
Total trade and other receivables	\$ 932,524	\$ 1,448,900

6. Prepaid Expenses

	December 31, 2025	December 31, 2024
General and administrative	\$ 401,173	\$ 260,825
Hosting business utilities	1,340,364	996,668
Total prepaid expenses	\$ 1,741,537	\$ 1,257,493

7. Deposits

	December 31, 2025	December 31, 2024
Utility deposits	\$ 2,240,568	\$ 2,160,374
Lease deposits	146,928	313,033
Bitcoin mining deposits	-	148,309
Total deposits	\$ 2,387,496	\$ 2,621,716
Less: current portion of deposits	92,104	148,309
Non-current portion of deposits	\$ 2,295,392	\$ 2,473,407

8. Other Non-Current Assets

In November 2022 and July 2023, the Company contributed US\$450,000 (C\$639,167 equivalent) and US\$350,000 (C\$497,129 equivalent) to regulated power and utility entities as a form of aid in construction for the required infrastructure maintenance pursuant to the terms of the arrangements. The Company amortizes the amounts over the lease term of 10 and 6 years, respectively, the terms of the contracts, on a straight-line basis.

In December 2025, the Company contributed US\$157,111 (C\$216,515 equivalent) to regulated power and utility entity as a form of aid in construction for the required infrastructure maintenance pursuant to the terms of the arrangement. The Company amortizes this amount over the lease term of 10 years on a straight-line basis.

Amortization expense is included in cost of revenues: depreciation in the consolidated statement of income or loss and comprehensive income or loss. For the year ended December 31, 2025, the Company incurred depreciation expense of \$148,076 (2024 - \$140,400).

Cathdra Bitcoin Inc.**Notes to Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Expressed in Canadian dollars, unless otherwise noted)***9. Property and Equipment**

	Infrastructure	Mining equipment	Construction- in-progress	Land	Total
Cost					
Balance, December 31, 2023	\$ 3,051,267	\$ 780,334	\$ 539,862	\$ 136,658	\$ 4,508,121
Additions from business combination	1,917,194	3,069,626	-	-	4,986,820
Additions	-	731,146	-	-	731,146
Designated as assets held for sale	(74,287)	-	(546,229)	-	(620,516)
Translation adjustment	350,890	245,372	6,367	12,016	614,645
Balance, December 31, 2024	\$ 5,245,064	\$ 4,826,478	\$ -	\$ 148,674	\$ 10,220,216
Additions	2,584,379	338,119	84,307	-	3,006,805
Disposals	(1,256,173)	(1,987,306)	-	-	(3,243,479)
Translation adjustment	(232,267)	(214,484)	(1,457)	(7,057)	(455,265)
Balance, December 31, 2025	\$ 6,341,003	\$ 2,962,807	\$ 82,850	\$ 141,617	\$ 9,528,277
Accumulated depreciation and impairment					
Balance, December 31, 2023	\$ 325,518	\$ 122,341	\$ -	\$ -	\$ 447,859
Additions	911,895	1,294,455	-	-	2,206,350
Translation adjustment	90,463	66,460	-	-	156,923
Balance, December 31, 2024	\$ 1,327,876	\$ 1,483,256	\$ -	\$ -	\$ 2,811,132
Additions	1,619,280	1,929,175	-	-	3,548,455
Reversal on disposals	(974,101)	(1,893,327)	-	-	(2,867,428)
Translation adjustment	(69,186)	(96,292)	-	-	(165,478)
Balance, December 31, 2025	\$ 1,903,869	\$ 1,422,812	\$ -	\$ -	\$ 3,326,681
Carrying amount					
Balance, December 31, 2023	\$ 2,725,749	\$ 657,993	\$ 539,862	\$ 136,658	\$ 4,060,262
Balance, December 31, 2024	\$ 3,917,188	\$ 3,343,222	\$ -	\$ 148,674	\$ 7,409,084
Balance, December 31, 2025	\$ 4,437,134	\$ 1,539,995	\$ 82,850	\$ 141,617	\$ 6,201,596

The Company sold infrastructure and mining equipment that are close to the end of their useful lives and realized a gain on sale of \$54,360 classified as other income in the consolidated statement of income or loss and comprehensive income or loss.

Cathdra Bitcoin Inc.**Notes to Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Expressed in Canadian dollars, unless otherwise noted)***10. Right-of-Use Assets and Lease Liabilities**

On March 1, 2023, and July 26, 2023, the Company entered into two agreements to lease building property in Kentucky state. The building properties are used by the Company to provide hosting services to arms-length bitcoin mining customers. The leases have an initial term of 10 years and 6 years, respectively, and the Company will make lease payments of US\$10,000 and US\$1,000 per month, respectively. The Company used 20%, its estimated incremental borrowing rate, to calculate the present value of the lease payments on initial measurement.

On July 23, 2024, as part of the business combination with Cathdra (Note 2), the Company acquired right-of-use (ROU) assets and lease liabilities comprising two building property lease agreements (the "CBIT leases") with remaining lease terms of 10 and 18 months. The Company will make lease payments on the CBIT leases of US\$103,680 and US\$11,200 per month, respectively.

Effective August 1, 2024, the Company and the lessor amended one of the CBIT leases, changing the monthly payments from US\$103,680 to an amount based on electricity consumption, which effectively remained fixed. The lease term was extended by five months, making the new end date August 31, 2025; after this, the lease converted to a month-to-month agreement. As a result of the lease amendments, the Company re-measured its lease liability using interest an interest rate of 20%, the Company's estimated incremental borrowing rate at the time of re-measurement, and a corresponding increase to right-of-use asset.

In July 2025, the Company entered into a new agreement to lease the property located in Franklin, Kentucky. The lease expires on July 31, 2035. The ROU asset and corresponding lease liability were measured using an interest rate of 20%, the Company's estimated incremental borrowing rate, to calculate the present value of the lease payments on initial measurement.

Right-of-use assets	Building Properties	
Cost		
Balance, December 31, 2023	\$	737,903
Additions from business combination (Note 2)		1,510,745
Re-measurement of right-of-use asset		235,663
Translation adjustment		143,656
Balance, December 31, 2024	\$	2,627,967
Additions		705,542
Translation adjustment		(121,067)
Balance, December 31, 2025	\$	3,212,442
Accumulated Depreciation		
Balance, January 1, 2024	\$	61,203
Depreciation charge in the year		821,529
Translation adjustment		39,372
Balance, December 31, 2024	\$	922,104
Depreciation charge in the year		1,136,271
Translation adjustment		(65,103)
Balance, December 31, 2025	\$	1,993,272
Carrying value		
Balance, December 31, 2024	\$	1,705,863
Balance, December 31, 2025	\$	1,219,170

Cathdra Bitcoin Inc.**Notes to Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Expressed in Canadian dollars, unless otherwise noted)*

The Company is committed to minimum lease payments as follows:

	December 31, 2025	December 31, 2024
Maturity analysis - contractual undiscounted cash flows		
Less than one year	\$ 345,391	\$ 1,347,386
One to five years	1,358,265	752,545
More than five years	1,096,480	532,393
Total undiscounted lease liabilities	\$ 2,800,136	\$ 2,632,324
Lease liabilities		
Current	\$ 80,053	\$ 1,132,305
Non-current	\$ 1,282,012	\$ 695,617

During the year ended December 31, 2025, the Company recognized total interest expense of \$268,698 (2024 - \$274,284) in connection with its lease liabilities.

11. Assets Classified as Held for Sale and Discontinued Operation

The Company formed T Tech in November 2023, initially holding a 100% interest. On January 10, 2024, it reorganized and gave up 75% interest in exchange for contribution promises.

Subsequently the Company together with other members of T Tech decided to sell T Tech. The Board of Managers, consisting of Cathdra Bitcoin Inc.'s majority shareholders, approved the sale and assets before the year ended December 31, 2024. Accordingly, the assets and liabilities directly associated with those assets were classified as held for sale.

The major classes of assets classified as held for sales and liabilities directly associated with the assets classified as held for sale as at December 31, 2024 are as follows:

Assets		
Cash and cash equivalents		85,209
Digital currencies		1,358,212
Trade receivables		3,381,400
Prepaid expenses		310,802
Property and equipment		16,560,053
Deposits		9,432,076
	\$	31,127,752
Liabilities		
Trade payables and accrued liabilities	\$	3,029,087
Due to related parties		5,616,772
Contract liabilities		1,668,665
Customer liabilities		4,191,834
	\$	14,506,358
Net assets directly associated with assets classified as held for sale	\$	16,621,394

The results of T Tech's operations for the years ended December 31, 2025 and 2024 are as follows:

Year ended:	December 31, 2025	December 31, 2024
Revenues	\$ 1,318,623	\$ 11,531,580
Cost of revenues	1,963,286	12,213,498
Operating expenses	121,411	41,863
Operating loss	\$ 766,074	\$ 723,781
Other income (expense)	(118,590)	(95,495)
Exchange differences on translation of foreign operations reclassified to profit or loss	1,175,085	-
Income/(loss) before tax from discontinued operation	\$ 290,421	\$ (819,276)
Tax expense	-	-
Profit/(loss) from discontinued operation	\$ 290,421	\$ (819,276)

The net cash flow generated by T Tech for the years ended December 31, 2025 and 2024 are as follows:

Year ended:	December 31, 2025	December 31, 2024
Operating	(884,664)	(7,789,748)
Investing	-	(7,161,729)
Financing	-	15,059,044
Effect of foreign exchange rate fluctuation	-	(28,176)
Net cash inflow/(outflow)	\$ (884,664)	\$ 79,391

The Company received full consideration from the sale of T Tech during the year ended December 31, 2025. The Company fulfilled all conditions of the sale in September 2025 and recognized a gain on disposal of subsidiary of \$167,365 upon closing of the sale. T Tech was de-consolidated effective March 1, 2025 subsequent to receipt of the first tranche of the consideration and takeover by the buyer, accordingly assets classified as held for sale, liabilities directly associated with those assets and non-controlling interest were de-recognized.

12. Investments

Initial valuation of investments is based on the acquisition cost, which approximates the fair value. Subsequent valuations reflect asset appraisals, as well as market transaction data, such as financing rounds. The Company's holdings in private companies are generally valued utilizing net asset values. As of December 31, 2025 and 2024, Cathedra held the following investments without exercise of significant influence over them:

Low Time Preference Fund II, LLC

On November 12, 2021, Cathedra subscribed for limited liability company interests in Low Time Preference Fund II, LLC, for a total value of \$312,925 (US\$250,000). As of December 31, 2025, the fair value of this investment is \$403,768 (December 31, 2024 - \$404,327) with unrealized gain of \$19,583 (2024 - unrealized loss of \$14,321) recognized in the consolidated statement of income or loss.

Silvermoon Inc.

On May 5, 2022, Cathedra received 35,000,000 common shares of Silvermoon Inc. ("Silvermoon") as part a non-arm's length share exchange agreement for giving up a 100% ownership in The Good Shepherd Land and Livestock Company Limited, a UK based legal entity. Cathedra held 35,000,000 common shares as of July 23, 2024, and December 31, 2024 and 2025, which represents approximately 21.6% of the issued and outstanding common shares of Silvermoon. The Company exercised no significant influence as of July 23, 2024, and December 31, 2024 and 2025, therefore the investment is classified and accounted for at FVTPL. The fair value of Silvermoon was primarily driven by the underlying 4.25 acres of land in South West United Kingdom which includes 4 dairy buildings which was fair valued based on a third party appraiser who prepared a summary of comparable properties.

As of December 31, 2025, the fair value of this investment is \$612,890 (December 31, 2024 - \$512,156) with unrealized gain of \$100,734 (2024 - \$nil) recognized in the consolidated statement of income or loss.

13. Trade Payables and Accrued Liabilities

	December 31, 2025	December 31, 2024
Trade payables	\$ 1,232,380	\$ 889,736
Accrued liabilities	1,427,600	1,588,476
Total trade payables and accrued liabilities	\$ 2,659,980	\$ 2,478,212

14. Loans and borrowings

Convertible loan

In connection with the closing of business combination, the Company amended the conversion price of 3.5% senior secured convertible debentures of the Company due November 11, 2025, originally issued to the debenture holder on November 11, 2021 (the "Debentures"), from \$23.40 to \$4.50. The aggregate principal amount of the Debentures was \$5,733,728 as of December 31, 2024.

The Company applied a debt modification accounting for the change in terms in accordance with IFRS 9, *Financial Instruments*. The market rate of 18.5% was used to estimate a liability component of the convertible loan.

Liability Component

Balance, December 31, 2023	\$ -
Recognized in business combination (Note 2)	4,827,945
Accretion (i)	306,176
Balance, December 31, 2024	\$ 5,134,121

(i) Accretion expense is included in net finance costs in the consolidated statement of income or loss.

Equity Component

The equity component of convertible loan of \$577,210 was recognized in the business combination (Note 2).

On March 19, 2025, the Company restructured its outstanding debt whereby the convertible loan's principal amount was extinguished through repayment of the outstanding principal with \$4,586,982 plus accrued interest. In addition, the holder of the convertible loan agreed to surrender 363,233 SV share purchase warrants of the Company for cancellation. The balance as of December 31, 2025 and the change for the year then ended is as follows:

Balance, December 31, 2024	\$ 5,134,121
Accretion	190,869
Repayment of interest	(44,596)
Repayment of principal	(4,586,983)
Gain from debt settlement	(693,411)
Balance, December 31, 2025	\$ -

Term loan

Concurrently, the Company entered into a new term loan of US\$2,494,693 (\$3,589,364 equivalent) to partially repay the outstanding principal amount of the convertible loan. The loan is secured by approximately 50 of the Company's bitcoin, carries interest at a rate of 13% per annum, payable monthly; and is interest-only until maturity on March 18, 2026. The Company prepaid this loan in full in July 2025.

Cathedra Bitcoin Inc.**Notes to Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Expressed in Canadian dollars, unless otherwise noted)*

Balance, December 31, 2024	\$	-
Proceeds, net of deferred finance cost		3,564,168
Amortization of deferred financing cost		53,143
Repayment		(3,483,199)
Translation adjustment		(134,112)
Balance, December 31, 2025	\$	-

At inception, the Company recognized deferred financing cost of \$54,277, which was fully amortized over term of the loan. The Company paid \$200,856 in term loan interest.

15. Share Capital

On July 22, 2024, in connection with the business combination the Company altered the articles of the corporation, which was approved by the Company's shareholders at its annual and special meeting of shareholders:

- a. Changed the name of its common shares to "subordinate voting shares" (SV shares);
- b. Created a new class of multiple voting shares (MV shares) convertible into 100 subordinate voting shares;
- c. Added special rights and restrictions to the subordinate voting shares and the multiple voting shares, pursuant to which, among other things, the holders of the multiple voting shares are entitled to 1.52 votes per multiple voting share held. On an "as converted" basis, assuming the conversion of the multiple voting shares to subordinate voting shares, the holders of multiple voting shares will have 1.52 votes per subordinate voting share compared to 1 vote per subordinate voting share by the holders of the subordinate voting shares.

Authorized

Unlimited number of subordinate voting shares without par value. Each subordinate voting share entitles the holder to one vote.

Unlimited number of multiple voting shares without par value. Each multiple voting share is convertible into 100 subordinate voting shares and entitles the holder to 1.52 votes.

The consolidated financial statements for the years ended December 31, 2025 and 2024 incorporate the 30-to-1 share consolidation, which became effective on October 16, 2025. All shares and per share amounts have been restated to reflect the share consolidation retrospectively.

Issued and Outstanding

- On February 7, 2025, the Company issued 3,248 SV shares for vested RSUs.
- On July 31, 2025, the Company issued 135,690 SV shares for vested RSUs.
- On December 2, 2025, the Company completed a non-brokered private placement of an aggregate of 430,000 units of the Company at a price of \$1.25 per unit for aggregate gross proceeds of \$537,500. Each unit consists of one SV share and one SV share purchase warrant, with each entitling the holder thereof to acquire one additional SV share at an exercise price of \$1.88 per share for a period of two years following the closing date of the private placement.
- Upon the closing of the business combination on July 23, 2024, 7,917,119 SV shares and 208,446 MV shares were issued and outstanding.
- On August 7, 2024, the Company issued 19,356 SV shares to its employees from exercising of vested RSUs.
- On October 16, 2024, the Company issued 31,489 SV shares from exercising of vested RSUs.

Post-merger share capital

Multiple voting shares (MV shares)	No.	Amount (\$)
Kungsleden's common shares on the acquisition date	33,333	1,278
Share exchange ratio (Note 2)	6.253429078	-
MV shares issued in exchange for Kungsleden's common shares	208,446	21,576,955
Balance, December 31, 2024 and 2025	208,446	21,578,233
Subordinate voting shares (SV shares)	No.	Amount (\$)
Cathedra's common shares on the acquisition date	7,917,119	-
Exchange ratio	1.00	-
SV shares of the Resulting Issuer	7,917,119	-
Issued on RSU exercise	50,845	138,521
Balance, December 31, 2024	7,967,964	138,521
Issued on RSU exercise	138,938	416,287
Issued in connection to the non-brokered private placement	430,000	516,107
Subscriptions receivables (a)		(150,000)
Balance, December 31, 2025	8,536,902	920,915

	December 31, 2025	December 31, 2024
An equivalent number of SV shares based on an a 'if converted' basis (convertible from MV shares)	20,844,600	20,844,600
SV shares outstanding	8,536,902	7,967,964
The total SV shares, including SV shares on an a 'if converted' basis	29,381,502	28,812,564

(a) The Company collected the entire \$150,000 subscriptions subsequent to year-end date.

16. Reserves

Replacement Awards in Business Combination

The stock options were fair valued using the Black Scholes option pricing model. The weighted average inputs used in the Black Scholes model were as follows:

Share price on business combination date	\$	3.00
Exercise price	\$	15.00
Risk-free interest rate		3.60%
Expected annualized share volatility		130.00%
Expected dividend yield		0.00%
Expected life (years)		1.95
Fair value of stock option	\$	0.90

The share purchase warrants were fair valued using the Black Scholes option pricing model. The weighted average inputs used in the Black Scholes model were as follows:

Share price on business combination date	\$	3.00
Exercise price	\$	28.20
Risk-free interest rate		3.58%
Expected annualized share volatility		130.00%
Expected dividend yield		0.00%
Expected life (years)		1.97
Fair value of share purchase warrant	\$	0.90

The restricted share units were valued using the fair value of SV share of the Company on the issuance date.

Restricted Share Units (RSU)

On July 22, 2024, the Company implemented a long-term equity incentive plan ("LTIP"), comprising a rolling option plan covering up to 10% of the issued and outstanding SV shares, as well as a fixed plan for up to 2,875,139 SV shares designated as RSUs. Subsequently, the fixed allocation of SV shares reserved for RSUs was increased to 2,895,166 SV shares following approval by the shareholders at the annual general meeting held on December 12, 2025.

For the year ended December 31, 2025, the Company recognized share-based compensation of \$728,880 (2024 - \$217,966).

A summary of changes in restricted share units outstanding for the years ended December 31, 2025 and 2024 follows:

Balance, December 31, 2023	-
Granted as replacement for Cathdra's RSUs	57,228
Granted (a)	271,380
Cancelled/Forfeited (b)	(3,133)
Exercised	(50,846)
Balance, December 31, 2024	274,629
Granted (c)	2,672,584
Cancelled/Forfeited	(45,230)
Exercised	(138,938)
Balance, December 31, 2025	2,763,045

(a) *1/3 of RSUs to vest annually until July 23, 2027*

(b) *To settle withholding tax obligations due to the issuance of SV shares to its employees*

(c) *The Company granted RSUs as follows:*

- On September 29, 2025, the Company granted 1,447,584 RSUs to the employee of the Company. The award vests in three equal annual installments on each of the first, second, and third anniversaries of the grant date, subject to accelerated vesting upon a Change of Control.
- On December 2, 2025, the Company granted 445,000 RSUs to directors, officers and consultants of the Company, 210,000 of which vest on the first anniversary of the grant date and the remainder of RSUs vest as follows: One-third vests on the first anniversary of the grant date, with the remaining balance vesting in eight equal quarterly installments on each of March 2, June 2, September 2, and December 2 until fully vested.
- On December 16, 2025, the Company granted 780,000 RSUs to directors, officers and consultant of the Company with the following vesting terms: One-third vests on the first anniversary of the grant date, with the remaining balance vesting in eight equal quarterly installments on each of March 16, June 16, September 16, and December 16 until fully vested.

Stock Options

A summary of changes in stock options follows:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2023	-	-
Granted as replacement for Cathdra's stock options	120,175	15.00
Expired	(3,333)	15.30
Balance, December 31, 2024	116,842	15.00
Granted (a)	615,873	1.44
Cancelled	(7,922)	14.33
Balance, December 31, 2025	724,793	13.42

Cathedra Bitcoin Inc.**Notes to Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Expressed in Canadian dollars, unless otherwise noted)*

(a) The Company granted stock options as follows:

- On February 1, 2025, the Company granted 15,873 stock options to the newly hired employee. All the stock options vest on 12-month anniversary from the grant date.
- On December 2, 2025, the Company granted 600,000 stock options to a consultant and directors of the Company, 100,000 of which vest immediately and the remainder of stock options vest as follows: One-third vests on the first anniversary of the grant date, with the remaining balance vesting in eight equal quarterly installments on each of March 2, June 2, September 2, and December 2 until fully vested.

The stock options outstanding and exercisable as of December 31, 2025, are as follows:

Exercise price (\$)	Number of stock options outstanding	Weighted average remaining life
1.42	600,000	4.92
2.25	15,873	4.09
3.90	333	1.82
10.50	2,961	1.38
12.30	2,961	1.03
14.55	8,333	0.65
14.70	66,666	0.67
15.00	1,000	2.14
16.80	21,666	0.73
18.00	5,000	2.14
Outstanding	724,793	4.28
Exercisable	208,920	2.77

The weighted average exercise price of options outstanding and exercisable as of December 31, 2025, is \$8.52 (2024 - \$15.00)

For the year ended December 31, 2025, the Company recognized share-based compensation from stock options of \$166,302 (2024 - \$nil).

The granted stock options were fair valued using the Black Scholes option pricing model. The weighted average inputs used in the Black Scholes model were as follows:

Share price	\$	1.44
Exercise price	\$	1.44
Risk-free interest rate		2.63%
Expected annualized share volatility		121.57%
Expected dividend yield		0.00%
Expected life (years)		3.97
Fair value of stock option	\$	1.13

Warrants

During the year ended December 31, 2024, the Company repriced 1,227,320 SV share warrants and included a mandatory acceleration provision if the SV share closing price exceeds the SV share price of \$4.50 continuously for 10 days. As a result of the warrant repricing, the Company recorded a financing fee of \$1,299,106, which is included in net finance costs in the consolidated statement of income and comprehensive income. The following weighted average inputs were used in the Black Scholes option-pricing model:

Cathedra Bitcoin Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian dollars, unless otherwise noted)

	Weighted average
Grant date share price	3.00
Exercise price	3.60
Expected life (years)	1.96
Volatility	109.49%
Dividend yield	0%
Risk free rate	2.91%

A summary of changes in warrants outstanding for the years ended December 31, 2025 and 2024 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2023	-	-
Issued as replacement for Cathedra's warrants	1,704,820	28.20
Balance, December 31, 2024	1,704,820	11.10
Issued (Note 15)	430,000	1.88
Cancelled (a)(b)	(836,733)	3.60
Balance, December 31, 2025	1,298,087	12.90

(a) In March 2025, the holder of the convertible debenture agreed to surrender 363,233 pursuant to the terms of the debt settlement agreement, see additional details in Note 14.

(b) In May 2025, the Company purchased for cancellation an aggregate of 473,500 subordinate voting share purchase warrants for an aggregate amount of US\$75,002 (\$103,430). The warrants had an exercise price of \$3.60.

The warrants outstanding as of December 31, 2025 and 2024 are as follows:

December 31, 2025			December 31, 2024		
Exercise price (\$)	Number of warrants outstanding	Weighted average remaining life	Number of warrants outstanding	Weighted average remaining life	
1.88	430,000	1.92	-	-	
3.60	390,588	0.34	1,227,320	1.70	
16.20	89,582	1.38	89,582	2.38	
18.90	29,589	0.23	29,589	1.23	
23.70	89,582	1.38	89,582	2.38	
31.20	89,582	1.38	89,582	2.38	
38.70	89,582	1.38	89,582	2.38	
46.20	89,582	1.38	89,582	2.38	
12.90	1,298,087	1.22	1,704,819	1.87	

17. Contributed Surplus

During the year ended December 31, 2025, the Company's shareholders agreed to forgive \$813,016 of shareholder debt, which was recognized as a capital contribution within contributed surplus in the consolidated statement of financial position.

Cathedra Bitcoin Inc.**Notes to Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Expressed in Canadian dollars, unless otherwise noted)***18. Related Party Transactions and Balances***Key Management Compensation*

Key management personnel include those persons with authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of the Company's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Operating Officer and President ("COO"), Chief Fields Operation and Manufacturing Officer ("CMO"), Chief Technology Officer ("CTO"), Chief Administration Officer ("CAO") and Directors of the Company. CMO and CTO departed the Company in January 2025 and April 2025, respectively. Former CEO and COO of the Company departed in July 2025, the new CEO was appointed immediately after the departure of the former CEO.

The remuneration of directors and other members of key management personnel during the years ended December 31, 2025 and 2024 are as follows:

For the year ended:	December 31, 2025	December 31, 2024
Director fees	\$ 326,178	\$ 129,001
Management, consulting and professional fees	2,145,369	225,079
Transaction costs	-	341,841
Share-based payments	777,716	217,966
Salaries and wages	767,365	213,718
Total	\$ 4,016,628	\$ 1,127,605

As of December 31, 2025, the Company has a total due to related parties balance of \$1,109,675 (December 31, 2024 - \$672,411) to directors and management of the Company. During the year ended December 31, 2025, the shareholders of the Company forgave a debt of \$813,016, see the additional information in Note 17. The Company has a total due from related parties balance of \$19,792 (December 31, 2024 - \$nil) from management of the Company, arising from short-term advances and reimbursable expenses incurred in the ordinary course of business; and is expected to be settled in the near term. The balances are unsecured, due on demand and bear no interest.

19. Income Taxes

A reconciliation of the expected current income tax expense/(recovery) is as follows:

Year ended:	December 31, 2025	December 31, 2024
Income/(loss) from before income taxes	\$ (9,686,973)	\$ 427,942
Statutory tax rate	26.7%	27.0%
Expected income tax expense (recovery)	(2,589,775)	115,544
Change in statutory, foreign tax, foreign exchange rates and other	20,723	-
Permanent difference	1,451,449	197,285
Utilization of non-capital losses	(288,404)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	217,537	-
Change in deferred tax benefits not recognized	1,188,470	200,501
Current income tax expense (recovery)	\$ -	\$ 513,330

The approximate tax effect of each item that gives rise to the Company's deferred tax assets as at December 31, 2025 and 2024 are as follows:

Year ended:	December 31, 2025	December 31, 2024
Deferred income tax assets		
Non-capital losses	\$ 11,215,729	\$ 11,462,004
Property and equipment	887,292	866,275
Other	287,678	139,214
Total	\$ 12,390,699	\$ 12,467,493
Allowance	(12,390,699)	(12,467,493)
Net deferred income tax assets	\$ -	\$ -

The Company has the following deductible temporary differences that have been recognized:

Year ended:	December 31, 2025	Expiry date range	December 31, 2024	Expiry date range
Non-capital losses:				
Canada	\$ 10,767,059	2038 to 2045	\$ 9,470,086	2038 to 2024
USA	\$ 32,474,299	No expiry	\$ 32,981,781	No expiry

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

20. Financial Instruments and Risk Management

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and commodity price risk.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instruments that represent a potential concentration of credit risk consist primarily of cash, digital currencies, deposits, trade and other receivables. Under certain of our hosting agreements, we are obligated to pay security deposits to the hosting provider at the beginning of the term. If one or more of our hosting providers suffers an adverse credit event, we may be unable to recover part or all of the outstanding deposits. We limit our exposure to credit loss by holding our cash with reputable, well-capitalized financial institutions and performing careful due diligence on potential hosting partners prior to entering into a binding agreement which would require us to pay a security deposit. The carrying amount of financial assets represents the maximum credit exposure for each.

The carrying amount of financial and digital assets represents the maximum credit exposure.

	December 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 1,083,973	\$ 101,367
Digital currencies	584,139	6,456,425
Trade receivables	932,524	1,448,900
Deposits	2,387,496	2,621,716
	\$ 4,988,132	\$ 10,628,408

We believe the Company has no significant credit risk other than what is disclosed herein.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations. We manage our liquidity risk by ensuring that we have enough cash to meet our near-term financial liabilities at all times. As at December 31, 2025, we had a working capital deficit of \$2,213,630 (2024 - working capital of \$14,997,845).

Cash flows related to trade payables and accrued liabilities, customer liabilities and convertible loan included below may occur at different times or amounts. A maturity analysis of our outstanding obligations relating to continuing operations of December 31, 2025 is as follows:

	Undiscounted Contractual Cash Flows				
	Total carrying amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
As at December 31, 2025	\$	\$	\$	\$	\$
Trade payables and accrued liabilities	2,659,980	2,659,980	2,659,980	-	-
Due to related parties	1,109,675	1,109,675	1,109,675	-	-
Contract liabilities	791,671	791,671	791,671	-	-
Customer liabilities	2,044,454	2,044,454	2,044,454	-	-
Lease liabilities	1,362,065	2,800,136	345,391	1,358,265	1,096,480
Total	7,967,845	9,405,916	6,951,171	1,358,265	1,096,480

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as Bitcoin prices, interest rates, foreign exchange rates and equity prices.

Digital Currency Price Volatility

As of December 31, 2025, we held a digital currency balance in bitcoin and Tether that is subject to market pricing and price volatility. Bitcoin prices are affected by various forces including global supply and demand, interest rates, exchanges rates, inflation or deflation and the political and economic conditions. Further, bitcoin has no underlying backing or contracts to enforce recovery of invested amounts. Our profitability is related to the current and future market price of bitcoin; in addition, we may not be able to liquidate our holdings of bitcoin at our desired price if necessary. Investing in bitcoin is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends. Bitcoin has a limited history, its fair values have historically been volatile, and the value of our bitcoin holdings could decline rapidly. A decline in the market price of bitcoin could negatively impact our future operations. Historical performance of bitcoin is not indicative of its future performance. We recorded a loss on revaluation of digital currencies in the amount of \$nil during the year ended December 31, 2025 (2024 - \$nil).

We do not hedge our bitcoin holdings, but we actively monitor bitcoin pricing, market volatility and our own liquidity needs to determine an appropriate risk mitigation strategy on a continuous basis.

Interest Rate Risk

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to interest rate risk on the variable rate of interest we earn on bank deposits. The interest rate risk on bank deposits is insignificant, as our deposits are all short-term. The coupon on our outstanding convertible debenture is fixed and therefore has limited exposure to changes in interest rates.

Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. We are exposed to currency risk as we have legal entities domiciled in the United States which hold financial assets in US dollars and bitcoin while our functional currency is the Canadian dollar. We do not hedge our exposure to fluctuations in foreign exchange rates.

Cathedra Bitcoin Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars, unless otherwise noted)

If the US dollar had changed against the Canadian dollar by 10% at period end, the Company's net income and comprehensive income would change by approximately \$212,000 (2024 - \$71,000), resulting from the translation of the US dollar denominated financial instruments.

Custody Risk

We hold our digital currencies with a third-party custodian. Our custody strategy is designed to balance security and availability of our bitcoin. We continuously monitor our cash and digital currency holdings with our third-party custodian.

Our current service provider for digital currency custody is an institutional counterparty that is licensed, regulated, and insured. At any time, in excess of 98% of our bitcoin holdings (excluding any bitcoin that is being traded at that time) is held in a cold-storage, multi-signature, segregated trust account that is titled in the name of one of our US subsidiaries. Prior to onboarding with our current custodian, we performed extensive due diligence, examining the new custodian's internal control procedures to ensure security, availability, integrity, and confidentiality of the custodian's information and systems. Our current custodian maintains SOC 1 Type II and SOC 2 Type II compliance, which we review periodically to ensure the custodian maintains a secure technology infrastructure and that its systems are designed and operating effectively.

Loss of Access Risk

The loss of access to the private keys associated with our digital currency holdings may be irreversible and could adversely affect an investment. An amount of digital currency is spendable only by whoever possesses the private key associated with the address on which the digital currency is held. To the extent a private key is lost, destroyed, or otherwise compromised, and no backup is accessible, we may be unable to access the associated digital currency. As of December 31, 2025, 4.72 bitcoin equivalent to \$565,919 (December 31, 2024 - 48.10 bitcoin equivalent to \$6,454,983) and 13,313.03 tether equivalent to \$18,220 (December 31, 2024 - 1,002.13 equivalent to \$1,442) are held with our third-party custodian in our name.

Fair Value Hierarchy

We apply the following fair value hierarchy for financial instruments that are carried at fair value. The hierarchy prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels.

The three levels are defined as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

We hold investments in private companies that are classified as FVTPL and is recorded at fair value using unobservable inputs; it is therefore classified as level 3 within the fair value hierarchy. The net asset value of the private company is used to adjust the investment to fair value.

The carrying value of our trade receivables, due to and from related parties, trade payables and accrued liabilities, deposits, and convertible loan approximates fair value because of the relatively short periods to maturity of these instruments and the low credit risk.

21. Capital Management

Our objective when managing capital is to provide attractive risk-adjusted returns to shareholders while accounting for liquidity needs.

We include equity, comprised of share capital and deficit, in the definition of capital.

Cathedra Bitcoin Inc.**Notes to Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Expressed in Canadian dollars, unless otherwise noted)*

Our primary objective with respect to capital management is to ensure that we have sufficient cash resources to fund our ongoing operations and to pursue potential growth opportunities. To secure the additional capital necessary to pursue certain plans, we may attempt to raise additional funds through the issuance of securities.

We monitor capital on the basis of maintaining sufficient liquidity to satisfy our financial obligations.

22. Supplemental Cash Flow Information

Non-cash transactions for the years ended December 31, 2025, and 2024 are as follows:

For the year ended December 31:		2025		2024
Right-of-use asset and lease liability recognized at inception	\$	705,542	\$	-
Property and equipment additions in trade payables and accrued liabilities		420,926		-
Subordinate voting shares issued on vesting of RSUs		416,287		138,521
Property and equipment contribution by the shareholder		-		724,579
Property and equipment classified as held for sale		-		546,229

23. Segment Reporting

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Company uses the management approach to determine reportable operating segments. The management approach considers the internal organization and reporting used by the Company's chief operating decision maker ("CODM"), for making decisions, allocating resources and assessing performance.

Based on the management's assessment, the Company determined that it has the following operating segments:

December 31, 2025	Bitcoin Mining (\$)	Hosting (\$)	Corporate (\$)	Total (\$)
Revenues	8,775,024	12,419,387	-	21,194,411
Cost of revenues	6,141,121	14,689,358	-	20,830,479
Net income/(loss)	(5,334,679)	821,746	(5,174,040)	(9,686,973)
Non-current assets	16,069,674	10,365,623	890,753	27,326,050

December 31, 2024	Bitcoin Mining (\$)	Hosting (\$)	Corporate (\$)	Total (\$)
Revenues	3,851,629	19,292,094	-	23,143,723
Cost of revenues	3,443,479	15,827,153	-	19,270,632
Net income/(loss)	(235,577)	1,284,585	(1,134,396)	(85,388)
Non-current assets	21,895,127	7,430,387	916,483	30,241,997

24. Events After Reporting Period

On March 5, 2026, the Company and Sphere 3D Corp. ("Sphere") entered into a definitive agreement to combine in an all-stock transaction. Under the terms of the definitive arrangement agreement Sphere 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 Sphere. Upon completion of the Transaction, Cathedra security holders will receive common shares of Sphere (the "Sphere Common Shares") and/or securities exercisable or convertible into Sphere Common Shares totalling approximately 49% of the issued and outstanding share capital of Sphere immediately following closing on a partially diluted basis.



Cathedral Bitcoin Inc.

Condensed Consolidated Interim Financial Statements

For the three months ended Mar 31, 2026 and 2025

(expressed in Canadian dollars, unless otherwise noted)

Cathedra Bitcoin Inc.
Condensed Consolidated Interim Statements of Financial Position
As at March 31, 2026 and December 31, 2025
(Expressed in Canadian dollars, unless otherwise noted)

As at:	Notes	March 31, 2026 (unaudited)	December 31, 2025 (audited)
ASSETS			
Current assets			
Cash and cash equivalents		\$ 326,101	\$ 1,083,973
Digital currencies	4	381,107	584,139
Trade and other receivables		1,197,189	932,524
Due from related parties	15	44,594	19,792
Prepaid expenses	5	1,346,765	1,741,537
Deposits	6	-	92,104
Other assets		387,383	383,873
Total current assets		\$ 3,683,139	\$ 4,837,942
Non-current assets			
Deposits	6	2,334,413	2,295,392
Other non-current assets		893,851	919,700
Property and equipment	7	5,989,530	6,201,596
Right-of-use assets	8	1,201,300	1,219,170
Investments	10	1,116,006	1,016,658
Goodwill		15,673,534	15,673,534
Total assets		\$ 30,891,773	\$ 32,163,992
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	11	3,070,831	2,659,980
Due to related parties	15	1,146,368	1,109,675
Income tax payable		246,998	334,900
Contract liabilities		543,751	791,671
Customer liabilities		2,937,515	2,044,454
Decommissioning liability		-	30,839
Current portion of lease liabilities	8	85,553	80,053
Total current liabilities		\$ 8,031,016	\$ 7,051,572
Non-current liabilities			
Lease liabilities	8	1,280,774	1,282,012
Total liabilities		\$ 9,311,790	\$ 8,333,584
EQUITY			
Share capital	13	22,649,148	22,499,148
Reserves	14	4,605,982	3,910,445
Contributed surplus		813,016	813,016
Accumulated other comprehensive income		2,855,447	3,544,813
Deficit		(9,343,610)	(6,937,014)
Total shareholders' equity		\$ 21,579,983	\$ 23,830,408
Total liabilities and equity		\$ 30,891,773	\$ 32,163,992

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Nature of operations (Note 1)
Segment reporting (Note 19)
Events after reporting period (Note 20)

Approved by the Board of Directors and authorized for issue on May 28, 2026:

"Joel Block" Director

"David Jaques" Director

Cathedra Bitcoin Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three months ended March 31, 2026 and 2025

(Expressed in Canadian dollars, unless otherwise noted)

For the three months ended:	Note	March 31, 2026 (unaudited)	March 31, 2025 (unaudited)
Revenues	4	\$ 3,654,149	\$ 6,503,290
Cost of revenues			
Operating costs		(3,545,454)	(4,310,679)
Depreciation	7,8	(485,007)	(1,527,172)
Gross income (loss)		\$ (376,312)	\$ 665,439
Realized gain on sale of digital currencies	4	3,519	156,388
Income (loss) before operating expenses		\$ (372,793)	\$ 821,827
Operating expenses			
Director fees	15	64,126	77,659
Management and consulting fees	15	269,239	361,512
Office and administration		444,378	538,920
Professional fees		1,037,033	344,331
Salaries and wages	15	166,755	89,152
Share-based compensation	14,15	695,537	100,025
Total operating expenses		\$ (2,677,068)	\$ (1,511,599)
Operating loss		\$ (3,049,861)	\$ (689,772)
Other income (expenses)			
Foreign exchange gain (loss)		709,604	(94,517)
Net finance costs	8,12	(67,925)	(297,332)
Transaction costs		-	7,048
Gain on debt settlement	12	-	693,411
Unrealized gain (loss) on investment	10	91,067	(4,383)
Loss from continuing operations before income taxes		\$ (2,317,115)	\$ (385,545)
Current income tax expense		(89,481)	(38,621)
Income from discontinued operation	9	-	290,421
Net loss		\$ (2,406,596)	\$ (133,745)
Other comprehensive loss			
<i>Items that may be reclassified to income or loss</i>			
Exchange differences on translation of foreign operations		(604,115)	(18,100)
Exchange differences on translation of discontinued operation	9	-	(1,875)
<i>Item that will not be reclassified to income or loss:</i>			
Revaluation loss on digital currencies.	4	(85,251)	(924,466)
Total comprehensive loss		\$ (3,095,962)	\$ (1,078,186)
Net loss for the period attributable to:			
Shareholders of the Company		(2,406,596)	(405,209)
Non-controlling interest	9	-	271,464
		(2,406,596)	(133,745)
Total comprehensive loss for the period attributable to:			
Shareholders of the Company		(3,095,962)	(1,347,775)
Non-controlling interest	9	-	269,589
		(3,095,962)	(1,078,186)
Basic and diluted loss per share		\$ (0.08)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted		29,381,662	29,063,423

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Cathedra Bitcoin Inc.
Condensed Consolidated Interim Statements of Changes in Equity

For the three months ended March 31, 2026 and 2025

(Expressed in Canadian dollars, unless otherwise noted)

	Share capital	Reserves	Contributed surplus	Accumulated other comprehensive income/(loss)	Retained earnings (deficit)	Shareholders' equity	Non-controlling interest	Total equity
Balance - December 31, 2024	\$ 21,716,754	\$ 3,534,980	\$ -	\$ 5,559	\$ 3,019,093	\$ 28,276,386	\$ 15,520,786	\$ 43,797,172
De-recognition of non-controlling interest	-	-	-	-	-	-	(14,699,093)	(14,699,093)
Share-based compensation	-	100,025	-	-	-	100,025	-	100,025
Subordinate voting shares issued on RSU vesting	8,852	(8,852)	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	(18,100)	-	(18,100)	(1,875)	(19,975)
Reclassification of foreign exchange differences to statement of profit or loss on disposal	-	-	-	(83,803)	83,803	-	(1,091,282)	(1,091,282)
Unrealized loss from revaluation of digital currencies	-	-	-	(924,466)	-	(924,466)	-	(924,466)
Net income (loss) for the period	-	-	-	-	(405,209)	(405,209)	271,464	(133,745)
Balance - March 31, 2025 (unaudited)	\$ 21,725,606	\$ 3,626,153	\$ -	\$ (1,020,810)	\$ 2,697,687	\$ 27,028,636	\$ -	\$ 27,028,636
Balance - December 31, 2025	\$ 22,499,148	\$ 3,910,445	\$ 813,016	\$ 3,544,813	\$ (6,937,014)	\$ 23,830,408	\$ -	\$ 23,830,408
Share-based compensation	-	695,537	-	-	-	695,537	-	695,537
Subscriptions receivable collected	150,000	-	-	-	-	150,000	-	150,000
Exchange differences on translation of foreign operations	-	-	-	(604,115)	-	(604,115)	-	(604,115)
Unrealized loss from revaluation of digital currencies	-	-	-	(85,251)	-	(85,251)	-	(85,251)
Net income (loss) for the period	-	-	-	-	(2,406,596)	(2,406,596)	-	(2,406,596)
Balance - March 31, 2026 (unaudited)	\$ 22,649,148	\$ 4,605,982	\$ 813,016	\$ 2,855,447	\$ (9,343,610)	\$ 21,579,983	\$ -	\$ 21,579,983

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Business Combination (Note 2)

Share Capital (Note 13)

Reserves (Note 14)

Cathedra Bitcoin Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the three months ended March 31, 2026 and 2025
(Expressed in Canadian dollars, unless otherwise noted)

	March 31, 2026 (unaudited)	March 31, 2025 (unaudited)
For the three months ended:		
OPERATING ACTIVITIES		
Net loss for the period	\$ (2,406,596)	\$ (133,745)
Non-cash items:		
Depreciation	485,007	1,527,172
Share-based compensation	695,537	100,025
Net finance costs	67,925	297,332
Unrealized gain (loss) on investment	(91,067)	4,383
Gain on settlement of debt	-	(693,411)
Foreign exchange	(750,164)	94,517
Changes in non-cash working capital items:		
Digital currencies	(716,632)	(2,575,580)
Trade and other receivables	148,578	(214,273)
Prepaid expenses	412,776	198,286
Deposits	92,177	-
Other assets	2,967	4,696
Trade payables and accrued liabilities	421,124	217,127
Customer liabilities	587,420	(72,683)
Advances from (repayment to) related parties	-	232,357
Other liability	-	(360,685)
Income tax payable	(92,106)	-
Decommissioning liability	(30,863)	-
Net cash used in operating activities	\$ (1,173,917)	\$ (1,374,482)
INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (265,770)	\$ -
Proceeds from sale of property and equipment	13,717	-
Acquisition of business, net of cash and cash equivalents acquired	-	1,435,211
Expenditure on other non-current asset	(215,509)	-
Purchase of digital currencies, net of fees	(44,755)	(29,235)
Proceeds from sale of digital currencies, net of fees	885,212	1,838,820
Net cash generated by investing activities	\$ 372,895	\$ 3,244,796
FINANCING ACTIVITIES		
Payment of lease obligations	\$ (86,417)	\$ (461,566)
Proceeds from term loan	-	3,580,426
Repayment of principal and interest on convertible loan	-	(4,631,579)
Proceeds from share issuance, net of issuance cost	150,000	-
Net cash provided by (used in) financing activities	\$ 63,583	\$ (1,512,719)
Effect of foreign exchange rate fluctuation	(20,433)	96
Increase (decrease) in cash and cash equivalents	\$ (757,872)	\$ 357,691
Cash and cash equivalents, beginning of period	\$ 1,083,973	\$ 101,367
Cash and cash equivalents, end of period	\$ 326,101	\$ 459,058

Supplemental cash flow information (Note 18)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

1. Nature of Operations

Cathedra Bitcoin Inc. ("Cathedra", "we", "our" or the "Company") develops and operates high-density compute infrastructure across North America. We host bitcoin mining clients across a portfolio of four data centers (45 megawatts total) in Tennessee and Kentucky. Cathedra also operates a fleet of proprietary bitcoin mining machines at our own and third-party data centers, producing approximately 400 PH/s of hash rate. We are focused on expanding our portfolio of data center infrastructure for high-density compute applications including bitcoin mining and artificial intelligence. Cathedra is headquartered in Vancouver, British Columbia, and our shares trade on the TSX Venture Exchange (the "TSXV") under the symbol CBIT and on the OTCQB Venture Market under the symbol CBTTF. The Company was incorporated under the Business Corporations Act (Ontario) on July 13, 2011, and our registered and records office is located at 170 - 422 Richards Street, Vancouver, British Columbia, Canada, V6B 2Z4.

These condensed consolidated interim financial statements ("Financial Statements") have been prepared on a going concern basis which contemplates that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the three months ended March 31, 2026, the Company incurred a net loss of \$2,406,596, had negative cash flows from operating activities of \$1,173,917, and as of that date, had a working capital deficiency of \$4,347,877 and a deficit of \$9,343,610. These factors raise substantial doubt about its ability to continue as a going concern. These Financial Statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company has relied on its plan to obtain additional equity and debt financing, in addition to operating cash flow, to fund its operations. Although the Company has been successful in the past in obtaining financing and it believes that will continue to be successful, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on terms that are advantageous to the Company.

2. Business Combination

On July 23, 2024, the Company completed a business combination (the "Kungsleden Merger") with Kungsleden, Inc. ("Kungsleden"), a developer and operator of alternative high-density compute infrastructure.

The Kungsleden Merger was completed according to the terms of a share exchange agreement dated March 6, 2024, as amended on June 18, 2024 (together, the "Share Exchange Agreement"), between Cathedra, Kungsleden and Kungsleden's shareholders (the "Vendors").

Pursuant to the terms of the Share Exchange Agreement, Cathedra acquired all of the outstanding shares of Kungsleden from the Vendors in exchange for 208,446 multiple voting shares of Cathedra (the "Multiple Voting Shares") on the basis of an exchange ratio of one common share of Kungsleden for approximately 6.253429078 Multiple Voting Shares. The 208,446 Multiple Voting Shares issued to the Vendors are convertible into 20,844,600 subordinate voting shares of Cathedra (the "Subordinate Voting Shares"). The Kungsleden Merger resulted in the Vendors owning (on a non-diluted basis) approximately 72.5% of the equity of the Company and existing Cathedra shareholders owning the remaining 27.5% of the equity of the Company. The Vendors hold approximately 80% of the voting rights of Cathedra and existing Cathedra shareholders own the remaining 20%.

The Kungsleden Merger has been accounted for using the acquisition method under IFRS 3, Business Combinations ("IFRS 3"), which requires that one of Cathedra or Kungsleden be determined to be the acquirer for accounting purposes. The Kungsleden Merger has been accounted for as a reverse take-over of Cathedra by Kungsleden. The entities which are party to the Kungsleden Merger meet the definition of a business. These consolidated financial statements reflect the continuance of Kungsleden and the acquisition and assumption of Cathedra's identifiable assets and liabilities, respectively, at fair value.

Kungsleden is deemed to have issued 379,310 common shares in exchange for all of the issued and outstanding shares of Cathedra. The consideration for shares issued is \$22,154,165, including \$577,210 (Note 14) being the convertible loan equity portion, based on Kungsleden's enterprise value of \$93,457,280. The Company issued the following replacement awards: 120,175 stock options, 57,228 restricted share units and 1,704,819 share purchase warrants valued \$1,579,219 exercisable into subordinate voting shares of Cathedra.

	\$
Consideration:	
Deemed share consideration	22,154,165
Replacement awards	1,579,219
Total consideration	23,733,384
Assets acquired:	
Cash and cash equivalents	1,429,575
Digital currencies	4,029,042
Other receivables	136,545
Prepaid expenses	349,593
Deposits	1,643,960
Inventories	954,772
Property and equipment	4,986,820
Right-of-use assets	1,510,745
Investments	913,658
Goodwill	16,845,242
Total assets acquired	32,799,952
Liabilities assumed:	
Trade payables and accrued liabilities	2,637,725
Interest payable	12,543
Decommissioning liability	77,610
Lease liabilities	1,510,745
Convertible loan	4,827,945
Total liabilities assumed	9,066,568
Net assets acquired	23,733,384

Impairment of goodwill

Management conducted an impairment assessment of goodwill as of December 31, 2025. For the purposes of impairment testing, the Company considers its ongoing operations as a single cash-generating unit (CGU) that includes all goodwill, property and equipment, other non-current assets, and right-of-use assets, which collectively contribute to generating cash flows from hosting and mining activities. The discounted cash flow model was utilized to estimate value in use, as there was no readily available market price nor any purchase offer received for the business. As a result of this assessment, an impairment loss of \$1,171,708 was recognized, as the carrying amount of the CGU, including goodwill, exceeded its recoverable amount.

The significant assumptions applied in determination of the value in use amount as at December 31, 2025 were as follows:

- Cash flows: Estimated cash flows were projected based on estimated operating results from internal sources as well as industry and market trends. Estimated cash flows are primarily driven by projected revenues based on existing and projected data center capacity, bitcoin mining machine quantities and models with respective efficiencies and operating costs;

- Terminal value growth rate: The terminal growth rate was based on historical and projected consume price inflation, historical and projected economic indicators, and projected industry growth; and
- Pre-tax discount rate: The pre-tax discount rate is reflective of the CGU's weighted average cost of capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on a direct comparison approach, an unsystematic risk premium, and cost of debt based on corporate bond yields.

The following inputs are subject to significant estimation uncertainty and may materially affect the value in use determination:

- Terminal value growth rate of 2%
- WACC of 35%
- Average bitcoin price over the forecast period of approximately US\$203,000
- Average hash rate over the forecast period of approximately 1,441 EH/s

A sensitivity analysis indicates that varying each input individually or collectively by +/- 5% would result in an insignificant change to the impairment amount recorded.

3. Material Accounting Policy Information

Basis of Preparation

Statement of Compliance

The Interim Financial Statements as at March 31, 2026, and for the three months then ended have been prepared in accordance with International Accounting Standard ("IAS 34") Interim Financial Reporting. The Interim Financial Statements should be read in conjunction with the Company's Audited Financial Statements for the year ended December 31, 2025. Selected explanatory notes are included in the Interim Financial Statements to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last audited financial statements.

These interim financial statements have been prepared on an accrual basis and are based on historical cost basis except for a certain financial instrument which is measured at their fair value.

The Interim Financial Statements of the Company are presented in Canadian dollars unless otherwise indicated, the reporting currency of the Company.

Basis of Consolidation

Subsidiaries

The Financial Statements include the accounts of the Company and its subsidiaries, which are controlled by the Company. Control is achieved when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns.

The financial statements of the subsidiaries are included in these financial statements from the date that control commences until the date that control ceases. All significant inter-company balances and transactions are eliminated on consolidation. The entities contained in the Financial Statements are as follows:

Cathedra Bitcoin Inc.**Notes to Condensed Consolidated Interim Financial Statements**

For the three months ended March 31, 2026 and 2025

(Expressed in Canadian dollars, unless otherwise noted)

Entity Name	Place of Business and Operations	Functional Currency	Equity Percentage
Cathedra Bitcoin Inc. (the "Company") - parent	Canada	CAD	n/a
HPC Holdings LLC ("HPC Holdings")	United States	USD	100% owned by parent
Kungsleden, Inc. ("Kungsleden" or "K Inc.")	United States	USD	100% owned by parent
Buckeye HPC LLC ("Buckeye HPC")	United States	USD	100% owned by HPC Holdings
Sentinel Technology, LLC	United States	USD	100% owned by K Inc.
Churchill Technologies LLC	United States	USD	100% owned by K Inc.
Two Keys Technologies LLC	United States	USD	100% owned by K Inc.
North Campbell HoldCo LLC	United States	USD	100% owned by K Inc.
Buckeye Technologies HoldCo LLC ("Buckeye HoldCo")	United States	USD	100% owned by K Inc.
Buckeye Technologies OpCo LLC ("Buckeye Technologies")	United States	USD	100% owned by Buckeye HoldCo
North Campbell LandCo LLC	United States	USD	100% owned by North Campbell HoldCo LLC
North Campbell HostCo LLC	United States	USD	100% owned by North Campbell HoldCo LLC
Crystal Core LLC	United States	USD	100% owned by K Inc.
Fortress Blockchain Holdings Corp. ("FBHC")	Canada	CAD	100% owned by parent
Fortress Blockchain (US) Holdings Corp. ("FBUS")	United States	USD	100% owned by FBHC
Cathedra Lease Co LLC ("CLC")	United States	USD	100% owned by FBUS

During the year ended December 31, 2025, the Company established HPC Holdings, Buckeye HPC, Buckeye HoldCo, and Buckeye Technologies to facilitate further business expansion and development opportunities.

The Company de-consolidated Tirpitz Technology HoldCo LLC along with its wholly owned subsidiaries Tirpitz Technology LandCo LLC and Tirpitz Technology HostCo LLC (collectively, "T Tech") in March 2025 after losing control, see Note 9 for additional information.

Functional and Presentation Currency

Transactions undertaken in foreign currencies are translated into Canadian dollars at daily exchange rates prevailing when the transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates and non-monetary items are translated at historical exchange rates. Realized and unrealized exchange gains and losses are recognized in the consolidated statements of comprehensive income or loss. The assets and liabilities of foreign operations are translated into Canadian dollars using the period-end exchange rates. Income, expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from the translation of foreign operations into Canadian dollars are recognized in other comprehensive income or loss and accumulated in equity.

Comprehensive Income (Loss)

Total comprehensive income (loss) comprises all components of profit or loss and other comprehensive income (loss). Other comprehensive income (loss) includes gains and losses from translating the financial statements of an entity's whose functional currency differs from the presentation currency and gains from revaluation of digital currencies.

Material Accounting Policies

Material accounting policies applied to these Interim Financial Statements are the same as those applied and disclosed in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2025.

Use of Estimates, Assumptions, and Judgements

Critical accounting estimates, assumptions and judgements applied to these Interim Financial Statements are the same as those applied to the Company's audited consolidated financial statements for the year ended December 31, 2025.

4. Digital Currencies and Revenues

Mining and Profit-Sharing Revenue

Digital currencies are recorded at their fair value on the date they are received as revenues and are revalued to their fair value at each reporting date. Fair value is determined by using the daily price of bitcoin from Coin Metrics.

	BTC Units	Amount (\$)
Bitcoin balance as at December 31, 2024	48.10	6,454,983
Bitcoin earned	61.29	8,775,024
Bitcoin exchanged for cash and services	(77.41)	(11,653,136)
Bitcoin exchanged for other digital currency	(5.63)	(826,640)
Bitcoin pledged as collateral	(50.54)	(5,976,307)
Transfer from restricted digital currencies after loan repayment	28.91	4,680,732
Revaluation loss	-	(822,429)
Unrealized translation adjustment	-	(66,308)
Bitcoin balance as at December 31, 2025	4.72	565,919
Bitcoin earned	7.92	859,574
Bitcoin exchanged for cash and services	(7.99)	(905,935)
Bitcoin exchanged for other digital currency	(1.00)	(92,631)
Revaluation loss	-	(85,251)
Unrealized translation adjustment	-	5,551
Bitcoin balance as at March 31, 2026	3.65	347,227

The Company pledged substantial quantity of its bitcoin as collateral for the term loan during the three months ended March 31, 2025. The restricted bitcoin balances and changes for the year ended December 31, 2025 and three months ended March 31, 2026 are as follows:

	BTC Units	Amount (\$)
Restricted bitcoin balance as at December 31, 2024	-	-
Bitcoin pledged as collateral	50.54	5,976,307
Bitcoin withheld to settle the principal and accrued interest	(21.63)	(3,521,263)
Transfer to digital currencies after loan repayment	(28.91)	(4,680,732)
Revaluation gain	-	2,482,936
Unrealized translation adjustment	-	(257,248)
Restricted bitcoin balance as at December 31, 2025 and March 31, 2026	-	-

The Company used Tether and USD Coin its business operations to receive payments from its customers and make payments to service providers or suppliers. The balances and changes of these digital currencies are shown below:

	Tether Units	Amount (\$)
Tether balance as at December 31, 2024	1,002.13	1,442
Tether received as payment in arrangements with customers	3,648,230.10	5,111,528
Tether exchanged for cash and services	(5,445,988.80)	(7,666,549)
Tether exchanged for other digital currency	597,392.79	826,640
Tether purchased with cash	212,676.81	295,819
Tether received from sale of discontinued operation	1,000,000.00	1,443,800
Revaluation loss	-	(370)
Unrealized translation adjustment	-	5,910
Tether balance as at December 31, 2025	13,313.03	18,220
Tether received as payment in arrangements with customers	25,225.01	34,924
Tether exchanged for cash and services	(82,000.00)	(112,401)
Tether exchanged for other digital currency	67,791.72	92,631
Unrealized translation adjustment	-	506
Tether balance as at March 31, 2026	24,329.76	33,880

	USD Coin Units	Amount (\$)
USD Coin balance as at December 31, 2024	-	-
USD Coin purchased with cash	799,272.58	1,149,993
USD Coin exchanged for cash and services	(799,272.58)	(1,149,993)
USD Coin balance as at December 31, 2025 and March 31, 2026	-	-

Hosting Revenue

During the three months ended March 31, 2026, the Company generated hosting revenue of \$2,794,575 (2025 - \$3,897,584). Two customers exceeded 10% of total hosting revenue of the Company with the following percentages representing their respective shares: 41% and 39% (2025 - two customers accounted for 92% of total hosting revenue of the Company with the following percentages representing their respective shares: 55% and 37%).

The Company receives monthly prepayments and short-term or long-term deposits from various customers according to the terms of hosting arrangements. The monthly prepayments are classified as contract liabilities, and deposits are classified as customer liabilities in the consolidated statements of financial position.

5. Prepaid Expenses

	March 31, 2026	December 31, 2025
General and administrative	\$ 339,091	\$ 401,173
Hosting business utilities	1,007,674	1,340,364
Total prepaid expenses	\$ 1,346,765	\$ 1,741,537

6. Deposits

	March 31, 2026	December 31, 2025
Utility deposits	\$ 2,278,657	\$ 2,240,568
Lease deposits	55,756	146,928
Total deposits	\$ 2,334,413	\$ 2,387,496
Less: current portion of deposits	-	92,104
Non-current portion of deposits	\$ 2,334,413	\$ 2,295,392

7. Property and Equipment

	Infrastructure	Mining equipment	Construction-in-progress	Land	Total
Cost					
Balance, December 31, 2024	\$ 5,245,064	\$ 4,826,478	\$ -	\$ 148,674	\$ 10,220,216
Additions	2,584,379	338,119	84,307	-	3,006,805
Disposals	(1,256,173)	(1,987,306)	-	-	(3,243,479)
Translation adjustment	(232,267)	(214,484)	(1,457)	(7,057)	(455,265)
Balance, December 31, 2025	\$ 6,341,003	\$ 2,962,807	\$ 82,850	\$ 141,617	\$ 9,528,277
Additions	-	-	108,023	-	108,023
Disposals	(13,717)	-	-	-	(13,717)
Translation adjustment	87,072	50,368	3,156	2,408	143,004
Balance, March 31, 2026	\$ 6,414,358	\$ 3,013,175	\$ 194,029	\$ 144,025	\$ 9,765,587
Accumulated depreciation and impairment					
Balance, December 31, 2024	\$ 1,327,876	\$ 1,483,256	\$ -	\$ -	\$ 2,811,132
Additions	1,619,280	1,929,175	-	-	3,548,455
Reversal on disposals	(974,101)	(1,893,327)	-	-	(2,867,428)
Translation adjustment	(69,186)	(96,292)	-	-	(165,478)
Balance, December 31, 2025	\$ 1,903,869	\$ 1,422,812	\$ -	\$ -	\$ 3,326,681
Additions	228,431	173,229	-	-	401,660
Disposals	(13,717)	-	-	-	(13,717)
Translation adjustment	34,440	26,993	-	-	61,433
Balance, March 31, 2026	\$ 2,153,023	\$ 1,623,034	\$ -	\$ -	\$ 3,776,057
Carrying amount					
Balance, December 31, 2025	\$ 4,437,134	\$ 1,539,995	\$ 82,850	\$ 141,617	\$ 6,201,596
Balance, March 31, 2026	\$ 4,261,335	\$ 1,390,141	\$ 194,029	\$ 144,025	\$ 5,989,530

8. Right-of-Use Assets and Lease Liabilities

On March 1, 2023, and July 26, 2023, the Company entered into two agreements to lease building property in Kentucky state. The building properties are used by the Company to provide hosting services to arms-length bitcoin mining customers. The leases have an initial term of 10 years and 6 years, respectively, and the Company will make lease payments of US\$10,000 and US\$1,000 per month, respectively. The Company used 20%, its estimated incremental borrowing rate, to calculate the present value of the lease payments on initial measurement.

On July 23, 2024, as part of the business combination with Cathedra (Note 2), the Company acquired right-of-use (ROU) assets and lease liabilities comprising two building property lease agreements (the "CBIT leases") with remaining lease terms of 10 and 18 months. The Company will make lease payments on the CBIT leases of US\$103,680 and US\$11,200 per month, respectively.

Effective August 1, 2024, the Company and the lessor amended one of the CBIT leases, changing the monthly payments from US\$103,680 to an amount based on electricity consumption, which effectively remained fixed. The lease term was extended by five months, making the new end date August 31, 2025; after this, the lease converted to a month-to-month agreement. As a result of the lease amendments, the Company re-measured its lease liability using interest an interest rate of 20%, the Company's estimated incremental borrowing rate at the time of re-measurement, and a corresponding increase to right-of-use asset.

In July 2025, the Company entered into a new agreement to lease the property located in Franklin, Kentucky. The lease expires on July 31, 2035. The ROU asset and corresponding lease liability were measured using an interest rate of 20%, the Company's estimated incremental borrowing rate, to calculate the present value of the lease payments on initial measurement.

Right-of-use assets	Building Properties	
Cost		
Balance, December 31, 2024	\$	2,627,967
Additions		705,542
Translation adjustment		(121,067)
Balance, December 31, 2025	\$	3,212,442
Additions		-
Translation adjustment		54,611
Balance, March 31, 2026	\$	3,267,053
Accumulated Depreciation		
Balance, December 31, 2024	\$	922,104
Depreciation charge in the year		1,136,271
Translation adjustment		(65,103)
Balance, December 31, 2025	\$	1,993,272
Depreciation charge in the year		37,980
Translation adjustment		34,501
Balance, March 31, 2026	\$	2,065,753
Carrying value		
Balance, December 31, 2025	\$	1,219,170
Balance, March 31, 2026	\$	1,201,300

The Company is committed to minimum lease payments as follows:

	March 31, 2026	December 31, 2025
Maturity analysis - contractual undiscounted cash flows		
Less than one year	\$ 351,263	\$ 345,391
One to five years	1,377,173	1,358,265
More than five years	1,031,486	1,096,480
Total undiscounted lease liabilities	\$ 2,759,922	\$ 2,800,136
Lease liabilities	\$ 1,366,327	\$ 1,362,065
Current	\$ 85,553	\$ 80,053
Non-current	\$ 1,280,774	\$ 1,282,012

During the three months ended March 31, 2026, the Company recognized total interest expense of \$67,852 (2025 - \$78,665) in connection with its lease liabilities.

9. Assets Classified as Held for Sale and Discontinued Operation

The Company formed T Tech in November 2023, initially holding a 100% interest. On January 10, 2024, it reorganized and gave up 75% interest in exchange for contribution promises.

Subsequently the Company together with other members of T Tech decided to sell T Tech. The Board of Managers, consisting of Cathedra Bitcoin Inc.'s majority shareholders, approved the sale and assets before the year ended December 31, 2024. Accordingly, the assets and liabilities directly associated with those assets were classified as held for sale.

The results of T Tech's operations for the three months ended March 31, 2025 is as follows:

Three months ended:	March 31, 2025
Revenues	\$ 1,318,623
Cost of revenues	1,963,286
Operating expenses	121,411
Operating loss	\$ 766,074
Other income (expense)	(118,590)
Exchange differences on translation of foreign operations reclassified to profit or loss	1,175,085
Income/(loss) before tax from discontinued operation	\$ 290,421
Tax expense	-
Income/(loss) from discontinued operation	\$ 290,421

The net cash flows generated by T Tech for the three months ended March 31, 2025 is as follows:

Three months ended:	March 31, 2025
Operating	(884,664)
Investing	-
Financing	-
Effect of foreign exchange rate fluctuation	-
Net cash inflow/(outflow)	\$ (884,664)

10. Investments

Initial valuation of investments is based on the acquisition cost, which approximates the fair value. Subsequent valuations reflect asset appraisals, as well as market transaction data, such as financing rounds. The Company's holdings in private companies are generally valued utilizing net asset values. As of March 31, 2026, Cathedra holds the following investments without exercise of significant influence over them:

Low Time Preference Fund II, LLC

On November 12, 2021, Cathedra subscribed for limited liability company interests in Low Time Preference Fund II, LLC, for a total value of \$312,925 (US\$250,000). As of March 31, 2026, the fair value of this investment is \$503,116 (December 31, 2025 - \$403,768) with unrealized gain of \$91,067 (2025 - \$20,421) recognized in the condensed consolidated interim statement of loss.

Silvermoon Inc.

On May 5, 2022, Cathedra received 35,000,000 common shares of Silvermoon Inc. ("Silvermoon") as part a non-arm's length share exchange agreement for giving up a 100% ownership in The Good Shepherd Land and Livestock Company Limited, a UK based legal entity. Cathedra held 35,000,000 common shares as of March 31, 2025, December 31, 2025 and March 31, 2026, which represents approximately 21.6% of the issued and outstanding common shares of Silvermoon. The Company does not exercise significant influence over investee, therefore the investment is classified and accounted for at FVTPL. As of March 31, 2026, the fair value of this investment is \$612,890 (December 31, 2025 - \$612,890) with unrealized loss of \$nil (2025 - \$24,804) recognized in the condensed consolidated interim statement of loss. The fair value of the investment was determined by reference to the underlying value of assets held by Silvermoon.

11. Trade Payables and Accrued Liabilities

	March 31, 2026	December 31, 2025
Trade payables	\$ 1,200,045	\$ 1,232,380
Accrued liabilities	1,870,786	1,427,600
Total trade payables and accrued liabilities	\$ 3,070,831	\$ 2,659,980

12. Loans and Borrowings

Convertible loan

On March 19, 2025, the Company restructured its outstanding debt whereby the convertible loan's principal amount was extinguished through repayment of the outstanding principal with \$4,586,982 plus accrued interest. In addition, the holder of the convertible loan agreed to surrender 363,233 SV share purchase warrants of the Company for cancellation. The balance as of March 31, 2026 and the change for the three months then ended is as follows:

Balance, December 31, 2024	\$ 5,134,121
Accretion	190,869
Repayment of interest	(44,596)
Repayment of principal	(4,586,983)
Gain from debt settlement	(693,411)
Balance, December 31, 2025 and March 31, 2026	\$ -

Term loan

Concurrently, the Company entered into a new loan of US\$2,494,693 (\$3,589,364 equivalent) to partially repay the outstanding principal amount of the convertible loan. The loan is secured by approximately 50 of the Company's bitcoin, carries interest at a rate of 13% per annum, payable monthly; and is interest-only until maturity on March 18, 2026.

Balance, December 31, 2024	\$ -
Proceeds, net of deferred finance cost	3,564,168
Amortization of deferred financing cost	53,143
Repayment	(3,483,199)
Translation adjustment	(134,112)
Balance, December 31, 2025 and March 31, 2026	\$ -

At inception, the Company recognized deferred financing cost of \$54,277 , which is amortized over term of the loan. The Company paid \$200,856 in term loan interest.

13. Share Capital

On July 22, 2024, in connection with the business combination the Company altered the articles of the corporation, which was approved by the Company's shareholders at its annual and special meeting of shareholders:

- a. Changed the name of its common shares to "subordinate voting shares";
- b. Created a new class of multiple voting shares convertible into 100 subordinate voting shares;
- c. Added special rights and restrictions to the subordinate voting shares and the multiple voting shares, pursuant to which, among other things, the holders of the multiple voting shares are entitled to 1.52 votes per multiple voting share held. On an "as converted" basis, assuming the conversion of the multiple voting shares to subordinate voting shares, the holders of multiple voting shares will have 1.52 votes per subordinate voting share compared to 1 vote per subordinate voting share by the holders of the subordinate voting shares.

Authorized

Unlimited number of subordinate voting shares without par value. Each subordinate voting share entitles the holder to one vote.

Unlimited number of multiple voting shares without par value. Each multiple voting share is convertible into 100 subordinate voting shares and entitles the holder to 1.52 votes. The condensed consolidated interim financial statements for the three months ended March 31, 2026 and 2025 incorporate the 30-to-1 share consolidation, which became effective on October 16, 2025. All shares and per share amounts have been restated to reflect the share consolidation retrospectively.

Issued and Outstanding

- On February 7, 2025, the Company issued 3,248 SV shares for vested RSUs.
- On July 31, 2025, the Company issued 135,690 SV shares for vested RSUs.
- On December 2, 2025, the Company completed a non-brokered private placement of an aggregate of 430,000 units of the Company at a price of \$1.25 per unit for aggregate gross proceeds of \$537,500. Each unit consists of one SV share and one SV share purchase warrant, with each entitling the holder thereof to acquire one additional SV share at an exercise price of \$1.88 per share for a period of two years following the closing date of the private placement.

Post-merger share capital

Multiple voting shares (MV shares)	No.	Amount (\$)
Kungsleden's common shares on the acquisition date	33,333	1,278
Share exchange ratio (Note 2)	6.253429078	-
MVS issued in exchange for Kungsleden's common shares	208,446	21,576,955
Balance, December 31, 2025 and March 31, 2026	208,446	21,578,233
Subordinate voting shares (SV shares)	No.	Amount (\$)
Cathedra's common shares on the acquisition date	7,917,119	-
Exchange ratio	1.00	-
SV shares of the Resulting Issuer	7,917,119	-
Issued on RSU exercise	50,845	138,521
Balance, December 31, 2024	7,967,964	138,521
Issued on RSU exercise	138,938	416,287
Issued in connection to the non-brokered private placement	430,000	516,107
Subscriptions receivable (a)		(150,000)
Balance, December 31, 2025	8,536,902	920,915
Subscriptions received (a)		150,000
Balance, March 31, 2026	8,536,902	1,070,915
	March 31, 2026	December 31, 2025
An equivalent number of SV shares based on an a 'if converted' basis (convertible from MV shares)	20,844,600	20,844,600
SV shares outstanding	8,536,902	8,536,902
The total SV shares on an a 'if converted' basis	29,381,502	29,381,502

14. Reserves

Restricted Share Units (RSU)

On July 22, 2024, the Company implemented a long-term equity incentive plan ("LTIP"), comprising a rolling option plan covering up to 10% of the issued and outstanding SV shares, as well as a fixed plan for up to 2,875,139 SV shares designated as RSUs. Subsequently, the fixed allocation of SV shares reserved for RSUs was increased to 2,895,166 SV shares following approval by the shareholders at the annual general meeting held on December 12, 2025.

For the three months ended March 31, 2026, the Company recognized share-based compensation of \$599,293 (2025 - \$95,834) attributable to RSUs.

A summary of changes in restricted share units outstanding is as follows:

Balance, December 31, 2024	274,629
Granted (a)	2,672,584
Cancelled/Forfeited	(45,230)
Exercised	(138,938)
Balance, December 31, 2025 and March 31, 2026	2,763,045

(a) *The Company granted RSUs as follows:*

- On September 29, 2025, the Company granted 1,447,584 RSUs to the employee of the Company. The award vests in three equal annual installments on each of the first, second, and third anniversaries of the grant date, subject to accelerated vesting upon a Change of Control.
- On December 2, 2025, the Company granted 445,000 RSUs to directors, officers and consultants of the Company, 210,000 of which vest on the first anniversary of the grant date and the remainder of RSUs vest as follows: One-third vests on the first anniversary of the grant date, with the remaining balance vesting in eight equal quarterly installments on each of March 2, June 2, September 2, and December 2 until fully vested.

- On December 16, 2025, the Company granted 780,000 RSUs to directors, officers and consultant of the Company with the following vesting terms: One-third vests on the first anniversary of the grant date, with the remaining balance vesting in eight equal quarterly installments on each of March 16, June 16, September 16, and December 16 until fully vested.

Stock Options

A summary of changes in stock options is as follows:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2024	116,842	15.00
Granted (a)	615,873	1.44
Cancelled	(7,922)	14.33
Balance, December 31, 2025 and March 31, 2026	724,793	3.49

(a) The Company granted stock options as follows:

- On February 1, 2025, the Company granted 15,873 stock options to the newly hired employee. All the stock options vest on 12-month anniversary from the grant date.
- On December 2, 2025, the Company granted 600,000 stock options to a consultant and directors of the Company, 100,000 of which vest immediately and the remainder of stock options vest as follows: One-third vests on the first anniversary of the grant date, with the remaining balance vesting in eight equal quarterly installments on each of March 2, June 2, September 2, and December 2 until fully vested.

The stock options were fair valued using the Black Scholes option pricing model. The weighted average inputs used in the Black Scholes model were as follows:

Share price	\$	1.44
Exercise price	\$	1.44
Risk-free interest rate		2.63%
Expected annualized share volatility		121.57%
Expected dividend yield		0.00%
Expected life (years)		3.97
Fair value of stock option	\$	1.13

The stock options outstanding and exercisable as of March 31, 2026, are as follows:

	Exercise price (\$)	Number of stock options outstanding	Weighted average remaining life
	1.42	600,000	4.68
	2.25	15,873	3.84
	3.90	333	1.57
	10.50	2,961	1.13
	12.30	2,961	0.78
	14.55	8,333	0.41
	14.70	66,666	0.42
	15.00	1,000	1.89
	16.80	21,666	0.48
	18.00	5,000	1.89
Outstanding		724,793	4.04
Exercisable		224,793	2.62

The weighted average exercise price of options exercisable as of March 31, 2026, is \$8.08 (December 31, 2025 - \$8.52).

For the three months ended March 31, 2026, the Company recognized share-based compensation from stock options of \$96,244 (2025 - \$4,191).

Warrants

A summary of changes in warrants outstanding is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2024	1,704,820	11.10
Issued	430,000	1.88
Cancelled (a)(b)	(836,733)	3.60
Balance, December 31, 2025	1,298,087	12.90
Expired (a)(b)	(356,077)	4.87
Balance, March 31, 2026	942,010	15.94

(a) In March 2025, the holder of the convertible debenture agreed to surrender 363,233 pursuant to the terms of the debt settlement agreement, see additional details in Note 14.

(b) In May 2025, the Company purchased for cancellation an aggregate of 473,500 subordinate voting share purchase warrants for an aggregate amount of US\$75,002 (\$103,430). The warrants had an exercise price of \$3.60.

On March 26, 2026, 326,488 warrants exercisable at \$3.60 and 29,589 warrants exercisable at \$18.90 expired unexercised.

The warrants outstanding as of March 31, 2026 are as follows:

March 31, 2026			December 31, 2025	
Exercise price (\$)	Number of warrants outstanding	Weighted average remaining life	Number of warrants outstanding	Weighted average remaining life
1.88	430,000	1.67	430,000	1.92
3.60	64,100	0.62	390,588	0.34
16.20	89,582	1.14	89,582	1.38
18.90	-	-	29,589	0.23
23.70	89,582	1.14	89,582	1.38
31.20	89,582	1.14	89,582	1.38
38.70	89,582	1.14	89,582	1.38
46.20	89,582	1.14	89,582	1.38
15.94	942,010	1.35	1,298,087	1.22

15. Related Party Transactions and Balances

Key Management Compensation

Key management personnel include those persons with authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of the Company's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Operating Officer and President ("COO"), Chief Fields Operation and Manufacturing Officer ("CMO"), Chief Technology Officer ("CTO"), Chief Administration Officer ("CAO") and Directors of the Company. CMO and CTO departed the Company in January 2025 and April 2025, respectively. Former CEO and COO of the Company departed in July 2025, the new CEO was appointed immediately after the departure of the former CEO.

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2026 and 2025 are as follows:

For the three months ended:	March 31, 2026	March 31, 2025
Director fees	\$ 64,126	\$ 77,659
Management, consulting and professional fees	66,913	210,124
Share-based payments	578,003	113,998
Salaries and wages	123,457	48,588
Total	\$ 832,499	\$ 450,369

As of March 31, 2026, the Company has a total due to related parties balance of \$1,146,368 (December 31, 2025 - \$1,109,675) to directors and management of the Company. The Company has a total due from related parties balance of \$44,594 (December 31, 2025 - \$19,792) from management of the Company, arising from short-term advances and reimbursable expenses incurred in the ordinary course of business; and is expected to be settled in the near term. The balances are unsecured, due on demand and bear no interest.

16. Financial Instruments and Risk Management

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and commodity price risk.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instruments that represent a potential concentration of credit risk consist primarily of cash and cash equivalents, digital currencies, restricted digital currencies, deposits, and trade receivables. Under certain of our hosting agreements, we are obligated to pay security deposits to the hosting provider at the beginning of the term. If one or more of our hosting providers suffers an adverse credit event, we may be unable to recover part or all of the outstanding deposits. We limit our exposure to credit loss by holding our cash with reputable, well-capitalized financial institutions and performing careful due diligence on potential hosting partners prior to entering into a binding agreement which would require us to pay a security deposit. The carrying amount of financial assets represents the maximum credit exposure for each.

The carrying amount of financial and digital assets represents the maximum credit exposure.

	March 31, 2026	December 31, 2025
Cash and cash equivalents	\$ 326,101	\$ 1,083,973
Digital currencies	381,107	584,139
Trade receivables	1,197,189	932,524
Deposits	2,334,413	2,387,496
	\$ 4,238,810	\$ 4,988,132

We believe the Company has no significant credit risk other than what is disclosed herein.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations. We manage our liquidity risk by ensuring that we have enough cash to meet our near-term financial liabilities at all times. As at March 31, 2026, we had a working capital deficit of \$4,347,877 (December 31, 2025 - working capital deficit of \$2,213,630).

Cash flows related to trade payables and accrued liabilities, customer liabilities and convertible loan included below may occur at different times or amounts. A maturity analysis of our outstanding obligations relating to continuing operations of March 31, 2026 is as follows:

	Undiscounted Contractual Cash Flows				
	Total carrying amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
As at March 31, 2026	\$	\$	\$	\$	\$
Trade payables and accrued liabilities	3,070,831	3,070,831	3,070,831	-	-
Due to related parties	1,146,368	1,146,368	1,146,368	-	-
Contract liabilities	543,751	543,751	543,751	-	-
Customer liabilities	2,937,515	2,937,515	2,937,515	-	-
Lease liabilities	1,366,327	2,759,922	351,263	1,377,173	1,031,486
Total	9,064,792	10,458,387	8,049,728	1,377,173	1,031,486

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as Bitcoin prices, interest rates, foreign exchange rates and equity prices.

Digital Currency Price Volatility

As of March 31, 2026, we held a digital currency balance in bitcoin and Tether ("USDT") that is subject to market pricing and price volatility. Bitcoin prices are affected by various forces including global supply and demand, interest rates, exchanges rates, inflation or deflation and the political and economic conditions. Further, bitcoin has no underlying backing or contracts to enforce recovery of invested amounts. Our profitability is related to the current and future market price of bitcoin; in addition, we may not be able to liquidate our holdings of bitcoin at our desired price if necessary. Investing in bitcoin is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends. Bitcoin has a limited history, its fair values have historically been volatile, and the value of our bitcoin holdings could decline rapidly. A decline in the market price of bitcoin could negatively impact our future operations. Historical performance of bitcoin is not indicative of its future performance. We recorded a loss on revaluation of digital currencies of \$85,251 during the three months ended March 31, 2026 (2025 - \$924,466) in the statement of other comprehensive loss.

We do not hedge our bitcoin holdings, but we actively monitor bitcoin pricing, market volatility and our own liquidity needs to determine an appropriate risk mitigation strategy on a continuous basis.

Interest Rate Risk

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to interest rate risk on the variable rate of interest we earn on bank deposits. The interest rate risk on bank deposits is insignificant, as our deposits are all short-term. The coupon on our outstanding term loan is fixed and therefore has limited exposure to changes in interest rates.

Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. We are exposed to currency risk as we have legal entities domiciled in the United States which hold financial assets in US dollars and bitcoin while our functional currency is the Canadian dollar. We do not hedge our exposure to fluctuations in foreign exchange rates.

If the US dollar had changed against the Canadian dollar by 10% at period end, the Company's net income and comprehensive income would change by approximately \$577,000, resulting from the translation of the US dollar denominated financial instruments.

Custody Risk

We hold our digital currencies with a third-party custodian. Our custody strategy is designed to balance security and availability of our digital currency. We continuously monitor our cash and cash equivalents and digital currency holdings with our third-party custodian.

Our current service provider for digital currency custody is an institutional counterparty that is licensed, regulated, and insured. At any time, in excess of 98% of our digital currency holdings (excluding any digital currency that is being traded at that time) is held in a cold-storage, multi-signature, segregated trust account that is titled in the name of one of our US subsidiaries. Prior to onboarding with our current custodian, we performed extensive due diligence, examining the new custodian's internal control procedures to ensure security, availability, integrity, and confidentiality of the custodian's information and systems. Our current custodian maintains SOC 1 Type II and SOC 2 Type II compliance, which we review periodically to ensure the custodian maintains a secure technology infrastructure and that its systems are designed and operating effectively.

Loss of Access Risk

The loss of access to the private keys associated with our bitcoin holdings may be irreversible and could adversely affect an investment. An amount of digital currency is spendable only by whoever possesses the private key associated with the address on which the digital currency is held. To the extent a private key is lost, destroyed, or otherwise compromised, and no backup is accessible, we may be unable to access the associated digital currency. As of March 31, 2026, 3.65 bitcoin equivalent to \$347,227 (December 31, 2025 - 4.72 bitcoin equivalent to \$565,919) and 24,329.76 tether equivalent to \$33,880 (December 31, 2025 - 13,313.03 tether equivalent to \$18,220) are held with our third-party custodian in our name.

Fair Value Hierarchy

We apply the following fair value hierarchy for financial instruments that are carried at fair value. The hierarchy prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels.

The three levels are defined as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

We hold investments in private companies that are classified as FVTPL and is recorded at fair value using unobservable inputs; it is therefore classified as level 3 within the fair value hierarchy. The net asset value of the private company is used to adjust the investment to fair value.

The carrying value of our trade receivables, due to and from related parties, trade payables and accrued liabilities, deposits, and convertible loan approximates fair value because of the relatively short periods to maturity of these instruments and the low credit risk.

17. Capital Management

Our objective when managing capital is to provide attractive risk-adjusted returns to shareholders while accounting for liquidity needs.

We include equity, comprised of share capital and deficit, in the definition of capital.

Our primary objective with respect to capital management is to ensure that we have sufficient cash resources to fund our ongoing operations and to pursue potential growth opportunities. To secure the additional capital necessary to pursue certain plans, we may attempt to raise additional funds through the issuance of securities.

We monitor capital on the basis of maintaining sufficient liquidity to satisfy our financial obligations.

18. Supplemental Cash Flow Information

Non-cash transactions for the three months ended March 31, 2026, and 2025 are as follows:

For the three months ended March 31:	2026	2025
Subordinate voting shares issued on vesting of RSUs	\$ -	8,852

19. Segment Reporting

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Company uses the management approach to determine reportable operating segments. The management approach considers the internal organization and reporting used by the Company's chief operating decision maker ("CODM"), for making decisions, allocating resources and assessing performance.

Based on the management's assessment, the Company determined that it has the following operating segments:

Three months ended March 31, 2026:

March 31, 2026	Bitcoin Mining (\$)	Hosting (\$)	Corporate (\$)	Total (\$)
Revenues	859,574	2,794,575	-	3,654,149
Cost of revenues	569,147	3,461,314	-	4,030,461
Net income/(loss)	(121,564)	(828,819)	(1,456,213)	(2,406,596)
Non-current assets	38,857,097	(5,650,676)	(5,997,787)	27,208,634

Three months ended March 31, 2025:

March 31, 2025	Bitcoin Mining (\$)	Hosting (\$)	Corporate (\$)	Total (\$)
Revenue	2,605,706	3,897,584	-	6,503,290
Cost of revenue	1,868,672	3,969,179	-	5,837,851
Net income/(loss)	(719,483)	675,501	(89,763)	(133,745)
Non-current assets	10,090,849	(4,149,369)	22,755,338	28,696,818

20. Events After Reporting Period

On May 18, 2026, the Company granted 132,121 restricted share units ("RSUs") to a consultant under its equity incentive plan. These RSUs are subject to the accelerated vesting.

On May 28, 2026, the Company cancelled 724,793 stock options that were outstanding.

On March 5, 2026, the Company entered into an arrangement agreement with Sphere 3D Corp. ("Sphere 3D") providing for the combination of the Company and Sphere 3D by way of a statutory plan of arrangement (the "Arrangement") under the Business Corporations Act (British Columbia). On May 15, 2026, securityholders of the Company approved the Arrangement and, on May 26, 2026, the Supreme Court of British Columbia issued the final order. The Arrangement is expected to close on June 1, 2026. The following terms are expected to have a material impact on the Company's capital structure and share-based compensation expense in the period in which the Arrangement is completed:

- Each SV Share will be exchanged for 0.123015 of a Sphere 3D common share, and each MV Share for 12.3015 Sphere 3D common shares (the "Exchange Ratios"). Former shareholders of the Company are expected to hold approximately 39.3% of Sphere 3D on a partially-diluted basis at closing.
- Holders whose pro forma post-closing ownership of Sphere 3D would otherwise exceed 7% will receive that excess in non-voting Series I Preferred Shares of Sphere 3D, convertible into Sphere 3D common shares in three equal tranches on the first, second and third anniversaries of closing.
- Each outstanding share purchase warrant will be exchanged for a Sphere 3D replacement warrant, adjusted by the Exchange Ratios.
- All unvested RSUs (including the 132,121 RSUs granted on May 18, 2026) will vest immediately prior to the effective time and be settled in SV Shares that participate in the Arrangement.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information ("**Unaudited Pro Forma Financial Information**") has been prepared based on the historical audited consolidated financial statements of Sphere 3D Corp. ("**Sphere**") and Cathedra Bitcoin Inc. ("**Cathedra**"), as indicated below, and is intended to provide information about how the acquisition of Cathedra by Sphere in a stock-for-stock transaction (the "**Arrangement**") would have affected Sphere's historical financial statements. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in Sphere's Current Report on Form 8-K filed on June 3, 2026 (the "**8-K**").

The unaudited pro forma condensed combined balance sheet ("**Unaudited Pro Forma Balance Sheet**") as of March 31, 2026 gives effect to the Arrangement as if it occurred on March 31, 2026 and combines the historical balance sheets of Sphere and Cathedra as of such date. The unaudited pro forma condensed combined statement of operations ("**Unaudited Pro Forma Statement of Operations**") for the year ended December 31, 2025 and the three months ended March 31, 2026 combines the historical audited consolidated statement of operations of Sphere and the historical audited consolidated income statement of Cathedra for the year ended December 31, 2025, and the historical unaudited condensed consolidated statement of operations of Sphere and the historical unaudited condensed consolidated interim statement of Cathedra for the three months ended March 31, 2026, as if the Arrangement had occurred on January 1, 2025.

The Unaudited Pro Forma Financial Information has been prepared based on, and should be read in conjunction with:

- the historical audited consolidated financial statements of Sphere for the year ended December 31, 2025, included in Sphere's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "**SEC**") on March 27, 2026;
- the historical unaudited condensed consolidated financial statements of Sphere for the three months ended March 31, 2026, included in Sphere's quarterly report on Form 10-Q filed with the SEC on May 15, 2026;
- the historical audited consolidated financial statements of Cathedra for the year ended December 31, 2025, included in the 8-K;
- the historical unaudited consolidated financial statements of Cathedra for the three months ended March 31, 2026, included in the 8-K;
- the accompanying notes to the Unaudited Pro Forma Financial Information; and
- other information relating to Sphere and Cathedra contained in Sphere's Proxy Statement on Schedule 14A filed with the SEC on April 16, 2026 (the "**Proxy Statement**"). See the section titled "*Additional Information*" of the Proxy Statement.

The Unaudited Pro Forma Financial Information is presented for informational purposes only. The information has been prepared in accordance with Article 11 of Regulation S-X, as amended by Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses," using the assumptions set forth in the notes to the Unaudited Pro Forma Financial Information. The Arrangement will be recorded as a business combination using the acquisition method of accounting under United States generally accepted accounting principles ("**GAAP**"). See section titled "*The Arrangement—Accounting Treatment*" of the Proxy Statement. Sphere, as the accounting acquirer, will record the acquired assets and assumed liabilities of Cathedra at their fair values as of the acquisition date. Sphere and Cathedra have determined a preliminary estimated purchase price calculated as described in Note 2 to the Unaudited Pro Forma Financial Information. The Unaudited Pro Forma Financial Information is not necessarily indicative of the financial position and results of operations that actually would have been achieved had the Arrangement occurred as of the dates indicated herein, nor do they purport to project the future financial position and operating results of the Combined Company. The Unaudited Pro Forma Financial Information also does not reflect the costs of any integration activities or cost savings or synergies expected to be achieved as a result of the Arrangement, which are described in the section titled "*The Arrangement—Sphere's Reasons for the Arrangement*" of the Proxy Statement, and, accordingly, does not attempt to predict or suggest future results.

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The Unaudited Pro Forma Financial Information is based on the assumptions and adjustments that are described in the accompanying notes. The Unaudited Pro Forma Financial Information and pro forma adjustments have been prepared based on preliminary estimates of fair value of acquired assets and liabilities assumed. Differences between these preliminary estimates and the final acquisition accounting are likely to occur and these differences could be material. The actual amounts recorded as of the completion of the Arrangement may also differ materially from the information presented in the Unaudited Pro Forma Financial Information as a result of, among other factors, the amount of cash used in operations between the signing of the Arrangement and the closing of the Arrangement, completion of the fair value analysis of the Sphere Series I Preferred Stock, acquired assets and liabilities assumed and other changes in Sphere's and Cathedra's assets and liabilities that occur prior to the completion of the Arrangement.

The Unaudited Pro Forma Financial Information does not give effect to the potential impact of current financial conditions, regulatory matters, operating efficiencies or other savings or expenses that may be associated with the integration of the two companies, if any.

The Transaction Accounting Adjustments represent management of Sphere's ("**Sphere Management**") best estimates and are based upon currently available information and certain assumptions that Sphere Management believes are reasonable and supportable. As the Unaudited Pro Forma Financial Information has been prepared based on these assumptions, the final amounts recorded may differ materially from the information presented herein.

Sphere has elected not to present Sphere Management's adjustments, which depict synergies and dis-synergies of the Arrangement, and will only be presenting transaction accounting adjustments in the Unaudited Pro Forma Financial Information. Therefore, the Unaudited Pro Forma Statement of Operations does not include the effects of the costs associated with any integration or restructuring activities resulting from the Arrangement, as they are nonrecurring in nature. In addition, the Unaudited Pro Forma Financial Information does not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Arrangement.

Given Sphere's history of net losses and full valuation allowance on its net deferred tax assets, the pro forma adjustments to the Unaudited Pro Forma Statement of Operations resulted in no income tax adjustment to the pro forma financials.

Additionally, as discussed in Note 3, certain reclassifications were made to conform the historical presentation of Cathedra's consolidated financial statements to that of Sphere's financial statement presentation. The accounting policies used in the preparation of the Unaudited Pro Forma Financial Information are those set out in Sphere's audited financial statements for the year ended December 31, 2025. Sphere Management conducted a preliminary evaluation of accounting policies used by Cathedra compared to accounting policies used by Sphere and identified certain adjustments as described below. Following the completion of the Arrangement, Sphere will conduct a comprehensive review of Cathedra's accounting policies, and as a result of that review, Sphere may identify differences which may have a material impact on the Unaudited Pro Forma Financial Information.

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Sphere 3D Corp
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
(in thousands)
As of March 31, 2026

	Historical					Pro Forma		
	Sphere 3D in GAAP USD	Cathedra in IFRS CAD	Cathedra in IFRS USD	Adjustments to GAAP USD	Cathedra in GAAP USD	Transaction		Combined Results
			3.B	3.C		Accounting Adjustments	Notes	
Assets								
Current Assets:								
Cash and cash equivalents	\$ 3,145	\$ 326	\$ 234	\$ -	\$ 234	\$ -		\$ 3,379
Digital currencies	1,785	381	273	1	274	-		2,059
Trade and other receivables	-	1,197	859	-	859			859
Due from related parties	-	45	32	-	32			32
Other current assets	1,794	1,734	1,244	-	1,244	(471)	3.D	2,567
Total current assets	6,724	3,683	2,642	1	2,643	(471)		8,896
Property and equipment, net	13,552	5,990	4,296	641	4,937	-		18,489
Deposits	-	2,334	1,674	-	1,674	-		1,674
Goodwill	-	15,674	11,242	-	11,242	(15,479)	3.E	2,558
						7,266	2	
						(471)	2	
Intangible assets, net	1,238	-	-	-	-	-		1,238
Right-of-use assets	-	1,201	862	-	862	-		862
Investments	-	1,116	800	-	800	-		800
Other non-current assets	225	894	641	(641)	-	-		225
Total assets	\$ 21,739	\$ 30,892	\$ 22,157	\$ 1	\$ 22,158	\$ (9,155)		\$ 34,742
Liabilities and Shareholders' Equity								
Current liabilities:								
Accounts payable	\$ 197	\$ 3,071	\$ 2,203	\$ (1,382)	\$ 821	\$ 2,218	3.F	\$ 3,236
Accrued liabilities	\$ 693	-	-	1,382	1,382	-		2,075
Due to related parties	-	1,146	822	(400)	422	-		422
Accrued payroll and employee compensation	836	-	-	400	400	490	3.G	1,726
Income tax payable	-	247	177	-	177	-		177
Contract liabilities	-	544	390	-	390	-		390
Customer liabilities	-	2,938	2,107	-	2,107	(471)	3.D	1,636
Current portion of lease liabilities	-	86	61	-	61	-		61
Total current liabilities	1,726	8,032	5,760	-	5,760	2,237		9,723
Lease liabilities	-	1,281	919	-	919	-		919
Total liabilities	1,726	9,313	6,679	-	6,679	2,237		10,642
Temporary equity	18	-	-	-	-	-		18
Shareholders' equity:								
Preferred shares - Sphere 3D Corp.						2,677	2	2,677
Common shares - Sphere 3D Corp.	504,215					4,589	2	509,539
						735	3.H	
Common shares - Cathedra		22,649	16,245	-	16,245	(16,245)	3.E	-
Accumulated other comprehensive loss	(1,811)	2,855	2,048	(1,053)	(126)	126	3.E	(1,811)
						(1,121)		
Accumulated deficit	(482,409)	(9,344)	(6,702)	1,053	(4,527)	4,527	3.E	(486,323)
						1,121		
						(471)	2	
						(735)	3.H	
						(490)	3.G	
						(2,218)	3.F	
Reserves	-	4,606	3,304	-	3,304	(3,304)	3.E	-
Contributed surplus	-	813	583	-	583	(583)	3.E	-
Shareholders' equity	19,995	21,579	15,478	1	15,479	(11,392)		24,082
Total liabilities, temporary equity, and shareholders' equity	\$ 21,739	\$ 30,892	\$ 22,157	\$ 1	\$ 22,158	\$ (9,155)		\$ 34,742

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Sphere 3D Corp.
UNAUDITED CONDENSED COMBINED STATEMENT OF OPERATIONS
(in thousands, except share and per share data)
For the Three Months Ended March 31, 2026

	Sphere 3D in GAAP USD	Historical				Pro Forma		
		Cathedra in IFRS CAD	Cathedra in IFRS USD	Adjustments in GAAP USD	Cathedra in GAAP USD	Transaction Accounting Adjustments	Notes	Combined Results
Revenues:			3.B	3.C				
Total revenues	\$ 1,916	\$ 3,654	\$ 2,662	\$ 1	\$ 2,663	\$ (920)	3.D	\$ 3,659
Operating costs and expenses:								
Cost of revenue (exclusive of depreciation and amortization shown below)	1,603	3,545	2,583	-	2,583	(920)	3.D	3,266
General and administrative	2,451	2,678	1,951	-	1,951	(46)	3.H	3,128
						(1,228)	3.F	
Depreciation and amortization	1,145	485	353	-	353			1,498
Loss on disposal of property and equipment	241	-	-	-	-	-		241
Change in fair value of digital currencies	606	(4)	(3)	73	70	-		676
Total operating expenses	6,046	6,704	4,884	73	4,957	(2,194)		8,809
Loss from operations	(4,130)	(3,050)	(2,222)	(72)	(2,294)	1,274		(5,150)
Other income (expense):								
Investment gain	-	-	-	66	66	-		66
Other income, net	25	-	-	-	-	-		25
Foreign exchange gain (loss)	-	710	517	(542)	(25)	-		(25)
Interest expense	-	(68)	(49)	-	(49)	-		(49)
Unrealized gain on investment		91	66	(66)	-	-		-
Net (loss) income before taxes	(4,105)	(2,317)	(1,688)	(614)	(2,302)	1,274		(5,133)
Provision for income taxes	1	89	65	-	65			66
Net (loss) from continuing operations	\$ (4,106)	\$ (2,406)	\$ (1,753)	\$ (614)	\$ (2,367)	\$ 1,274		\$ (5,199)
Basic and diluted net loss per common share	\$ (1.18)	\$ (0.08)	\$ (0.06)		\$ (0.08)			\$ (0.82)
Weighted average number of common shares outstanding - basic and diluted	3,480,663	29,381,662	29,381,662		29,381,662	2,840,484	3.J	6,321,147

Sphere 3D Corp.
UNAUDITED CONDENSED COMBINED STATEMENT OF OPERATIONS
(in thousands, except share and per share data)
For the Year Ended December 31, 2025

	Historical					Pro Forma		
	Sphere 3D in GAAP USD	Cathedra in IFRS CAD	Cathedra in IFRS USD	Adjustments in GAAP USD	Cathedra in GAAP USD	Transaction Accounting Adjustments	Notes	Combined Results
Revenues:			3.B	3.C				
Total revenues	\$ 11,181	\$ 21,194	\$ 15,143	(\$109)	\$ 15,034	\$ (313)	3.D	25,902
Operating costs and expenses:								
Cost of revenue (exclusive of depreciation and amortization shown below)	8,554	16,047	11,476	-	11,476	(313)	3.D	19,717
General and administrative	8,266	7,331	5,246	-	5,246	781	3.H	18,330
						3,430	3.F	
						490	3.G	
						117	3.I	
Depreciation and amortization	6,878	4,784	3,421	-	3,421			10,299
Impairment of property and equipment	7,185	-	-	-	-	-		7,185
Loss on disposal of property and equipment	1,652	-	-	-	-	-		1,652
Impairment of goodwill and other assets	300	-	-	855	855	-		1,155
Change in fair value of digital currencies	345	(5)	(1)	(1,191)	(1,192)	-		(847)
Total operating expenses	33,180	28,157	20,142	(336)	19,806	4,505		57,491
Loss from operations	(21,999)	(6,963)	(4,999)	227	(4,772)	(4,818)		(31,589)
Other income (expense):								
Investment gain	438	75	54	88	142	-		580
Other income, net	81	-	-	-	-	-		81
Foreign exchange gain (loss)	-	(2,228)	(1,587)	1,595	8	-		8
Interest expense	-	(672)	(479)	-	(479)	-		(479)
Impairment of goodwill	-	(1,172)	(855)	855	-	-		-
Unrealized gain on investment	-	120	88	(88)	-	-		-
Gain on disposal of subsidiary	-	167	117	-	117	-		117
Gain on settlement of debt	-	693	495	-	495	-		495
Net (loss) income before taxes	(21,480)	(9,980)	(7,166)	2,677	(4,489)	(4,818)		(30,787)
Provision for income taxes	2	-	-	-	-	-		2
Net (loss) from continuing operations	\$ (21,482)	\$ (9,980)	\$ (7,166)	2,677	\$ (4,489)	\$ (4,818)		\$ (30,789)
Basic and diluted net loss per common share	\$ (7.37)	\$ (0.34)	\$ (0.25)		\$ (0.15)			\$ (5.35)
Weighted average number of common shares outstanding - basic and diluted	2,914,607	29,091,882	29,091,882		29,091,882	2,840,484	3.J	5,755,091

SPHERE 3D CORP.**NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

(Expressed in U.S. Dollars)

1. BASIS OF PRESENTATION

After completion of the Arrangement, the consolidated financial statements of the consolidated entity will be prepared and presented in accordance with GAAP. The Unaudited Pro Forma Financial Information includes (all financial information is prepared in accordance with GAAP):

- (a) the Unaudited Pro Forma Balance Sheet as of March 31, 2026 combines (i) the unaudited condensed consolidated balance sheet of Sphere as of March 31, 2026, as included in Sphere's Quarterly Report on Form 10-Q filed with the SEC on May 15, 2026, and (ii) the unaudited consolidated balance sheet of Cathedra as of March 31, 2026, as included in the 8-K, giving effect to the Arrangement as if it had been completed on March 31, 2026;
- (b) the Unaudited Pro Forma Statement of Operations from continuing operations for the three months ended March 31, 2026 combines (i) the unaudited condensed consolidated statement of operations of Sphere, as included in Sphere's Quarterly Report on Form 10-Q filed with the SEC on May 15, 2026, and (ii) the unaudited consolidated statement of income or loss of Cathedra for the three months ended March 31, 2026, as included in the 8-K, giving effect to the Arrangement as if it had been completed on January 1, 2025; and
- (c) the Unaudited Pro Forma Statement of Operations from continuing operations for the year ended December 31, 2025 combines (i) the audited consolidated statement of operations of Sphere, as included in Sphere's Annual Report on Form 10-K filed with the SEC on March 27, 2026, and (ii) the audited consolidated statement of income or loss of Cathedra for the year ended December 31, 2025, as included in the 8-K, giving effect to the Arrangement as if it had been completed on January 1, 2025.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical consolidated financial statements and notes included therein of Sphere and Cathedra, as referred to above. Further review may identify differences between the accounting policies of Sphere and Cathedra that, when conformed, could have a material impact on the financial statements of Sphere, after the consummation of the Arrangement (the "**Combined Company**"). At this time, Sphere and Cathedra have made adjustments to align accounting policies and are not aware of any remaining accounting policy differences that would have a material impact on the Unaudited Pro Forma Financial Information of the Combined Company.

The Arrangement reflected in the Unaudited Pro Forma Financial Information has been prepared using the acquisition method of accounting in accordance with ASC 805, Business Combinations, under GAAP. Based on the definitions of control, Sphere is considered the legal and accounting acquirer. Under the acquisition method, the total estimated consideration is calculated as described in Note 2 to the Unaudited Pro Forma Financial Information. In accordance with the accounting guidance for business combinations, the assets acquired and liabilities assumed of Cathedra will be measured at their estimated fair values. The Unaudited Pro Forma Financial Information has accounted for Cathedra's assets and liabilities based on their historical amounts as no valuation has been completed at this time to determine their respective fair values.

It is Sphere Management's opinion that the Unaudited Pro Forma Financial Information includes all adjustments necessary for the fair presentation of the Arrangement described herein. The Unaudited Pro Forma Financial Information has been presented for informational purposes only and is not intended to reflect the results of operations or the financial position of Sphere which would have actually resulted had the Arrangement been effected on the dates indicated. Furthermore, the Unaudited Pro Forma Financial Information is not necessarily indicative of the results of operations that may be obtained in the future. Actual amounts recorded upon completion of the Arrangement will differ from those recorded in the Unaudited Pro Forma Financial Information and the differences may be material.

Certain amounts included herein have been subject to rounding adjustments. Accordingly, amounts shown as totals in certain tables may not be the arithmetic aggregation of the amounts that precede them.

2. ACQUISITION OF CATHEDRA

Sphere Management has estimated the preliminary consideration and has not yet completed an external valuation analysis of the fair market value of Cathedra's assets to be acquired and liabilities to be assumed. As a result, Sphere Management has estimated the allocation of the preliminary purchase price to Cathedra's assets and liabilities. This preliminary purchase price allocation has been used to prepare the pro forma adjustments in the Unaudited Pro Forma Balance Sheet. The final purchase price allocation will be determined when the final purchase price has been determined, the final assets and liabilities and any asset sales are known, and detailed valuations and any other studies and calculations deemed necessary have been completed. The final purchase price and purchase price allocation could differ materially from the preliminary purchase price and purchase price allocation used to prepare the pro forma adjustments resulting from changes to assets and liabilities and to the ultimate purchase consideration, and operations during the intervening period to the closing of the Arrangement, among other factors.

Pursuant to the terms of the Arrangement Agreement, Sphere issued 2,405,300 Sphere Common Shares and 1,387,117 Sphere Series I Preferred Stock (the "**Series I Shares**") to the shareholders of Cathedra to acquire 100% of the issued and outstanding common shares of Cathedra as well as Replacement Warrants and share-based awards. This preliminary purchase price is based on the aggregate number of shares of Sphere Common Shares outstanding at the closing of the Arrangement using \$1.90, the fair value of the Sphere Common Shares as of May 29, 2026, the last business day prior to the closing of the Arrangement on June 1, 2026. The fair value of the Series I Shares was estimated using a market approach to estimate the equity value of Sphere and further adjusted for lack of marketability. This is a preliminary estimate and the actual fair value may differ upon completion of the formal valuation analysis. A preliminary accounting assessment was performed over Sphere Series I Shares to determine the balance sheet classification. The preliminary conclusion resulted in permanent equity classification, which is subject to further accounting assessment and may be subject to change at the time the accounting assessment is completed.

The following table summarizes the preliminary estimated consideration:

	Number of Shares issued	Estimated Fair Value Per Share of Sphere Common Share	Estimated Consideration (in thousands)
Sphere Series I Shares issued	1,387,117	\$ 1.93	\$ 2,677
Sphere Common Shares issued	2,405,300	\$ 1.90	\$ 4,570
Black-Scholes value of Cathedra Replacement Warrants	115,867	\$ 0.16	\$ 19
Total number of Sphere Common Shares issued or reserved for issuance	2,521,167		\$ 4,589
Total Estimated Consideration			\$ 7,266

[Table of Contents](#)**3) PRO FORMA ADJUSTMENTS**

The adjustments reflect the acquisition method of accounting, which takes into account the total consideration transferred for Cathedra's assets and liabilities based on their historical amounts as no valuation has occurred at this time to determine their respective fair values.

A. The preliminary estimated consideration transferred and assets acquired and liabilities assumed are recorded as follows (in thousands):

Cash and cash equivalents	\$	234
Digital currencies		274
Trade and other receivables		859
Due from related parties and other current assets		1,276
Property and equipment, net		4,937
Investments		800
Right of use assets		862
Deposits		1,674
Accounts payable, accrued expenses and other liabilities		(5,228)
Lease liabilities		(980)
Net assets acquired	\$	4,708
Preliminary estimated consideration	\$	7,266
Excess to be allocated to intangible assets and goodwill	\$	2,558

A final determination of fair value may differ materially from the preliminary estimates and will include Sphere Management's final valuation. The final valuation may change the calculation of consideration, which could affect the fair value assigned to the assets acquired and liabilities assumed and could result in a change to the Unaudited Pro Forma Financial Information.

B. The Unaudited Pro Forma Financial Information is presented in U.S. dollars ("**USD**"), which is also the functional currency of Sphere. Since Cathedra's historical consolidated financial statements are presented in Canadian dollars ("**CAD**"), the historical financial information of Cathedra used in the Unaudited Pro Forma Financial Information has been translated into USD using the following historical CAD to USD exchange rates:

Period-end exchange rate as of March 31, 2026: \$0.72

Average exchange rate for the three months ended March 31, 2026: \$0.73

Average exchange rate for the year ended December 31, 2025: \$0.71

- C. The effects of converting Cathedra's historical financial information from International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") Accounting Standards to GAAP have been estimated and included in the Unaudited Pro Forma Financial Information. Further adjustments may be identified.

Certain reclassifications were made to conform the historical presentation of Cathedra consolidated financial statements to that of Sphere's financial statement presentation as follows:

Presentation in Cathedra's IFRS Financial Statements	Presentation in Unaudited Pro forma Financial Information	As of and for the Three Months Ended March 31, 2026 (in thousands)	For the Year Ended December 31, 2025 (in thousands)
Prepaid expenses	Other current assets	\$ 966	
Other assets	Other current assets	\$ 278	
Trade payables and accrued liabilities	Accounts payable	\$ 821	
	Accrued expenses	\$ 1,382	
	Accrued payroll and employee compensation	\$ 400	
Revenues	Total revenues	\$ 2,663	\$ 15,034
	Cost of revenue (exclusive of depreciation and amortization shown below)	\$ 2,583	\$ 11,476
Operating costs	Depreciation and amortization	\$ 353	\$ 3,421
Depreciation	Change in fair value of digital currencies	\$ 70	\$ (1,192)
Realized gain on sale of digital currencies	General and administrative	\$ 47	\$ 233
Director fees	General and administrative	\$ 196	\$ 1,821
Management and consulting fees	General and administrative	\$ 324	\$ 811
Office and administration	General and administrative	\$ 755	\$ 1,034
Professional fees	General and administrative	\$ 122	\$ 659
Salaries and wages	General and administrative	\$ 507	\$ 639
Share-based compensation	General and administrative	\$ -	\$ 49
Travel	Interest expense	\$ (49)	\$ (479)
Net finance costs	Investment gain	\$ -	\$ 54
Other income	Impairment of goodwill and other assets	\$ -	\$ 855
Impairment of goodwill	Investment gain	\$ 66	\$ 88
Unrealized gain on investment			

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The financial information below illustrates the impact of adjustments made to Cathedra's consolidated financial statements as prepared in accordance with IFRS, in order to present them on a basis consistent with the Sphere's accounting presentation in accordance with GAAP.

As of March 31, 2026

	Historical				
	Cathedra in IFRS CAD	Cathedra in IFRS USD	Adjustments Reclassification	Adjustments to GAAP	Cathedra in GAAP USD
	3.B	3.C		3.C	
Assets					
Current Assets:					
Cash and cash equivalents	\$ 326	\$ 234	-	-	\$ 234
Digital currencies	381	273	-	\$ 1	3.C.1 274
Trade and other receivables	1,197	859	-	-	859
Due from related parties	45	32	-	-	32
Other current assets	1,734	1,244	-	-	1,244
Total current assets	3,683	2,642	-	1	2,643
Property and equipment, net	5,990	4,296	-	\$ 641	3.C.2 4,937
Deposits	2,334	1,674	-	-	1,674
Goodwill	15,674	11,242	-	-	11,242
Right-of-use assets	1,201	862	-	-	862
Investments	1,116	800	-	-	800
Other non-current assets	894	641	-	(641)	3.C.2 -
Total assets	\$ 30,892	\$ 22,157	\$ -	\$ 1	\$ 22,158
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable	\$ 3,071	\$ 2,203	\$ (1,382)	-	3.C.3 \$ 821
Accrued liabilities	-	-	1,382	-	3.C.3 1,382
Due to related parties	1,146	822	(400)	-	3.C.3 422
Accrued payroll and employee compensation	-	-	400	-	3.C.3 400
Income tax payable	247	177	-	-	177
Contract liabilities	544	390	-	-	390
Customer liabilities	2,938	2,107	-	-	2,107
Current portion of lease liabilities	86	61	-	-	61
Total current liabilities	8,032	5,760	-	-	5,760
Lease liabilities	1,281	919	-	-	919
Total liabilities	9,313	6,679	-	-	6,679
Shareholders' equity:					
Common shares - Cathedra	22,649	16,245	-	-	16,245
Accumulated other comprehensive loss	2,855	2,048	-	(1,053)	3.C.4 (126)
Accumulated deficit	(9,344)	(6,702)	-	1,053	3.C.4 (4,527)
				1,121	3.C.5
Reserves	4,606	3,304	-	1	3.C.1 3,304
Contributed surplus	813	583	-	-	583
Shareholders' equity	21,579	15,478	-	1	15,479
Total liabilities, temporary equity, and shareholders' equity	\$ 30,892	\$ 22,157	\$ -	\$ 1	\$ 22,158

[Table of Contents](#)**For the Three Months Ended March 31, 2026**

	Historical				
	Cathedra in IFRS CAD	Cathedra in IFRS USD	Adjustments Reclassification	Adjustments in GAAP USD	Cathedra in GAAP USD
Revenues:		3.B	3.C	3.C	
Total revenues	\$ 3,654	\$ 2,662	\$ -	\$ 1	3.C.8 \$ 2,663
Operating costs and expenses:					
Cost of revenue (exclusive of depreciation and amortization shown below)	3,545	2,583	-	-	2,583
General and administrative	2,678	1,951	-	-	1,951
Depreciation and amortization	485	353	-	-	353
Change in fair value of digital currencies	(4)	(3)	-	73	3.C.5 70
Total operating expenses	6,704	4,884	-	73	4,957
Loss from operations	(3,050)	(2,222)	-	(72)	(2,294)
Other income (expense):					
Investment gain	-	-	66	-	3.C.7 66
Foreign exchange gain (loss)	710	517	-	(542)	3.C.4 (25)
Interest expense	(68)	(49)	-	-	(49)
Unrealized gain on investment	91	66	(66)	-	3.C.7 -
Net (loss) income before taxes	(2,317)	(1,688)	-	(614)	(2,302)
Provision for income taxes	89	65	-	-	65
Net (loss) from continuing operations	\$ (2,406)	\$ (1,753)	-	\$ (614)	\$ (2,367)
Basic and diluted net loss per common share	\$ (0.08)	\$ (0.06)			\$ (0.08)
Weighted average number of common shares outstanding - basic and diluted	29,381,662	29,381,662			29,381,662

For the Year Ended December 31, 2025

	Historical					
	Cathedra in IFRS CAD	Cathedra in IFRS USD	Adjustments Reclassification	Adjustments to GAAP		Cathedra in GAAP USD
		3.B	3.C	3.C		
Revenues:						
Total revenues	\$ 21,194	\$ 15,143	-	\$ (109)	3.C.8	\$ 15,034
Operating costs and expenses:						
Cost of revenue (exclusive of depreciation and amortization shown below)	16,047	11,476	-	-		11,476
General and administrative	7,331	5,246	-	-		5,246
Depreciation and amortization	4,784	3,421	-	-		3,421
Impairment of goodwill and other assets	-	-	855	3.C.6	-	855
Change in fair value of digital currencies	(5)	(1)		(1,191)	3.C.5	(1,192)
Total operating expenses	28,157	20,142	855	(1,191)		19,806
Loss from operations	(6,963)	(4,999)	(855)	1,082		(4,772)
Other income (expense):						
Investment gain	75	54	88	3.C.7	-	142
Foreign exchange gain (loss)	(2,228)	(1,587)	-	1,595	3.C.4	8
Interest expense	(672)	(479)	-	-		(479)
Impairment of goodwill	(1,172)	(855)	855	3.C.6	-	-
Unrealized gain on investment	120	88	(88)	3.C.7	-	-
Gain on disposal of subsidiary	167	117	-	-		117
Gain on settlement of debt	693	495	-	-		495
Net (loss) income before taxes	(9,980)	(7,166)	-	2,677		(4,489)
Provision for income taxes	-	-	-	-		-
Net (loss) from continuing operations	\$ (9,980)	\$ (7,166)	\$ -	\$ 2,677		\$ (4,489)
Basic and diluted net loss per common share	\$ (0.34)	\$ (0.25)				\$ (0.15)
Weighted average number of common shares outstanding - basic and diluted	29,091,882	29,091,882				29,091,882

Adjustments herein represent the alignment of the accounting policies and reclassifications, including the following:

1. Adjustment to record the fair value of digital currencies measured using the period-end closing price rather than as an intangible asset with an indefinite useful life initially measured at cost, and subsequently measured under the revaluation model to conform to Sphere's accounting policy;

2. Reclassification to present costs of infrastructure within property plant and equipment rather than other non-current assets to conform to Sphere's accounting policy;
 3. Reclassification of amounts within accounts payable, accrued expenses and due to related parties to conform to Sphere's balance sheet presentation;
 4. Adjustment to present cumulative translation adjustments within accumulated other comprehensive loss rather than accumulated deficit and other income (expense) to conform to Sphere's accounting policy;
 5. Adjustment to present the changes in fair market value of digital currencies within operating expenses and accumulated deficit rather than other comprehensive loss and accumulated other comprehensive loss to conform to Sphere's accounting policy;
 6. Reclassification of impairment of goodwill from other income (expense) to total operating expenses to conform to Sphere's accounting policy;
 7. Reclassification of unrealized gain on investment to investment gain to conform to Sphere's accounting policy; and
 8. Revenue adjustment to measure the contract consideration at fair value at contract inception based on the Bitcoin spot price at the beginning of the day, with a corresponding increase to net loss from continuing operations rather than the spot price on the date of receipt to conform to Sphere's accounting policy.
- D. The adjustment reflects the elimination of related party prepaid, deposits, customer liabilities, and intra-entity transactions between Sphere and Cathedra upon consummation of the Arrangement.
- E. The adjustment reflects the elimination of Cathedra's shareholders' equity, which consists of Cathedra shares, reserves, contributed surplus and accumulated deficit, which will be eliminated upon consolidation.
- F. Sphere and Cathedra incurred acquisition-related transaction costs of approximately \$3.4 million, comprised of professional, legal and accounting fees of \$2.4 million, and \$1.0 million in strategic advisory fees related to the Arrangement. These costs will not affect Sphere's combined statement of operations beyond 12 months after the acquisition date.

The adjustment for the three-months ended March 31, 2026 excludes the non-recurring acquisition-related transaction costs that are reflected in the acquisition cost adjustment for the year ended December 31, 2025.

- G. The adjustment reflects a transaction bonus issued by Sphere in connection with the consummation of the Arrangement (this adjustment is considered to be a one-time charge and is not expected to recur).
- H. The adjustment reflects Sphere restricted stock units that accelerate in accordance with the terms of the applicable equity plans (this adjustment is considered to be a one-time charge and is not expected to recur).

The adjustment for the three-months ended March 31, 2026 excludes the expense related to the restricted stock units that accelerated upon completion of the Arrangement and reflected in the adjustment for the year ended December 31, 2025.

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- I. As of May 29, 2026, approximately 2.9 million Cathedra restricted stock units ("Cathedra RSUs") were issued and outstanding. Certain Cathedra RSUs were exchanged for restricted share units to acquire Sphere Common Shares (the "Replacement RSUs") with the remaining Cathedra RSUs accelerated in accordance with their terms at the closing of the Arrangement. As a result, Sphere issued Replacement RSUs to acquire 178,073 Sphere Common Shares to one Cathedra RSU holder. The fair value of the Replacement RSU has been determined to be approximately \$0.3 million using the closing stock price on May 29, 2026. The fair value of the Cathedra RSUs that accelerated in accordance with their terms at the closing of the Arrangement was approximately \$0.3 million, which represents the fair-value-measure of the vested portion of the Cathedra RSUs and is considered part of the consideration. The Replacement RSUs of \$0.3 million are treated as a post-combination expense and will be recognized over the remaining 2.4 years post combination service period. Approximately \$0.1 million post-acquisition share-based compensation is reflected in the Unaudited Pro Forma Statement of Operations for the year ended December 31, 2025.
- J. Shares used in computing basic and diluted net loss per share as if the Arrangement had occurred on January 1, 2025 are as follows:

	Three Months Ended March 31, 2026
(in thousands, except share and per share data)	
Numerator (basic and diluted)	
Pro forma net loss from continuing operations	\$ (5,199)
Denominator (basic and diluted)	
Historical weighted-average shares outstanding	3,480,663
Shares of Sphere Common Shares as consideration transferred	2,227,227
Cathedra's equity awards converted to Sphere Common Shares	178,073
Sphere's equity awards converted to Sphere Common Shares	435,184
Total weighted average shares outstanding (basic and diluted)	<u>6,321,147</u>
Pro forma loss per share	
Basic and diluted	<u>\$ (0.82)</u>
(in thousands, except share and per share data)	
Numerator (basic and diluted)	
Pro forma net loss from continuing operations	\$ (30,789)
Denominator (basic and diluted)	
Historical weighted-average shares outstanding	2,914,607
Shares of Sphere Common Shares as consideration transferred	2,227,227
Cathedra's equity awards converted to Sphere Common Shares	178,073
Sphere's equity awards converted to Sphere Common Shares	435,184
Total weighted average shares outstanding (basic and diluted)	<u>5,755,091</u>
Pro forma loss per share	
Basic and diluted	<u>\$ (5.35)</u>

A net loss cannot be diluted. When a company is in a net loss position, basic and diluted loss per share are the same.

The computation of pro forma diluted weighted-average shares outstanding excludes the following:

	Three Months Ended March 31, 2026
Series H Preferred Shares Common Share Equivalents	2,300
Series I Shares Common Share Equivalents	1,387,117
Sphere Options	48,551
Sphere Warrants and Cathedra Replacement Warrants	1,440,401
Sphere RSUs and Cathedra Replacement RSU	396,704

	Year Ended December 31, 2025
Series H Preferred Shares Common Share Equivalents	2,300
Series I Shares Common Share Equivalents	1,387,117
Sphere Options	56,586
Sphere Warrants and Cathedra Replacement Warrants	1,440,401
Sphere RSUs and Cathedra Replacement RSU	357,238
