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**THE SHARE TOKENS ARE ONLY SUITABLE FOR INVESTORS: (I) WHO UNDERSTAND THE POTENTIAL RISK OF CAPITAL LOSS AND THAT THERE MAY BE LIMITED LIQUIDITY IN THE UNDERLYING INVESTMENTS OF THE COMPANY; (II) FOR WHOM AN INVESTMENT IN THE SHARE TOKENS IS PART OF A DIVERSIFIED INVESTMENT PROGRAM; AND (III) WHO FULLY UNDERSTAND AND ARE WILLING TO ASSUME THE RISKS INVOLVED IN SUCH AN INVESTMENT PROGRAM. IT SHOULD BE REMEMBERED THAT THE PRICE OF THE SHARES AND THE INCOME FROM THEM CAN GO DOWN AS WELL AS UP.**



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(a Nevada Company)

**LISTING OF UP TO 19,500,000 DIGITAL SHARES, IN AGGREGATE THROUGH AN INITIAL LISTING OF TOKENIZED SHARES (“SHARE TOKENS”).**

**MARKET PARTICIPANTS ARE ADVISED THAT TRADING IN BTCS INC. SHARES WILL BE AS SHARE TOKENS AND THE LISTING WILL BE IN UNITED STATES DOLLARS (“USD”).**

The date of These Listing Particulars is June 29, 2023

**Sponsor Advisor  
Horizon Fintech Advisors Ltd.**

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## DEFINITIONS

**“Horizon”** means Horizon Globex GmbH, an organization designated by the Company to carry out the duties of registrar for the Share Tokens and is responsible for keeping the real time records of Holders of the Share Tokens in accordance with the Securities Facility Rules of MERJ Dep.

**“MERJ Dep”** means MERJ Depository and Registry, a licensed Securities Facility pursuant to the Seychelles Securities Act 2007 and the appointed registry and depository of MERJ Exchange.

**“MERJ Exchange”** means MERJ Exchange Limited, a licensed Securities Exchange pursuant to the Seychelles Securities Act 2007.

**“MERJ Clear”** means MERJ Clearing and Settlement Limited, a licensed Clearing Agency pursuant to the Seychelles Securities Act 2007 and operator of a Real Time Gross Settlement securities settlement system pursuant to the Seychelles National Payment Systems Act 2013.

**“MERJ Depository Interests”** or **“MDI”** means a 1:1 unit of beneficial ownership in a Principal Eligible Asset (e.g., Preferred Stock), registered in the name of an appointed Depository Nominee of MERJ Dep.

**“Share Token”** means an MDI that is issued in the form of a Digital Token and recorded via book-entry method on the register maintained by the Registrar.

**“Securities”** means the Company’s Common Stock, Series V Preferred Stock, and Share Tokens.

**“Transmutation”** means to cause Series V to be converted into Share Tokens or vice versa in accordance with the Securities Facility Rules of MERJ Dep.

## LISTING GENERAL INFORMATION

**Prepared by Horizon Fintex Advisors Limited and issued in terms of the Listings Rules of MERJ Exchange.**

These Listing Particulars are issued in compliance with the Listings Requirements of MERJ Exchange to provide information to the public about the Company. In addition, an application has been made to the MERJ Exchange for the Series V Preferred Stock to be admitted to the Official List and the Company’s Common Stock is also currently traded on NASDAQ with the ticker symbol BTCS.

The share capital of BTCS Inc. (the “Company”) consists of the following:

Preferred stock; 20,000,000 shares authorized at \$0.001 par value;

Series V Preferred stock: 0 shares issued and outstanding as of April 24, 2023;

Common Stock, 97,500,000 shares authorized at \$0.001 par value, 13,810,426 shares of common stock, issued and outstanding as of April 24, 2023.

Warrants to purchase Common Stock, 712,500 outstanding as of April 24, 2023.

Common Stock and Warrants are the only issued class of securities.

## Capitalization

The following table details the Company's capitalization as of April 24, 2023.

<b>Class of Security</b>	<b>Shares of Common Stock as Converted</b>
Common Stock Issued and Outstanding	13,810,426
Restricted Stock Units Issued (Not Vested)	1,631,399
Options to purchase Common Stock (weighted average exercise price of \$2.12)	1,170,000
Warrants to purchase Common Stock (weighted average exercise price of \$11.50)	712,500
<b>Total Common Shares Diluted</b>	<b>17,324,325</b>

## Common Stock

### *At The Market Offering Agreement*

On September 14, 2021, the Company entered into an At-The-Market Offering Agreement (the "ATM Agreement") with H.C. Wainwright & Co., LLC, as agent ("H.C. Wainwright"), pursuant to which the Company may offer and sell, from time-to-time through H.C. Wainwright, shares of the Company's Common Stock having an aggregate offering price of up to \$98,767,500 million. The Company will pay H.C. Wainwright a commission rate equal to 3.0% of the aggregate gross proceeds from each sale of shares.

During the year ended December 31, 2022, the Company sold a total of 2,172,336 shares of Common Stock under the ATM Agreement for aggregate total gross proceeds of \$11,486,513 an average selling price of \$5.29 per share, resulting in net proceeds of \$11,126,331 after deducting commissions and other transaction costs.

## Preferred Stock

### *Series V Preferred Stock*

The Series V Preferred stock is intended to be similar in some respects and superior in others to the Company's Common Stock. Its key features are: i) its non-convertible, ii) perpetual, iii) has a 20% liquidation preference over our Common Stock, iv) eligible, at the discretion of the board of directors of the Company (the "Board"), for dividends and/or distributions made to Common Stock holders, v) eligible, at the discretion of the Board for, dividends and/or distributions up to 20% per annum, which the Common Stock holders would not be entitled to, vi) will be treated as Common Stock in the event of a reorganization such as a merger, and vii) non-voting. The following information about the Series V is qualified in its entirety by reference to the full text of the Company's current report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") on April 19, 2023 and the accompanying exhibits. Up to 19,500,000 shares of Series V shares may be issued to Common Stock shareholders pursuant to the Series V Certificate of Designation ("Series V COD") filed with the Secretary of State of the State of Nevada on April 17, 2023 as a stock dividend on a share-for-share basis. On April 19, 2023, the Company announced that all Common Stock shareholders of record on May 12, 2023 are entitled to receive Series V shares on a 1:1 basis. The payment date is June 2, 2023.

## **Annual Meetings**

The Series V has no voting rights, as such holders of the Share Tokens will not be entitled to vote on any matters of the Company. The Company will hold annual meetings as required by its governing documents or as required by any exchange on which its Common Stock is traded. Common Stock holders shall be entitled to attend all such meetings and vote on such matters brought to a shareholder vote. Series V and Share Token holders should carefully read the Company's Bylaws, Articles of Incorporation, and the Series V COD which are all filed with the SEC to fully understand their rights.

The designation, relative rights, limitations and preferences of the Series V Preferred Stock are as follows:

**Section 1. Designation and Rank.** The designation of such Series V Preferred Stock ("Series V Preferred" or "Series V"). The Series V shall rank senior to the Corporation's common stock, par value \$0.001 per share (the "Common Stock"), and to all other classes and series of equity securities of the Corporation which by their terms do not rank pari passu or senior to the Series V ("Junior Stock"). The Series V shall be subordinate to and rank junior to all indebtedness of the Company now or hereafter outstanding.

**Section 2. Number of Shares.** The number of shares of Series V Preferred shall be 19,500,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock undesignated as to series) or decreased (but not below the number of shares of Series V Preferred then outstanding) by the Board. Shares of Series V Preferred that are redeemed, purchased or otherwise acquired by the Corporation shall be canceled and the Corporation shall take all such actions as are necessary to cause such shares to revert to status of authorized but unissued shares of preferred stock undesignated as to series.

**Section 3. Certain Adjustments.** If the Corporation splits or combines its Common Stock (a "Split"), then Series V shall also be Split on a corresponding basis. For example, if the Corporation combines its Common Stock on a 1 for 4 basis, then the Series V would be combined on a 1 for 4 basis. No fractional shares of Series V shall be issued upon a Split, fractional shares of Series V will be rounded to the next highest whole number. If upon a Split there are insufficient authorized and unissued or reserved shares of preferred stock ("Available Preferred"), then Series V holders shall be issued the Available Preferred on a pro-rata basis.

The Board in its sole discretion may also seek shareholder approval to increase the Series V authorized order to make the adjustment. Series V holders are not eligible for any makeup distributions of Series V in connection with a Split in the event there is either insufficient Available Preferred or the Board does not seek shareholder approval to increase the authorized preferred in order to make the adjustment.

**Section 4. Liquidation Preference.** In the event of a Liquidation Event, the Series V holders shall be entitled to receive in cash out of the assets of the Corporation, whether from capital or from earnings available for distribution to its stockholders, before any amount shall be paid to the holders of any of shares of Junior Stock, an amount per share of Series V equal to one hundred and twenty percent of the amount per share such Series V holder would receive if such Series V holder converted each Series V into one share of Common Stock (as adjusted for stock splits or other similar corporate actions which affect the outstanding number of shares) immediately prior to the date of such payment. To the extent necessary, the Corporation shall cause such actions to be taken by each of its subsidiaries so as to enable, to the maximum extent permitted by law, the proceeds of a Liquidation Event to be distributed to the Series V Holders in accordance with this Section 4. "Liquidation Event" means, whether in a single transaction or series of transactions, the voluntary

or involuntary liquidation, dissolution or winding up of the Corporation or such subsidiaries the assets of which constitute all or substantially all of the assets of the business of the Corporation and its subsidiaries, taken as a whole.

Section 5. Dividends and Distributions. If at any time the Corporation declares a dividend and/or distribution to its Common Stock holders, the holders of Series V Preferred, unless otherwise approved by the Board, will not be entitled to it. The Series V however shall be entitled to dividends and/or distributions to the extent approved by the Board which the Common Stock holders would not be entitled up to a maximum of 20% per annum.

Section 6. Reorganization Event. In the event of any

- (a) consolidation or merger of the Corporation with or into another Person or any statutory exchange or binding share exchange; or
- (b) any sale, transfer, lease or conveyance to another Person of all or substantially all of the property and assets of the Corporation and its subsidiaries;

in each case as a result of which the shares of Common Stock are exchanged for, or converted into, other securities, property or assets (including cash or any combination thereof) (any such event, a "Reorganization Event"), then, at the effective time of such Reorganization Event, each share of Series V outstanding immediately prior to such Reorganization Event shall, without the consent of the holders, be exchanged into the kind and amount of such other securities, property or assets (including cash or any combination thereof) that holders of the Common Stock received in such Reorganization Event based on the number of Series V shares held which shall be treated as if such shares were additional outstanding shares of the Corporation's Common Stock. "Person" means an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity.

Section 7. Voting Rights. Except as otherwise provided herein or as required by law, the holders of the shares of Series V Preferred shall have no voting rights.

Section 8. Other Rights. The shares of Series V Preferred shall not have any, preferences or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein.

Section 9. Fees. The Corporation shall pay all fees of the Corporation's transfer agent that may be payable with respect to the transfer of the Series V Preferred to its transfer agent in connection with the listing of the Series V Preferred on a foreign exchange. The Corporation shall not be responsible for any other fees incurred by the holder including fees charged to the holder by its broker.

Section 10. Amendment. The Corporation may amend this Certificate of Designation without the consent of the holders, solely with respect to:

- (a) cure any ambiguity or mistake, or to correct or supplement any provision contained in the Certificate of Designation that may be defective or inconsistent with any other provision contained in the Certificate of Designation; or
- (b) make any provision with respect to matters or questions relating to the Series V Preferred that is not inconsistent with the provisions of the Articles of Incorporation or the Certificate of Designation; or
- (c) waive any of the Corporation's rights with respect to the Series V Preferred. Provided further it no shares of Series V Preferred are outstanding the Corporation may amend any provision of the Certificate of Designation.

## **MERJ Exchange**

On June 2, 2023 MERJ Exchange approved an application from the Company to list up to 19,500,000 shares of Series V Preferred (“Series V”), with a par value of USD \$0.001 each, on Upstream, a MERJ Exchange Market, under the abbreviated name and share code “BTCSP” and ISIN US05581M5031. The date of listing and commencement of trading is expected to be on or after June 29, 2023.

The Company has not affected a spin-off from the date of its formation. No such acts or activities are being contemplated for the future.

Participants of Upstream will hold and trade beneficial interests in the Series V in the form of Share Tokens using the Upstream Platform, <https://upstream.exchange/>. The register of Holders of the Share Tokens will be maintained by Horizon as the Registrar. The underlying Series V represented by the Share Tokens shall be held in “street name” on the Principal Register maintained by the Transfer Agent in the name of MERJ Nominees Ltd., a bankruptcy remote, wholly owned subsidiary of MERJ Dep (“Depository Nominee”).

The Directors of the Company, whose names are given in this Notice, collectively and individually accept full responsibility for the accuracy of the information given in these Listing Particulars and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain the accuracy of such facts have been made up to and including the last practicable date and that the document contains all information required by law and by the Listing Requirements of MERJ Exchange.

Copies of these Listing Particulars and all updates and amendments to these Listing Particulars up to the date of listing are available in English from the registered offices of BTCS Inc., at 9466 Georgia Avenue #124, Silver Spring, MD 20910 USA and the offices of the Sponsor Advisors at F20, 1st Floor, Eden Plaza Court, Eden Island, Seychelles as well as on the Upstream App, the Upstream website <https://upstream.exchange/> and the MERJ Exchange website, <https://merj.exchange/>.

**Sponsor Advisor:** Horizon Fintex Advisors Ltd.

**Date of issue:** June 29, 2023

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

These Listing Particulars contains forward looking statements based on assumptions and reflects the Directors expectations, estimates and projections of future events as of the date of this Pre-Listing Statement. Forward-looking statements include, without limitation, statements regarding the performance, prospects, opportunities, priorities, targets, goals, objectives, strategies, growth and outlook of the Company. Often, but not always, forward looking statements can be identified by the use of words such as “expects”, “anticipates”, “plans”, “believes”, “estimates”, “seeks”, “intends”, “targets”, “projects”, “forecasts”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward looking statements are based upon certain material factors and assumptions that were applied in drawing a conclusion or making a forecast or projection, including assumptions and analyses made by the Directors in the light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. Also, forward looking statements involve known and unknown

risks, uncertainties and other factors that are beyond the Directors control, and which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such material factors and assumptions and risks and uncertainties include, among others, those which are incorporated into these Listing Particulars and qualify any and all forward-looking statements made in these Listing Particulars.

Market data and industry information contained in these Listing Particulars are derived from various trade publications, industry sources and Company estimates. Such sources and estimates are inherently imprecise. However, the Directors believe that such data and information are generally indicative of market position. The Directors of the Company are under no obligation to update this information nor any forward-looking statements whether as a result of new information, future events or otherwise beyond its issue date, except as required by law.

Although the Directors have attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events and results to differ from those anticipated, estimated or intended. There can be no assurance that actual results will be consistent with these forward-looking statements.

Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements herein relate only to events or information as at the date on which the statements are made and, except as specifically required by law, the Directors undertake no obligation to update or revise any forward-looking statements, whether because of new information, estimates or opinions, future events or results or otherwise.

## **NOTICE TO INVESTORS**

Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to their acquisition, holding or disposal of the Share Tokens, and any foreign exchange restrictions that may be relevant thereto. These Listing Particulars do not constitute an offer to sell or the solicitation of an offer to buy in any state or other jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such state or jurisdiction. In particular, the information contained in these Listing Particulars does not constitute an offer of securities for sale in the United States. None of the securities described or directly or indirectly referred to in these Listing Particulars have been nor will they be registered under the Securities Act of 1933, as amended (“U.S. Securities Act”). The Share Tokens may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act or pursuant to an exemption from, or in a transaction not subject to, such registration or if a licensed U.S. broker dealer introduces their customer to Upstream to transact in the Share Tokens listed. **Accordingly, the Share Tokens are being offered and sold only in offers and sales that occur outside the United States to purchasers who are not U.S. persons (as defined in Regulation S) in offshore transactions in reliance on Regulation S under the U.S. Securities Act. By purchasing the Share Tokens, investors are deemed to have acknowledged, represented and warrant this to the Company.**

The information in these Listing Particulars is for general guidance only and it is the responsibility of any person or persons in possession of these Listing Particulars and wishing to make an application to subscribe for the Share Tokens to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

The securities offered involve a high degree of risk and may result in the loss of your entire investment. Any person considering the purchase of these securities should consult with his, her or

its legal, tax and financial advisors prior to making an investment in securities. The securities should only be purchased by persons who can afford to lose all of their investment. In making an investment decision, investors must rely on their own examination of the Company and the terms of the offering, including the merits and risks involved.

No person is authorized to give any information or make any representations (whether oral or written) in connection with the contents of these Listing Particulars except such information as is contained in these Listing Particulars and in any annexures, hereto. Only information or representations contained herein may be relied upon as having been authorized.

Neither the issue nor the delivery of these Listing Particulars at any time shall imply that information contained herein is correct as of any time subsequent to the issue date. Readers of these Listing Particulars should not construe its contents, or any prior or subsequent communications from the Company or any of its agents, officers, or representatives, as legal or tax advice. Readers should consult their own advisers as to legal, tax and related matters concerning an investment in the Company.

Neither the Directors nor their agents make any representation to any potential purchaser of securities regarding the legality of an investment therein by such investor under applicable legal investment regulation or similar laws.

These Listing Particulars do not constitute an offer to sell or issue, or the solicitation of an offer to purchase, subscribe for or otherwise acquire, Share Tokens in any jurisdiction where such an offer or solicitation would be unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company. The distribution of these Listing Particulars and the offer of the Share Tokens in certain jurisdictions may be restricted by law.

Other than in the Seychelles, no action has been or will be taken to permit the possession, issue or distribution of these Listing Particulars (or any other offering materials or publicity relating to the Share Tokens) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither these Listing Particulars, nor any other offering materials or publicity relating to the Share Tokens may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession these Listing Particulars (or any other offering materials or publicity relating to the Share Tokens) comes should inform themselves about and observe any such restrictions.

## **NOTICE TO U.S. PERSONS**

No offer or sales of the Share Tokens shall be made to U.S.-based investors, either U.S. citizens or permanent residents of the United States, unless done pursuant to a registration statement or exemption thereof and in compliance with all federal and state laws or if a licensed U.S. broker dealer introduces their customer to Upstream to transact in the Share Tokens listed. Except as provided for herein, there has not been and will be no public offering of the Share Tokens in the United States. The Share Tokens have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within the United States, unless pursuant to a registration statement or exemption thereof. The Series V shares are being distributed to all holders of BTCS Common Stock as a special dividend and are exempt from registration as it involves no sale for value in which any investment decision is made.

## **NOTICE TO CANADIAN PERSONS**

No offer or sales of the Company shares shall be made to Canadian-based investors, either Canadian citizens or permanent residents of Canada. There has not been and will be no public offering of the Share Tokens in Canada, and may not be offered, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within Canada.

# SUMMARY

## 1. INTRODUCTION

BTCS Inc., a Nevada corporation (the “Company”) was incorporated on April 15, 2008. The Company's head office is situated at 9466 Georgia Avenue #124, Silver Spring, MD 20910 USA. The Company’s website is <https://www.btcs.com/>.

## 2. OVERVIEW

BTCS is committed to operating blockchain infrastructure as a Validator that is secure, efficient, and scalable. They specialize in operating validator nodes on various DPoS and PoS-based blockchain networks, including Ethereum, Cosmos, Kava, Tezos, Avalanche, Kusama, Mina, Akash, Cardano, Oasis, and NEAR Protocol. The Company stakes the crypto assets native to these blockchains on the validator nodes it operates to earn rewards in connection with the validation of transactions occurring on those blockchain networks.

BTCS’s blockchain infrastructure operations form the core growth for its Digital Asset Platform, StakeSeeker. BTCS utilizes cloud infrastructure to operate and run its validator nodes and does not operate a data center or own physical assets such as servers. BTCS plans to expand its PoS operations to secure other disruptive blockchain protocols that allow for Delegating.

Staking-as-a-service (“StaaS”) is a central component of BTCS’s strategy. StaaS allows crypto asset holders to earn rewards by participating in network consensus mechanisms through Staking and Delegating their crypto assets to Company-operated validator nodes. As a non-custodial Validator operator, BTCS receives a percentage of token holders’ staking rewards generated as a validator node fee, creating the opportunity for potential scalable revenue and business growth with limited additional costs.

In January 2023, the Company launched a beta version of StakeSeeker, its proprietary Digital Asset Platform. StakeSeeker is a comprehensive crypto dashboard and education center for crypto asset holders to learn how to earn crypto rewards by Staking through its non-custodial Stake Hub and evaluate their crypto portfolios across exchanges and wallets in a single analytics platform. The internally-developed dashboard utilizes application programming interfaces (APIs) to read user data from digital wallets and crypto exchanges and does not allow for the trading of crypto assets.

The delegation process central to DPoS blockchains and our StaaS strategy revolves around the non-custodial nature of these networks. The blockchain network calculates rewards earned, which are then distributed directly to the Delegator’s wallet. At no point does the Validator take custody of the staked crypto assets or rewards earned through Staking. Therefore, BTCS does not obtain custody or facilitate transfers of any third-party assets in its role as a Validator or StaaS provider.

The self-custody of crypto assets by Delegators is a critical aspect of our non-custodial staking model. Recent headlines of bankruptcies, fraud, risk management failures, and misappropriation of customer assets in the crypto industry have raised concerns about the security of custodial exchanges and similar platforms. BTCS ensures that substantially all of its crypto assets are held in secure digital wallets, with less than 0.1% of its crypto assets on crypto exchanges. Our exposure to companies such as FTX, Blockfi, and Celsius is limited to the negative impact these platforms had on the value of our assets in the crypto markets.

StakeSeeker’s Stake Hub is central to BTCS’s growth strategy, allowing users to Delegate their crypto assets to the Company’s validator nodes. The growth of both StakeSeeker’s user base as well as the number and size of staked crypto assets by Delegators to Company-run validator nodes

is critical to BTCS’s strategy and success. The Company believes that StaaS provides a more accessible and cost-effective way for crypto asset holders to participate in blockchain network consensus mechanisms, thereby promoting the growth and adoption of blockchain technology.

### 3. MANAGEMENT & DIRECTORS

<u>Name</u>	<u>Position</u>
Charles Allen	Chief Executive Officer, Director Chief Operating Officer, Corporate Secretary and Director
Michael Handerhan	Chief Financial Officer
Michael Prevoznik	Chief Technology Officer
Manish Paranjape	Independent Director
Melanie Pump	Independent Director
Charles Lee	Independent Director
Carol Van Cleef	Independent Director

**Charles W. Allen**, has served as our Chief Executive Officer and as our Chairman of the Board since September 11, 2014. Mr. Allen also previously served as our Chief Financial Officer. Mr. Allen is responsible for our overall corporate strategy and direction. From October 10, 2017, Mr. Allen was also a director of Global Bit Ventures (“GBV”), and was the CEO of GBV beginning on January 12, 2018. GBV discontinued its operations in 2019. Mr. Allen has extensive experience in business strategy and structuring and executing a variety of investment banking and capital markets transactions, including financings, IPO’s and mergers and acquisitions. Mr. Allen has extensive experience in business strategy and structuring and executing a variety of investment banking and capital markets transactions, including financings, IPO’s and mergers and acquisitions. Prior to his work in the blockchain industry, he worked domestically and internationally on projects in technology, media, natural resources, logistics, medical services, and financial services. He has served as a Managing Director at numerous boutique investment banks focused on advising and raising capital for small and mid-size companies. Mr. Allen received a B.S. in Mechanical Engineering from Lehigh University and a M.B.A. from the Mason School of Business at the College of William & Mary.

Mr. Allen was selected to be on the Board because of his background and leadership experiences in the cryptocurrency industry qualify him to serve on the Board.

**Michal Handerhan**, has served as our Chief Operating Officer since February 5, 2014 and was appointed as our Secretary on March 11, 2014. Mr. Handerhan served as our Chairman of the Board from February 5, 2014 to September 11, 2014 and was a co-founder of BitcoinShop.us LLC. Mr. Handerhan supports both our business and development strategy across the management team. Since January 12, 2018 until it discontinued operations, Mr. Handerhan was the Corporate Secretary and a director of GBV. From February 2011 through February 2014, Mr. Handerhan served as an independent IT and web services consultant to the National Aeronautics and Space Administration (“NASA”). From October 2005 until February 2014, Mr. Handerhan was the President and Chief Executive Officer of Meesha Media Group, LLC which provided high-definition video production services, Web 2.0 development, database management, and social media solutions. From March 2002 through October 2006, Mr. Handerhan served as a team leader for NASA in their Peer Review Services group. Prior to working at NASA’s Peer Review Services group Mr. Handerhan served as the web developer for Folio Investments. Mr. Handerhan received a B.S. in Computer Science from Czech Technical University.

Mr. Handerhan was selected to be on the Board because of his extensive experience in technology.

**Charles Lee**, has served as an independent Director since April 1, 2021. Mr. Lee is the creator of Litecoin and a Director of the Litecoin Foundation. Mr. Lee attended The Massachusetts Institute of Technology where he graduated in 2000 with a Bachelors and Masters degree in Electrical Engineering and Computer Science. Prior to creating Litecoin, Mr. Lee was a Software Engineer at Google. In 2011, Mr. Lee created Litecoin in an effort to improve upon Bitcoin's high fees, slower transaction times, and scalability issues. Mr. Lee went on to work for Coinbase where he became Director of Engineering before leaving the company in 2017 to focus on supporting the development of Litecoin full time.

Mr. Lee was selected to be on the Board because of his experience in the blockchain industry.

**Melanie Pump**, has served as an independent Director since October 1, 2022. Since March 2022, Ms. Pump has been the Chief Financial Officer of Polymath Research Inc., a software development company. From August 2021 until June 2022, Ms. Pump was the Chief Financial Officer of Brane Inc., a software development company. From September 2020 until August 2021, Ms. Pump was the Chief Financial Officer of Codix Management Inc., a management support company. From April 2018 until June 2020, Ms. Pump was the Chief Financial Officer of Incognito Software Systems, Inc, a software solutions company. From October 2016 until April 2018, Ms. Pump was the Director of Finance at Teldon Media Group Inc., a commercial printing company. Ms. Pump serves on the board of directors of Mobio Technologies Inc. Ms. Pump is a Chartered Professional Accountant licensed in British Columbia, Canada.

Ms. Pump was selected to be on the Board because of her financial reporting experience.

**Carol Van Cleef**, has served as an independent Director since April 1, 2021. Ms. Van Cleef has over 40 years' experience as a lawyer and consultant in the financial services industry, including more than 20 years as a partner in several AML 100 law firms. Ms. Van Cleef counsels a wide range of clients on blockchain, fintech and related compliance issues, with an expertise in federal and state banking and money transmitter regulation, anti-money laundering and sanctions compliance and other payments related issues. Ms. Van Cleef joined W Legal in February 2023 as a Partner and leads W Legal's Blockchain and Digital Assets Practice. In 2018, Ms. Van Cleef founded the Luminous Group, a blockchain focused business advisory, risk management and compliance consulting firm where she is the CEO. Ms. Van Cleef also founded Comptegrity, Inc., a compliance consulting and training company in 2012, and has served in a nonlegal advisory role for a number of early stage companies including BTCS from 2014 to 2015, as well as Gatenox, Securrency, XMode Social and Openbucks. Ms. Van Cleef is a past president of Women in Housing and Finance and founding member of the Association of Women in Crypto. Ms. Van Cleef is a member of the board of directors of Polymath Research Inc. since March 2023 and a member of the board of directors of Bryllant Inc. since July 2022. She is a member of the board of directors of the not for profit, Travel Rule Information Sharing Alliance (TRISA), and participates in a number of trade related groups including Digital Assets Advisory Committee at Washington College of Law, American University. Ms. Van Cleef is a graduate of Georgetown University, School of Foreign Service (B.S.F.S) and received a Juris Doctor from the Washington College of Law, American University.

Ms. Van Cleef was selected to be on the Board because of her experience in the blockchain industry.

**Michael Prevoznik**, has been the Company's Chief Financial Officer since December 2021. Prior to that, Mr. Prevoznik worked for PricewaterhouseCoopers LLP for over nine years specializing in investment company audits for leading asset managers in the financial services

industry. Mr. Prevoznik is a Certified Public Accountant licensed in the state of Pennsylvania. Mr. Prevoznik received a B.S. in Business Administration as well as a Master of Accountancy from the Grossman School of Business at the University of Vermont.

*Manish Paranjape*, has been the Company's Chief Technology Officer since February 2022. From January 2019 until February 2022, Mr. Paranjape was the Vice President of Technology and Research at Corra, a global digital agency. Prior to that, beginning in July 2013, Mr. Paranjape was the Director of Technology (U.S.) at Corra.

### **Family Relationships**

There are no family relationships between any of the executive officers and directors.

### **Outside Directorships**

Charlie Lee is a director of the Litecoin Foundation a non-profit. Charles Allen is a director of Innovation1 Biotech Inc. and has been nominated as a director of 60 DEGREES PHARMACEUTICALS, INC, and a Director of USHPA, a non-profit. Melanie Pump serves on the board of directors of Mobio Technologies Inc.

## **EXECUTIVE COMPENSATION**

The following information is related to the compensation paid, distributed or accrued by us to those persons serving as our Chief Executive Officer (principal executive officer) during 2022, and our two most highly compensated executive officers other than the Chief Executive Officer whose total compensation exceeded \$100,000. These persons are referred to as the "Named Executive Officers."

## 2022 Summary Compensation Table

Name and Principal Position (a)	Year (b)	Salary (\$)(c)	Bonus (\$)(d)	Stock Awards (\$)(e)(1)(2)(3)	Option Awards (\$)(f)(1)	All Other Compensation (\$)(i)(3)	Total (\$)(j)
Charles Allen	2022	368,702	-	2,337,367	-	38,055	2,744,124
Chief Executive Officer	2021	376,749	-	2,060,000	7,345,447	169,068	9,951,264
Michal Handerhan	2022	250,000	10,000	1,501,223	-	33,176	1,794,399
Chief Operations Officer	2021	224,675	-	515,000	3,427,875	86,995	4,254,545
Michael Prevoznik	2022	204,167	-	584,922	-	32,500	821,589
Chief Financial Officer (4)	2021	14,584	-	175,000	-	1,000	190,584

- (1) Amounts reported represent the aggregate grant date fair value of awards granted without regards to forfeitures granted to the Named Executive Officers, computed in accordance with ASC 718. This amount does not reflect the actual economic value realized by the Named Executive Officers.
- (2) The stock awards (for 2022) relate to: (i) 340,258 restricted stock shares and 694,444 restricted stock units related to the Company's Long Incentive Plan issued to Mr. Allen, (ii) 226,191 restricted stock shares and 444,444 restricted stock units related to the Company's Long Incentive Plan issued to Mr. Handerhan, and (iii) 71,429 restricted stock shares and 222,224 restricted stock units related to the Company's Long Incentive Plan issued to Mr. Prevoznik.
- (3) All Other Compensation (for 2022) includes for,
- a. Mr. Allen relates to: (i) \$20,500 of discretionary matching of employee contributions to the Company sponsored 401(k) plan made by the Company in 2022 related to 2021 contributions, and (ii) insurance premiums paid by the Company on the employee's behalf.
  - b. Mr. Handerhan relates to: (i) \$20,500 of discretionary matching of employee contributions to the Company sponsored 401(k) plan made by the Company in 2022 related to 2021 contributions, and (ii) insurance premiums paid by the Company on the employee's behalf.
  - c. Mr. Prevoznik relates to: \$20,500 of discretionary matching of employee contributions to the Company sponsored 401(k) plan made by the Company in 2022 related to 2021 contributions.
  - d. \$1,000 per month for each Named Executive Officer in connection with office space, telephone and internet expense allowances.
- (4) Michael Prevoznik was appointed as the Company's Chief Financial Officer effective as of December 1, 2021.

### Employment Arrangements with Named Executive Officers

#### *Charles Allen*

On June 22, 2017, the Company entered into an employment agreement with Charles Allen (the "Allen Employment Agreement"), whereby Mr. Allen agreed to serve as our Chief Executive Officer and Chief Financial Officer for a period of two years, subject to renewal, in consideration for an annual base salary of \$245,000, which shall be increased annually by 4.5% (an "Annual Increase"). Additionally, under the terms of the Allen Employment Agreement, Mr. Allen shall be eligible for an annual bonus if we meet certain criteria, as established by the Board. Mr. Allen shall be entitled to participate in all benefits plans we provide to our senior executives. We shall reimburse Mr. Allen for all reasonable expenses incurred in the course of his employment. The Company shall pay Mr. Allen \$500 per month to cover telephone and internet expenses. If the Company does not provide office space to Mr. Allen the Company will pay him an additional \$500 per month to cover expenses in connection with their office space needs.

On February 6, 2019, the Company amended the Allen Employment Agreement whereby the annual base salary was increased to \$345,000 per year effective January 1, 2019, all other terms of the Allen Employment Agreement remained unchanged including the Annual Increase. As a result of the Annual Increase to combat inflation Mr. Allen's annual base salary should have been \$393,702 for 2022; however, on June 24, 2022, as a part of the Company's cost-cutting measures, Mr. Allen agreed to voluntarily forfeit \$25,000 of his annual base salary for 2022, this reduction did not alter

or amend the Allen Employment Agreement, or any calculations based on such agreement. Mr. Allen's base salary for 2023 is \$411,419 after giving effect to the Annual Increase.

### ***Michal Handerhan***

On June 22, 2017, the Company entered into an employment agreement with Michal Handerhan (the "Handerhan Employment Agreement"), whereby Mr. Handerhan agreed to serve as our Chief Operating Officer and Secretary for a period of two years, subject to renewal, in consideration for an annual base salary of \$190,000, which shall be increased by the Annual Increase. Additionally, under the terms of the Handerhan Employment Agreement, Mr. Handerhan shall be eligible for an annual bonus if we meet certain criteria, as established by the Board. Mr. Handerhan shall be entitled to participate in all benefits plans we provide to our senior executives. We shall reimburse Mr. Handerhan for all reasonable expenses incurred in the course of his employment. The Company shall pay Mr. Handerhan \$500 per month to cover telephone and internet expenses. If the Company does not provide office space to Mr. Handerhan the Company will pay him an additional \$500 per month to cover expenses in connection with their office space needs.

On February 6, 2019, the Company amended the Handerhan Employment Agreement whereby the annual salary was increased to \$215,000 per year effective on January 1, 2019, all other terms of the Handerhan Employment Agreement remained unchanged including the Annual Increase. For the year ended December 31, 2020, Mr. Handerhan's annual base salary was \$224,675.

On January 19, 2022, the Board approved a salary increase for Michael Handerhan effective January 1, 2022, all other terms of the Handerhan Employment Agreement remained unchanged including the Annual Increase. As a result of the increase Mr. Handerhan's annual base salary should have been \$275,000, for 2022; however, on June 24, 2022, as a part of the Company's cost-cutting measures, Mr. Handerhan agreed to voluntarily forfeit \$25,000 of his annual base salary for 2022, this reduction did not alter or amend the Handerhan Employment Agreement, or any calculations based on such agreement. Mr. Handerhan's base salary for 2023 is \$287,375 after giving effect to the Annual Increase.

### ***Michael Prevoznik***

On November 30, 2021, the Company (under an offer letter) agreed to pay Mr. Prevoznik a salary of \$175,000 per year. Additionally, Mr. Prevoznik will be eligible for a performance bonus in an amount and with milestones to be determined by the Board and the Compensation Committee with the target bonus being one half to two times his then base salary. Mr. Prevoznik shall be entitled to participate in all benefits plans we provide to our senior executives. We shall reimburse Mr. Prevoznik for all reasonable expenses incurred in the course of his employment. The Company shall pay Mr. Prevoznik \$500 per month to cover telephone and internet expenses. If the Company does not provide office space to Mr. Prevoznik the Company will pay him an additional \$500 per month to cover expenses in connection with their office space needs. Additionally, the Company granted Mr. Prevoznik 29,363 RSUs. These RSUs were to vest (or have vested) as follows: (i) one fifth on December 1, 2022 and (ii) the remaining in 48 equal monthly increments, with each vesting tranche being subject to continued employment on such applicable vesting date. In December 2022, the Board amended the unvested RSUs to make the RSUs vest annually on a calendar year basis.

On June 1, 2022, the Board increased Mr. Prevoznik's annual base salary to \$225,000. Additionally, on December 9, 2022, the Board approved applying the Annual Increase to Mr. Prevoznik's annual base salary for 2023. Mr. Prevoznik's base salary for 2023 is \$235,125 after giving effect to the Annual Increase.

## Annual Performance Payout

On December 9, 2022, the Board approved a management annual performance payout plan in the aggregate of approximately \$278,500 of which \$30,000 was paid in cash and the remaining was paid in stock. Our Named Executive Officers received the following:

- Mr. Allen was issued 166,647 shares of common stock and no cash
- Mr. Handerhan was issued 115,080 shares of common stock (with 24,857 shares withheld to pay tax withholding obligation) and \$10,000 of cash
- Mr. Prevoznik was issued 71,429 shares of common stock (with 16,571 shares withheld to pay tax withholding obligation) and \$10,000 of cash

Additionally, Mr. Prevoznik was granted 25,000 RSUs which vest annually over a five-year period, subject to continued employment on each applicable vesting date.

In 2022, the Company’s executive officers were granted RSUs as part of a long-term incentive (“LTI”) plan, with vesting terms set for when the Company’s market capitalization reaches and sustains a market capitalization for 30 consecutive days above four defined market capitalization thresholds of \$100 million, \$150 million, \$200 million and \$400 million. On December 9, 2022, upon recommendation of the Compensation Committee of the Board approved an amendment to the LTI plan, whereby the market capitalization threshold targets were lowered to \$50 million, \$100 million, \$150 million, and \$300 million, effective January 1, 2023.

The RSUs granted to each executive employee are as follows:

Officer Name	Title	Grant Date	Total RSUs Granted	Market Cap Vesting Thresholds			
				\$ 50 million	\$ 100 million	\$ 150 million	\$ 300 million
Charles Allen	Chief Executive Officer	1/2/2022	694,444	173,611	173,611	173,611	173,611
Michal Handerhan	Chief Operations Officer	1/2/2022	444,444	111,111	111,111	111,111	111,111
Michael Prevoznik	Chief Financial Officer	1/2/2022	222,224	55,556	55,556	55,556	55,556

To the extent any market capitalization targets set forth above for Mr. Prevoznik are achieved, the RSUs will also be subject to the following five-year vesting schedule: 20% of the LTI RSUs which have met a market capitalization criteria will vest on the one-year anniversary of the grant date, and the remaining 80% of the LTI RSUs which have met a market capitalization criteria will vest annually on each subsequent calendar year-end date over the four years following the one year anniversary of the grant date.

## Termination Provisions

The terms of the Allen Employment Agreement and Handerhan Employment Agreement (collectively the “Employment Agreements”) provide each of Messrs. Allen and Handerhan (the “Executives”) certain, severance and change of control benefits if the Executive resigns from the Company for good reason or the Company terminates him other than for cause. In such circumstances, the Executive would be entitled to a lump sum payment equal to (i) the Executive’s then-current base salary, and (ii) payment on a pro-rated basis of any bonus or other payments earned in connection with any bonus plan to which the Executive was a participant. In addition, the severance benefit for the Executives the employment agreements include the Company continuing to pay for medical and life insurance coverage for up to one year following termination. If, within eighteen months following a change of control (as defined below), the Executive’s employment is terminated by the Company without cause or he resigns from the Company for good reason, the Executive will receive certain severance compensation. In such circumstances, the cash benefit to the Executive will be a lump sum payment equal to two times (i) his then-current base salary and

(ii) his prior year cash bonus and incentive compensation. Upon the occurrence of a change of control, irrespective of whether his employment with the Company terminates, each Executive's stock options and equity-based awards will immediately vest.

A "change of control" for purposes of the Employment Agreements means any of the following: (i) the sale or partial sale of the Company to an un-affiliated person or entity or group of un-affiliated persons or entities pursuant to which such party or parties acquire shares of capital stock of the Company representing at least 25% of the fully diluted capital stock (including warrants, convertible notes, and preferred stock on an as converted basis) of the Company; (ii) the sale of the Company to an un-affiliated person or entity or group of such persons or entities pursuant to which such party or parties acquire all or substantially all of the Company's assets determined on a consolidated basis, or (iii) Incumbent Directors (Mr. Allen and Mr. Handerhan) cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board. Neither Executive resigned from the Company for good reason in connection with (iii) above being triggered in 2021. Additionally, no equity held by them vested as a result.

Additionally, we have entered into an indemnification agreement with each executive officer.

### **Employee Benefit Plans**

The Company maintains defined contribution benefit plans under Section 401(k) of the Internal Revenue Code covering substantially all qualified employees of the Company (the "401(k) Plan"). Under the 401(k) Plan, the Company may make discretionary contributions of up to 100% of employee contributions. In fiscal 2022, the Company made contributions to the 401(k) Plan of \$45,000.

### **Risk Assessment Regarding Compensation Policies and Practices as they Relate to Risk Management**

Our compensation program for employees does not create incentives for excessive risk taking by our employees or involve risks that are reasonably likely to have a material adverse effect on us. Our compensation has the following risk-limiting characteristics:

- Our base pay programs consisting of competitive salary rates provide a reliable level of income on a regular basis, which decreases incentive on the part of our executives to take unnecessary or imprudent risks; and
- Equity awards may be recovered by us should a restatement of earnings occur upon which incentive compensation awards were based, or in the event of other wrongdoing by the recipient.

## DIRECTOR COMPENSATION

In 2022, non-employee members of our Board were compensated for as follows:

Name (a)	Fees Earned or Paid in Cash (\$)(b)	Stock Awards (\$)(c)(1)(2)	Option Awards (\$)(d)	Non-Equity Incentive Plan Compensation (\$)(e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(f)	All Other Compensation (\$)(g)	Total (\$)(j)
David Garrity (3)	29,417	100,002	-	-	-	-	129,419
Carol Van Cleef	40,000	100,002	-	-	-	-	140,002
Charlie Lee	25,000	100,002	-	-	-	-	125,002
Melanie Pump (3)	8,750	11,943	-	-	-	-	20,693

- (1) Amounts reported represent the aggregate grant date fair value of awards granted without regard to forfeitures granted to the independent members of our Board during 2022, computed in accordance with ASC 718. This amount does not reflect the actual economic value realized by the director.
- (2) The stock awards relate to: (i) 31,848 restricted stock units issued to Mr. Garrity, (ii) 31,848 restricted stock units issued to Ms. Van Cleef, (iii) 31,848 restricted stock units issued to Mr. Lee, and (iv) 7,962 restricted stock units issued to Ms. Pump.
- (3) Mr. Garrity resigned and Ms. Pump was appointed in fiscal 2022.

On June 24, 2022, as a part of its cost-cutting measures, the Board approved a reduction on all director fees for 2022 from \$50,000 to \$25,000 and reduced the Audit, Compensation and Nominating and Corporate Governance committee chair fees for 2022 to \$5,000.

### Outstanding Awards at Fiscal Year End

Listed below is information with respect to unexercised options, stock (including restricted stock units) that has not vested, and equity incentive plan awards for each Named Executive Officer outstanding as of December 31, 2022:

Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) (d)	Option Exercise Price (\$)(e)	Option Expiration Date (f)	Number of Shares or Units That Have Not Vested (#) (g)(1)	Market Value of Shares or Units That Have Not Vested (\$)(h)	Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (#) (i)(2)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#) (j)
Charles Allen	750,000	—	—	1.90	3/31/2026	—	—	694,444	437,500
Michal Handerhan	350,000	—	—	1.90	3/31/2026	—	—	444,444	280,000
Michael Prevoznik	—	—	—	—	—	23,490	14,799	222,224	140,001

- (1) RSUs awarded to Mr. Prevoznik shall vest as follows: (i) one fifth on December 1, 2022, and (ii) the remaining in four equal annual installments beginning on December 31, 2023. Previously, the RSUs were to vest monthly, with each vesting tranche being subject to continued employment on such applicable vesting date.
- (2) Unearned shares relate to restricted stock units related to the Company's Long Incentive Plan.

In 2023, the Board approved an amendment to all outstanding Stock Option Agreements to allow for cashless exercise of Options in accordance with the Plan.

## Equity Compensation Plan Information

The following table discloses, as of December 31, 2022, the number of outstanding options and other rights granted by the Company to participants in equity compensation plans, as well as the number of securities remaining available for future issuance under these plans. The table provides this information separately for equity compensation plans that have and have not been approved by shareholders.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)(\$)	Number of securities to be issued upon vesting of RSUs (c)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (d)
Equity compensation plans approved by security holders	1,150,000	2.12	1,581,399	3,562,847
Equity compensation plans not approved by security holders	-	-	-	-
<b>Total</b>	<b>1,150,000</b>	<b>2.12</b>	<b>1,581,399</b>	<b>3,562,847</b>

## Director Powers

The powers of the Company shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Company's Bylaws or Articles of Incorporation.

## 4. LISTING TIMETABLE

The Listing is expected to commence on or after June 29, 2023.

## 5. LISTING INFORMATION

As of April 24, 2023, 13,810,426 shares of Common Stock are outstanding. MERJ Exchange has granted a listing of up to 19,500,000 Tokenized Series V with a par value of USD \$0.001 each, being the entire issued share capital of the Company at the time of listing on Upstream.

## 6. DEALING CODES

- Incorporated in Nevada on April 15, 2008
- Share Token code "BTCSP"
- ISIN US05581M5031

## 7. U.S. TRADING INFORMATION

- NASDAQ: BTCS
- U.S. SEC FILINGS: All SEC Filings: BTCS Inc.

## 8. MAJOR SHAREHOLDERS

The following table sets forth the number of shares of our common stock beneficially owned as of April 24, 2023 by: (i) those persons known by us to be owners of more than 5% of our common stock, (ii) each director, (iii) our Named Executive Officers, and (iv) all of our executive officers and directors as a group. Unless otherwise specified in the notes to this table, the address for each person is: c/o BTCS Inc., 9466 Georgia Avenue, No. 124, Silver Spring, Maryland 20910.

<u>Title of Class (1)</u>	<u>Beneficial Owner</u>	<u>Amount of Beneficial Ownership (1)</u>	<u>Percent Beneficially Owned (1)</u>
<b>Directors and Named Executive Officers:</b>			
Common Stock	Charles Allen (2)	4,152,077	28.5%
Common Stock	Michal Handerhan (3)	1,604,276	11.3%
Common Stock	Michael Prevoznik (4)	60,731	*
Common Stock	Melanie Pump (5)	17,154	*
Common Stock	Charles Lee (6)	55,540	*
Common Stock	Carol Van Cleef (7)	64,636	*
Common Stock	All directors and officers as a group (7 persons) (8)	6,007,916	40.2%

\* Less than 1%.

- (1) Applicable percentages are based on 13,810,426 shares outstanding as of April 24, 2023, adjusted as required by rules of the SEC. Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock underlying options and warrants currently exercisable or convertible, or exercisable or convertible within 60 days are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. Unless otherwise indicated in the footnotes to this table, BTCS believes that each of the stockholders named in the table has sole voting and investment power with respect to the shares of common stock indicated as beneficially owned by them. The table includes only vested options, and warrants or options and warrants that have or will vest and become exercisable within 60 days.
- (2) **Allen.** Mr. Allen is a director and executive officer. Includes 750,000 vested stock options.
- (3) **Handerhan.** Mr. Handerhan is a director and executive officer. Includes 350,000 vested stock options.
- (4) **Prevoznik.** Mr. Prevoznik is an executive officer.
- (5) **Pump.** Ms. Pump is a director.
- (6) **Lee.** Mr. Lee is a director. Includes 7,000 vested stock options.
- (7) **Van Cleef.** Ms. Van Cleef is a director. Includes 7,000 vested stock options.
- (8) **All directors and officers as a group.** Includes securities held by executive officers who are not Named Executive Officers.

## 9. ACTION REQUIRED

Purchases of Share Tokens can be made using the Upstream App.

If you are in any doubt as to what action to take, you should please consult your broker, attorney, or other professional advisor immediately.

The Share Tokens issued in connection with the Listing will only be tradable using the Upstream App, which is available for download from app stores using the links published on <https://upstream.exchange/>.

## 10. DIVIDEND POLICY

Dividends upon the capital stock of the Company, subject to the requirements of the NRS, if any, may be declared by the Board of Directors, and may be paid in cash, property, or equity.

## **11. DIRECTORS, ADVISERS AND OTHER SERVICE PROVIDERS**

Directors	Charles Allen Michael Handerhan Charles Lee Carol Van Cleef Melanie Pump
Registered Office	9466 Georgia Avenue #124 Silver Spring, MD 20910 USA
Sponsor Advisor	Horizon Fintex Advisors Ltd. F20, 1st Floor, Eden Plaza Court, Eden Island, Seychelles
Transfer Agent	Equity Stock Transfer LLC 237 W 37th St. Suite 602, New York, NY 10018
Registrar	Horizon Globex GmbH Baarerstr. 57, 6302 Zug Switzerland
Reporting Accountants and Auditors	RBSM LLP 805 3rd Ave #1430, New York, NY 10022
Legal advisers to the Company	Nason, Yeager, Gerson, Harris & Fumero, P.A. 3001 PGA Boulevard #305, Palm Beach Gardens, FL 33410

## **12. LEGAL FOUNDATION**

The Board of Directors of the Company approved the listing of the Company's Series V shares on Upstream on April 13, 2023, and in its application agreed, once listed, to comply with the Listing Rules of MERJ Exchange. MERJ Dep has also approved the Share Tokens as "Approved Eligible Assets" which is a pre-requisite to being traded on a MERJ Exchange market, including Upstream. The Share Tokens are recognized as securities pursuant to Schedule 1 of the Seychelles Securities Act.

## **13. GENERAL APPOINTMENT OF HORIZON AS REGISTRAR**

Horizon Globex GmbH ("Horizon") is designated by the Company, pursuant to the Agreement dated January 23<sup>rd</sup>, 2023, to carry out the duties of registrar for the Share Tokens and is responsible for keeping records of Holders of the Share Tokens, defined herein as the Registrar. The Registrar (i) records the Holders of Share Tokens in book-entry form, (ii) acts as paying agent to pay out dividends to Holders of Share Tokens, (iii) handles lost, destroyed, or stolen Share Tokens, and (iv) facilitates the transfer of Series V to Share Tokens and vice versa ("Transmutation").

## 14. PROCEDURES FOR ISSUANCE OF NEW SECURITIES

MERJ Dep, pursuant to its Securities Facility Rules, is authorized to determine the eligibility of the securities to be listed, and remain listed on MERJ Exchange's markets, including Upstream.

Through arrangements with MERJ Dep, Horizon facilitates the issuance and allocation of the Share Tokens, including Digital Tokens, from time to time upon receiving from the Company all of the following:

- Written instructions as to the issuance of the Share Tokens from an authorized officer of Company;
- An opinion of Company's counsel that:
  - the securities of the Company that are represented as Share Tokens are duly authorized, validly issued, fully paid and nonassessable, and
  - no order or consent of any governmental or regulatory authority other than that provided to Horizon is required in connection with the issuance of the Share Tokens or, if no such order or consent is required, a statement to that effect. The opinion should also indicate whether it is necessary that the Share Tokens be subject to transfer restrictions or a statement to the effect that all Share Tokens to be issued are freely transferable upon presentation to Horizon for that purpose.
- Confirmation that the underlying Principal Eligible Assets have been issued and credited to the name of the Depository Nominee on the Principal Register maintained by the Transfer Agent;
- Such further documents as MERJ Dep and Horizon may reasonably request.

### Securities Depository

MERJ Dep will act as securities depository for the Share Tokens. MERJ Dep is licensed and regulated in Seychelles pursuant to the Seychelles Securities Act 2007 as a Securities Facility. MERJ Dep provides registry and depository services for global issuers of Eligible Assets including shares, debt instruments and depository interests thereof that are listed and traded on any market of MERJ Exchange, including Upstream.

The underlying securities will be issued and registered in the name of MERJ Nominees Ltd., MERJ Dep.'s limited purpose, bankruptcy remote Depository Nominee, or another approved depository nominee if requested by MERJ Dep. A record of the Holders of the Share Tokens will be maintained in a register in accordance with the MERJ Dep Securities Facility Rules.

MERJ Dep. along with MERJ Clear, a licensed clearing agency, together facilitate the book-entry, delivery vs. payment ("DvP") settlement of securities listed and quoted on Upstream in accordance with their respective rules as amended from time to time. This eliminates the need for physical movement of securities certificates.

MERJ Clear and MERJ Dep. are wholly owned subsidiaries of MERJ Exchange Limited ("MERJ Exchange"). MERJ Exchange is a publicly traded company and is self-listed on the Main Board of MERJ Exchange.

Purchases of Share Tokens will result in a credit to the account of the purchaser in their Upstream member account. The purchasers will then have an ownership interest which is recorded directly in the Upstream App.

Purchasers of Share Tokens will not receive written confirmation from any MERJ company of their purchase. Such purchasers, however, shall receive digital confirmations providing details of the transaction from the Upstream App.

Holders and beneficial owners will not receive certificates representing their ownership interests in the Share Tokens, except in the event that use of the MERJ System for the Share Tokens is discontinued.

MERJ Dep. may discontinue providing its services as depository with respect to the Share Tokens at any time by giving reasonable notice to the Company or its agent. Under such circumstances, MERJ Nominees will work with the Company, its Transfer Agent and the Registrar to ensure that Holders of Share Tokens will be converted and reflected as Holders of the underlying Series V of the Company.

## Share Tokens

Our Share Tokens exist solely as book-entry shares within the records of the Registrar. Share Tokens will not have traditional share certificates. Holders of Share Tokens have all of the same rights as a holder of the Series V including rights to dividends and to receive notices. Trading and settlement of the Share Tokens is governed by the rules and procedures under which Upstream operates.

Although records of secondary transfers of Share Tokens between stockholders, which we refer to as “peer-to-peer” transactions, would be viewable on a blockchain network, record and beneficial ownership of our Share Tokens is reflected on the book-entry records of the Registrar. The Registrar’s records constitute the official shareholder records for our Share Tokens and govern the record ownership of our Share Tokens in all circumstances.

Share Tokens are “**Ethereum ERC20**” digital tokens that are transferrable between approved accounts, exclusively using the Upstream App, in peer-to-peer transactions on a blockchain network, as described below under “Trading Share Tokens” following the closing of this listing. The Share Tokens represented on Upstream are created, held, distributed, maintained and deleted by Horizon as the Registrar following instructions and necessary confirmation from the Company, and Share Tokens cannot be created or deleted by Horizon as the Registrar that is contrary to the approvals provided by the Company.

The Registrar uses the Ethereum ERC20 Standard (which can interface with various blockchain networks' programming standards) to program any relevant compliance-related transfer restrictions that would traditionally have been printed on a paper stock certificate onto “smart contracts” (computer programs written to the relevant blockchain), which allows the smart contract to impose the relevant conditions on the transfer of the Share Tokens. One example of such coding is a restriction on to whom Share Tokens may be transferred. The restrictions are coded as a smart contract that overlays the Share Tokens, and the restrictions act in the same way as transfer restrictions printed on a stock certificate do, in that they prevent the unauthorized transfer of Share Tokens. Relevant transfer restrictions will be provided to the Registrar by the Company.

## 15. TRADING SHARE TOKENS

### Creation of an account

In order to purchase our Share Tokens, a new potential purchaser must first create an account on the Upstream App. There is no charge for setting up this account and any person or entity that establishes an account is under no obligation to purchase Share Tokens. Setting up an account can be done directly on the Upstream App available on the website or through the App stores. In order to set up an account, a potential purchaser must navigate to <https://upstream.exchange/>, download the smartphone or desktop version of the Upstream App and follow the installation instructions to set up the Upstream App on their device.

All information provided by a potential purchaser to the Upstream App is provided by the potential purchaser directly to the Upstream App, not to the Company, and held solely by the

Upstream App and not by the Company. The Registrar will maintain the identity of each record holder of our Share Tokens.

The Upstream policy, terms, and conditions also clearly state that if you are a U.S. or Canadian based investor, either a Canadian citizen, U.S. citizen or permanent resident, you will not be able to deposit, buy, or sell securities they previously purchased from an issuer, stockbroker or stock exchange that has subsequently dual-listed on Upstream without being introduced from a U.S. Broker Dealer. Note that U.S. or Canadian-based investors include those U.S. or Canadian citizens who may be domiciled overseas. All orders for sale are non-solicited by Upstream and users decision to trade securities must be based on their own investment judgement.

Upstream/MERJ has entered into Introducing Broker Referral Agreement with Boustead Securities, LLC (“Boustead”), a licensed FINRA member, to allow U.S. investors to trade dual listed U.S. and international securities on Upstream. U.S. investors that wish to trade securities on Upstream may now register with Boustead Securities at <https://www.boustead1828.com/upstream>. After registering with Boustead, U.S. investors may use the Upstream app to sign up with a password and complete KYC identity verification. Once KYC is approved, tap Investor, Manage Securities, and Activate Securities Trading. Once verified by Boustead, investors will be notified via email and may begin trading listed securities, and deposit eligible securities that they may hold at U.S. brokerage firms and transfer agents.

## **KYC/AML**

On the Upstream App, a potential Share Token purchaser must complete required anti-money laundering and know-your-customer processes (the “Processes”). As part of the Processes, the Upstream App will request that potential purchasers provide their address of residence. Except as provided for herein, we will not offer or sell our Share Tokens to U.S. or Canadian persons or to any persons from a Financial Action Task Force “Non-Cooperative Countries or Territories”. Once a potential purchaser has completed the Processes and been approved to be eligible to purchase Share Tokens, the potential purchasers account will be established on the Upstream App. The Upstream App maintains the list of approved persons or entities who have successfully completed the required Processes, including providing the Registrar with various required personal information and documentation. Share Tokens may only be sold or transferred to people or entities on the Upstream App. It is possible that in the future the Company may either choose to hire a separate, third-party provider of the Processes. In either case, such external providers would perform the Processes and provide the results to the Registrar, who would then add the approved persons and entities. Once a potential purchaser has completed the Processes and been added to the Upstream App, the potential purchaser will be shown a link that returns the potential purchaser to the Upstream App. On the Upstream App, the potential purchaser will be provided with all necessary documentation that must be supplied to a potential purchaser in order for the potential purchaser to purchase Share Tokens. The potential purchaser will provide information for funding their purchase through the Upstream App, and the information will be sent directly to the Registrar through a user interface that has been consented to by the Registrar. This user interface between the Registrar and the Upstream App will also allow a potential purchaser to view the amount of Share Tokens the potential purchaser has deposited funds for on both the Upstream App.

## **Secondary Trading/Transfers on MERJ/Upstream**

The procedure for trading Share Tokens on the Upstream App shall have the following general structure:

1. A holder of Share Tokens opens the Upstream App and clicks on the “Market” screen, a specific tab within the Upstream App. The Upstream App will connect the holder, through an API, to the MERJ Exchange on which the Share Tokens are available to trade.

2. The Upstream App will require holders of Share Tokens to open and maintain accounts on the Upstream App and confirm that the holder has completed the Processes, as defined above, or the Upstream App will maintain a connection to the Registrar and will be able to import the Registrar's information about the holder to identify the holder.
3. The holder will be able to trade Share Tokens on the Upstream App once the Upstream App has received the required information about the holder.
4. The Upstream App supports the secondary trading of Share Tokens for U.S. Dollars. The Upstream App maintains a technological connection to the Registrar, and the Registrar is informed by the Upstream App of every transfer of Share Tokens between holders. The Registrar will also maintain the same system of reconciliation between the blockchain record of the movements of the Share Tokens and the Company's book-entry records of its Share Token ownership.

Our Share Tokens are available for trading on the Upstream App. Potential purchasers who do not yet hold Share Tokens will be required to complete the Processes, as defined above, on the Upstream App, or the Company may either choose to hire a separate, third-party provider of the Processes. Any such external provider that performs the Processes would provide the results of the Processes and other relevant information about the potential purchaser to the Registrar, who would then add any approved persons and entities to the Upstream App, as described above.

### **Transfers of Share Tokens**

It is always possible for holders of our Share Tokens to transfer their shares out of the Upstream/MERJ secondary marketplace should the holder wish. To undertake such an external transfer, the holder would contact the Registrar and provide the Registrar with all requested information regarding the transfer. The Registrar would review the transfer restrictions applicable to the holder's Share Tokens and, if the proposed transfer was permitted, liaise with the Transfer Agent to effect the transfer.

Transfers of ownership interests in Share Tokens deposited with or held by MERJ Dep. or any of its depository nominees are accomplished by entries made in accordance with the rules of MERJ Clear and MERJ Dep.

### **Upstream Ethereum Layer-2 Blockchain**

In order to trade Share Tokens on the Upstream Ethereum layer-2 blockchain, Ráneum <https://raneum.com/>, requires the use of the Upstream App.

The Ráneum Ethereum layer-2 blockchain does not require the Shareholder to pay validator/miner network/gas fees in order to transfer Share Tokens or NFTs when using the Upstream App.

The Registrar utilizes the Ráneum Ethereum layer-2 blockchain for the issuance of the ERC-20-based Share Tokens inside the Upstream App and may provide holders of the Share Tokens with certain notifications should it be approved by MERJ Dep for it to do so and to make available Share Tokens on an alternative Ethereum layer-2 blockchain, or if the Upstream App should choose to change the Ethereum layer-1 or layer-2 blockchain on which Share Tokens were available. In the event that MERJ Dep approves for the Registrar to use an alternative Ethereum layer-1 or layer-2 blockchain, no Shareholders holdings will be affected, and no action will be required to be undertaken by the Shareholder using the Upstream App.

Where approval is obtained by the Registrar from MERJ Dep and MERJ Exchange to make available records of transfers of Share Tokens, these would be viewable on the Share Token's

Ethereum blockchain explorer <https://explorer.upstream.exchange/>. However, book-entry records and ownership of the Company's Share Tokens is only reflected on the off-chain records of the Registrar. The Registrar's records constitute the official shareholder records for the Company's Share Tokens and govern the record ownership of the Share Tokens in all circumstances. No Personally Identifiable Information (PII) of Shareholders shall be recorded on any blockchain utilized by Upstream or the Registrar. The association of a natural person or entity with an Ethereum wallets public key may only be performed by the Registrar using records stored on off-chain digital media by the Registrar.

## **16. LITIGATION**

The Company and its Directors and Officers (as it pertains to the Company) are not currently subject to any litigation.

## **17. RELATED PARTY TRANSACTIONS**

The Company has invested \$100,000.00 in GlobexUS Holdings Corp. GlobexUS Holdings Corp., the parent of Horizon Globex GmbH, is a Swiss software development and licensing business, that licenses and maintains the software used by Upstream, a MERJ Exchange Ltd. market.

During the fiscal year ending December 31, 2022 and through April 24, 2023 there have been no other related party transactions.

## **18. GENERAL**

The Company is not regulated by the Financial Services Authority of the Seychelles or any other regulator.

No application is being made for the Share Tokens to be dealt with in or on any stock exchanges or investment exchanges other than the MERJ Exchange.

The Company does not own any premises and does not lease any premises.

Lock-in Period: all shareholders are locked-in and cannot trade their Share Tokens in BTCSP until such time as the new Share Tokens are listed. The Company's Directors and key members of management are subject to restrictions set forth by the SEC and may not sell their Share Tokens without a legal opinion stating they are being sold in compliance with SEC regulations or an exemption thereof.

## **19. INFORMATION POLICY**

Information relating to the Company as required by the MERJ Exchange Listing Requirements will be available on its website at <https://merj.exchange>.

The Company will also publish copies of the annual reports and annual financial statements and any interim financial statements since the latest annual report and a calendar of future significant events that details all the information and meetings that may affect the rights of its shareholders with the SEC.

## **20. THIRD-PARTY SOURCES**

Where third-party information has been referenced in these Listing Particulars, the source of that third-party information has been disclosed. Where information contained in these Listing Particulars has been sourced from a third party, the Company confirms that such information has

been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## 21. RISK FACTORS

***An investment in our Securities is speculative and involves a high degree of risk. In addition to all the documents that are part of these Listing Particulars, you should carefully consider the following risk factors regarding the Company before making an investment decision. If any of the following risks actually occur, as well as other risks not currently known to us or that we currently consider immaterial, our business, operating results and financial condition could be materially adversely affected. As a result, you may lose all or part of your investment. The risks discussed below also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See “Note Regarding Forward Looking Statements” in these Listing Particulars.***

An investment in the Share Tokens carries a number of risks, including the risk that the entire investment may be lost. In addition to all other information set out in these Listing Particulars, the following factors should be considered when deciding whether to make an investment in the Share Tokens. The risks set out below are those which are considered to be the material risks relating to the Company and an investment in the Share Tokens but are not the only risks relating to the Share Tokens or the Company. No guarantee can be given that Shareholders will realize a profit on, or recover the value of, their investment in the Share Tokens. It should be remembered that the price of Share Tokens and the income from them can go down as well as up.

Prospective investors should note that the risks relating to the Company, its strategy and the Share Tokens summarized in the section of these Listing Particulars headed “Risk Factors” are the risks that the Sponsor Advisor and the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Share Tokens. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks uncertainties described in this “Risk Factors” section of these Listing Particulars. Additional risks and uncertainties not currently known to the Company or the Directors or that the Company or the Directors consider to be immaterial as at the date of these Listing Particulars may also have a material adverse effect on the Company’s financial condition, business, prospects and results of operations and, consequently, the Company’s returns and/or the market price of the Share Tokens. Given the forward-looking nature of the risks, there can be no guarantee that such risk is, in fact, the most material or the most likely to occur. Prospective investors should, therefore, review and consider each risk.

The Share Tokens are only suitable for investors who understand the potential risk of capital loss and that there may be very limited liquidity in the underlying investments of the Company, for whom an investment in Share Tokens is part of a diversified investment program and who fully understand and are willing to assume the risks involved in such an investment.

An investment in the Company is highly speculative and involves a high degree of risk of loss of part or all of an investor’s investment. There may be very limited liquidity in the securities being offered. A prospective investor should only purchase the securities of the company if the investor anticipates not having any needs for the funds to be used thereafter and for any purposes at any time in the future and if they can afford to lose their entire investment.

You should not invest any funds in this Company unless you can afford to lose your entire investment. Potential investors in the Share Tokens should review these Listing Particulars carefully and, in its entirety, consult with their professional advisers prior to purchasing the Share Tokens.

In making an investment decision, investors must rely on their own examination of the issuer, including the merits and risks involved. These securities have not been recommended or approved by any federal or state securities commission or regulatory authority of the Seychelles or any other jurisdiction. Furthermore, these authorities have not passed upon the accuracy or adequacy of these Listing Particulars.

There are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of these risks actually occur, our business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of our Securities could decline and investors could lose all or part of their investment.

### **Summary Risk Factors**

Our business is subject to numerous risks and uncertainties that you should consider before investing in our Securities. Set forth below is a summary of the principal risks we face:

- We have a limited operating history, particularly with respect to our developing blockchain infrastructure solutions business, Digital Asset Platform and staking-as-a -service operations.
- We have a history of operating losses and expect to continue to experience operating losses in future periods.
- We have an evolving business model which we may be unable to develop, adapt or execute effectively, and we may be unable to manage our growth or implement our business plan as intended or at all.
- We are highly dependent on our executive officers, particularly Charles Allen, our Chairman and Chief Executive Officer, Michal Handerhan, our Chief Operating Officer, Michael Prevoznik, our Chief Financial Officer, and Manish Paranjape, our Chief Technology Officer, and the loss of the services of these individuals could materially harm our business.
- We may be subject to regulatory actions, private causes of actions such as intellectual property infringement claims, and restrictions and limited access to banking and financial services due to our operations in the cryptocurrency industry, and regulatory or other adverse developments in the cryptocurrency industry could otherwise adversely affect us.
- Because of our involvement in staking of crypto assets through use of our Digital Asset Platform, we are subject to risks inherent in engaging in activities involving financial instruments owned by third party users, notwithstanding the non-custodial nature of our platform or other features management believes to constitute meaningful distinctions for regulatory, compliance and other purposes.
- A particular crypto asset's status as a "security" in any relevant jurisdiction is subject to a high degree of uncertainty, and if we are unable to correctly characterize a crypto asset, we may be subject to regulatory scrutiny, investigations, fines, sanctions, penalties and other adverse consequences, including potentially becoming subject to the Investment Company Act of 1940 which would impose significant regulatory burdens and compliance costs.
- Crypto assets and our related activities are characterized by numerous other risks and uncertainties, including the possibility for adverse developments such as regulatory actions, bans or restrictions, declines in the price of, demand for or public perception of crypto assets, theft, fraud, hacking, manipulation or malicious coding, price volatility, the potential for one cryptocurrency to branch into two, variations among and the potential for adverse changes

to blockchain algorithms, and other external forces beyond our control described more fully below.

- The future development and growth of cryptocurrencies is subject to a variety of factors that are difficult to predict and evaluate, and the market for the crypto assets we obtain and hold may not grow as we expect or the prices may decline, including due to political or economic crises or other factors which we neither predict nor control.
- The cryptocurrency space is subject to continuous regulatory uncertainty, and any adverse regulatory changes or other developments with respect to our operations or the crypto assets with which we transact may require us to alter our business model or suspend or cease some or all of our operations.
- Our focus on PoS blockchain networks exposes us to risk of loss due to features unique to those networks, including by virtue of being locked in by smart contracts such that we cannot liquidate a portion of the relevant crypto assets for a period of time during and after the staking process, during which the price or value of the crypto assets may depreciate.
- We are reliant on a single service provider for cloud computing infrastructure deployed in our blockchain infrastructure solutions business, and are therefore exposed to the risks which may arise from potential adverse developments that may be caused or experienced by such service provider.
- Our critical accounting policies may prove to be incorrect, we may need to implement additional finance and accounting systems, procedures and controls, and we face challenges inherent in operating a crypto assets business which is subject to evolving accounting treatment for which there is limited precedent.
- Our Securities prices may be subject to significant volatility due to a variety of factors, many of which are beyond our control, including its potential connection to the price of one or more of the crypto assets with which we are or may become involved.

## **Risks Relating to the Share Tokens**

### ***General market risk***

Market risk is the possibility for an investor to experience losses due to factors that affect the overall performance of the markets in which he is involved. Market risk, also called “systematic risk,” cannot be eliminated through diversification.

### ***The existence of a liquid market in the Share Tokens cannot be guaranteed, limitations on resale.***

The Company will list on Upstream, a MERJ Exchange market. However, there can be no guarantee that any market or an active secondary market in the Share Tokens will be achieved or sustained. Except as provided for herein, the Share Tokens are being offered outside the United States to purchasers who are not U.S. persons in offshore transactions. By purchasing the Share Tokens, investors are deemed to have acknowledged, represented and warrant this to the Company.

### ***Our Share Token price may be volatile.***

The market price of our Share Tokens may be volatile or may decline, and you may not be able to resell your shares at your desired price. The market price of our Share Tokens is likely to be

highly volatile to the extent an active trading market develops and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- changes in our industry including changes which adversely affect crypto assets;
- adverse regulatory developments such as the recent actions brought by securities regulators on crypto assets activities;
- public announcements and corporate events;
- continued volatility in the price of crypto assets;
- our ability to obtain working capital financing;
- sales of our securities or those of other companies, or of crypto assets, due to external forces such as geopolitical turmoil, inflation, federal interest rate adjustments or other events;
- additions or departures of key personnel including our executive officers;
- additional sales of Securities in the Company;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship; and
- economic and other external factors.

In addition, the securities markets have from time-to-time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our Securities. As a result, you may be unable to resell your Share Tokens at a desired price.

***Our articles of incorporation allow for our Board to create new series of preferred stock without further approval by our shareholders, which could adversely affect the rights of the holders of our Share Tokens.***

Our Board has the authority to fix and determine the relative rights and preferences of preferred stock. Our Board also has the authority to issue preferred stock without further shareholder approval. For example, our Board approved the Series V in the first quarter of 2023. As a result, our Board could authorize the issuance of a series of preferred stock that would grant to holders the preferred right to our assets upon liquidation, provide holders of the preferred anti-dilution protection, the right to receive dividend payments before dividends are distributed to the holders of other Company Securities and the right to the redemption of the shares, together with a premium, prior to the redemption of our Share Tokens. In addition, our Board could authorize the issuance of a series of preferred stock that has greater voting power than other Securities of the Company including the Share Tokens that is convertible into our Common Stock or Series V, which could result in dilution to our existing Share Token holders.

***Substantial future sales of our Securities by us or by our existing shareholders could cause our stock price to fall.***

Additional equity financings, including shares issued in connection with strategic alliances and corporate partnering transactions, could adversely affect the market price of our Securities including the Share Tokens. Sales by existing shareholders of a large number of shares of our Share Tokens in the public market or the perception that additional sales could occur could cause the market price of our Share Tokens to drop.

### **Risks Related to Our Company in General**

***We have a limited operating history, particularly with respect to our new blockchain infrastructure operations which recently commenced and our platform and staking-as-a-service business model, and we have a history of operating losses, and expect to incur significant additional operating losses.***

We have a limited operating history, and only recently commenced our new blockchain infrastructure operations in 2021. Further, we lack an operating history with respect to our crypto asset analytics and staking-as-a-service platform's functions and operations. In addition, the PoS blockchain networks on which our operations are centered are a relatively new and evolving means of validating crypto asset transactions. Therefore, there is limited historical financial information upon which to base an evaluation of our performance. Our prospects must be considered in light of the uncertainties, risks, expenses, and difficulties frequently encountered by companies in their early stages of operations in general, and in the cryptocurrency industry in particular with itself remains a relatively new space imbued with risk and uncertainty. We have generated net losses of \$15.9 million and \$16.0 million for the years ended December 31, 2022 and 2021, respectively. We expect to incur additional net losses over the next several years as we seek to expand operations. The amount of future losses and when, if ever, we will achieve profitability are uncertain. If we are unsuccessful at executing our business plan, our business, prospects, and results of operations may be materially adversely affected.

***We have an evolving business model which we may be unable to develop, adapt or execute effectively.***

As crypto assets and blockchain technologies become more widely available, we expect the services and products associated with them to evolve. In 2017, the SEC issued a DAO Report that promoters that use initial coin offerings or token sales to raise capital may be engaged in the offer and sale of securities in violation of the Securities Act and the Securities Exchange Act of 1934 (the "Exchange Act"). More recently, the SEC has brought enforcement actions with respect to crypto assets and related activities, including custodial staking-as-a-service models, as more particularly described later in these Risk Factors. These or future developments may force or cause us to potentially change our future business in order to comply fully with the federal securities laws as well as applicable state securities laws. As a result, to stay current with the industry, our business model may need to evolve in the future as well. From time to time we may modify aspects of our business model relating to our product mix and service offerings. For example, a main component of our current business objective is developing a comprehensive crypto asset analytics and staking-as-a-service platform which enables users to perform or utilize a variety of functions related to crypto assets, such as portfolio monitoring, and risk assessment all in one place in the hopes of attracting, maintaining and growing a customer base in the long term. However, our investments into and efforts with respect to this goal may not come to fruition, including due to adverse developments in regulatory, technological, competitive or other aspects that are beyond our control. We cannot offer any assurance that our current business plan or any other modifications or undertakings with respect thereto will be successful or will not result in harm to the business. In addition, we may not be able to manage our growth effectively, which could damage our reputation, limit our growth and negatively affect our operating results. If we are unable to effectively develop, execute and adjust our business plan, or successfully manage our growth, you could lose some or all of your investment.

***The loss of our executive officers could have a material adverse effect on us.***

Our success depends on the continued services of our executive officers who have extensive technological and market knowledge and long-standing industry relationships. In particular, we have relied and will continue to rely on Charles Allen, our Chairman and Chief Executive Officer, Michal Handerhan, our Chief Operating Officer, Michael Prevoznik, our Chief Financial Officer, and Manish Paranjape, our Chief Technology Officer, to continue and grow our operations and execute our business plan. Our reputation among and our relationships with key cryptocurrency industry leaders are the direct result of a significant investment of time and effort by these individuals to build our credibility in a highly specialized industry. The loss of services of any of our executive officers could diminish our business and growth opportunities and our relationships with key leaders in the crypto asset industry and could have a material adverse effect on us.

***Banks and financial institutions may not provide banking services, or may cut off services, to businesses that engage in cryptocurrency-related activities, and turmoil among financial institutions arising from or relating to crypto assets or in general can materially adversely affect us and our industry.***

A number of companies that engage in crypto asset and/or other cryptocurrency-related activities have been unable to find banks or financial institutions that are willing to provide them with bank accounts and other services. Similarly, a number of companies and individuals or businesses associated with cryptocurrencies may have had and may continue to have their existing bank accounts closed or services discontinued with financial institutions in response to government action, particularly in China, where regulatory response to cryptocurrencies has been to exclude their use for ordinary consumer transactions within China. More recent government action in the U.S. involving crypto assets and related activities may cause this trend to expand in the U.S. We also may be unable to obtain or maintain these services for our business. Many businesses that provide cryptocurrency-related activities may continue to have difficulties in finding banks and financial institutions willing to provide them services which may decrease the usefulness of cryptocurrencies as a payment system and harm public perception of cryptocurrencies, and could decrease their usefulness.

Further, in March 2023 two large financial institutions in the U.S., Silicon Valley Bank and Signature Bank, which both serviced customers involved with crypto assets, collapsed as continued negative economic prospects and failures to obtain payment from borrowers, together with a large number of withdrawals, caused these banks to encounter substantial financial difficulty leading up to their failures. In response to these events, the Federal Deposit Insurance Corporation (“FDIC”) transferred all the deposits, both insured and uninsured, of these banks to corresponding “bridge banks” operated by the FDIC as it markets the institution to potential bidders. While the impact of these developments on the Company and on the crypto asset industry and the economy in general remain unclear, it is possible that these events underscore a broader financial crisis facing the country, in which crypto assets may have played and/or have yet to play a role. In the wake of these collapses, the U.S. capital markets and the prices of equity securities and crypto assets have faced significant volatility as investors continue to evaluate these events and how they may interact with other ongoing issues with the U.S. economy, including inflation and Federal Reserve interest rate increases.

The usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks or financial institutions were to close the accounts of businesses engaging in cryptocurrency-related activities, which contingencies may become more likely in the future if and to the extent crypto assets are considered a significant factor in the recent financial collapses experienced by the major banks as described above. This could occur as a result of compliance risk, cost, government regulation or public pressure. The risk applies to securities firms, clearance and settlement firms, national stock and derivatives on commodities exchanges, the over-the-counter market, and the Depository Trust Company, which, if any of such entities adopts or implements similar policies, rules or regulations, could negatively affect our relationships with financial institutions and impede our ability to convert cryptocurrencies to fiat currencies. Such factors could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and harm investors.

### **Risks Related to Crypto Assets**

***A particular crypto asset’s status as a “security” in any relevant jurisdiction is subject to a high degree of uncertainty, with a growing number of regulators taking the position that certain crypto assets are securities and bringing enforcement actions accordingly, and if we are unable to***

***properly characterize a crypto asset or comply with the applicable regulatory requirements, we may be subject to regulatory scrutiny, investigations, fines, and other penalties, which may adversely affect our business, operating results, and financial condition.***

The SEC and its staff have taken the position that certain crypto assets fall within the definition of a “security” under the U.S. federal securities laws. The legal test for determining whether any given crypto asset is a security is a highly complex, fact-driven analysis that evolves over time, and the outcome is difficult to predict. The SEC generally does not provide advance guidance or confirmation on the status of any particular crypto asset as a security. Furthermore, the SEC’s views in this area have evolved over time, and the SEC’s Enforcement Division have recently demonstrated a willingness and intention to bring actions against businesses with a crypto asset focus, including for failure to register transactions involving crypto assets under the federal securities laws by deeming such crypto assets to be securities. For example, in February 2023 the SEC charged Kraken with failing to register the offer and sale of its staking-as-a-service program, whereby investors transfer crypto assets to Kraken for staking in exchange for advertised annual investment returns. Kraken settled this action by agreeing to cease its custodial staking business and to pay \$30 million in disgorgement, prejudgment interest and civil penalties. While there are material distinctions between Kraken’s staking model and ours, including the fact that we do not take custody of or exert control over the crypto assets that are staked using our platform, the SEC could disagree with our assessment and seek to enforce the federal securities laws and regulations against our operations. Similarly, in March 2023 the New York Attorney General became the first U.S. regulator to claim in court that Ethereum, one of the major crypto assets which we hold and stake, is a security in its lawsuit against KuCoin, a crypto asset exchange. If we become subject to regulatory scrutiny or enforcement actions by securities regulators, it could result in expensive litigation and penalties and cessation of the allegedly noncompliant operations, which would materially adversely harm us, including due to our recent shift of focus to our non-custodial staking-as-a-service business and the costs and efforts deployed towards its development. These or additional developments that may arise underscore the risks in our business, particularly its reliance on the use of crypto assets and staking of users’ crypto asset holdings.

Further, certain crypto assets may be deemed to be a “security” under the laws of some jurisdictions but not others. Various foreign jurisdictions may, in the future, adopt additional laws, regulations, or directives that affect the characterization of crypto assets as “securities.” As a result of the foregoing recent and potential developments, we may be forced to, or voluntarily elect to, limit, suspend or cease our staking services operations or certain aspects thereof in order to comply with applicable laws and regulations and avoid the regulatory scrutiny and adverse consequences that could result. Further, because of how recent these government actions are and the high probability that further action is forthcoming, we anticipate higher compliance costs and diversion of management’s limited time and attention towards these events until a more definitive regulatory regime is established to govern the crypto asset industry in which we operate.

While we do not currently, nor do we plan to, offer, sell, trade, and clear crypto assets or take custody of crypto assets as part of any potential staking-as-a-service operations we may undertake, crypto assets we stake and validate transactions for could be deemed to be a “security” under applicable laws. This could be the case even if we conclude that our activities are compliant with these laws and regulations. Our blockchain infrastructure operations which entails securing blockchains by validating blockchain transactions (most analogous to Bitcoin mining) could be construed as facilitating transactions in crypto assets; as such we could be subject to legal or regulatory action in the event the SEC, a foreign regulatory authority, or a court were to determine that a blockchain we secure is a “security” under applicable laws. Because our platform is not registered or licensed with the SEC or foreign authorities as a broker-dealer, national securities exchange, or ATS (or foreign equivalents), and we do not seek to register or rely on an exemption from such registration or license to secure blockchains. We recognize that the application of securities laws to the specific facts and circumstances of crypto assets is a complex and often

unpredictable process and subject to change, and staking and securing a blockchain, while similar to Bitcoin mining, does not guarantee any conclusion under the U.S. federal securities laws, particularly given that each crypto asset and blockchain network is unique. Therefore, if we do conclude that a particular crypto asset is not a security on advice of our legal counsel, and the SEC or other government agencies or courts disagree with this assessment, we could be held liable for violation of securities laws. In addition, new laws may be implemented that prevent or hinder us from operating in the manner we currently conduct our business or plan to conduct our business, in which case our business may be materially harmed.

Further, if any crypto asset is deemed to be a security under any U.S. federal, state, or foreign jurisdiction, or in a proceeding in a court of law or otherwise, it may have adverse consequences for such crypto asset. For instance, the networks on which such crypto assets are utilized may be required to be regulated as securities intermediaries, and subject to applicable rules, which could effectively render the network impracticable for its existing purposes. Further, it could draw negative publicity and a decline in the general acceptance of the crypto asset. Also, such a development may make it difficult for such supported crypto asset to be traded, cleared, and custodied as compared to other crypto assets that are not considered to be securities. These events could, among things, result in a decline in the market prices for the crypto assets on which our operations rely, and thereby reduce the demand for our solutions and the revenue generated therefrom.

***Because crypto assets may be determined to be Digital Securities, we may inadvertently violate the 1940 Act and incur large losses as a result and potentially be required to register as an investment company. This would have a material adverse effect on an investment in us.***

We plan to acquire a portfolio of crypto assets including Ethereum and other crypto assets. There is an increased regulatory examination of crypto assets and Digital Securities. This has led to regulatory and enforcement activities. As described elsewhere in these Risk Factors, the SEC and certain state regulators have recently begun to take a more definitive and aggressive stance indicating that crypto assets and related activities, including custodial staking-based services, entail the offer and sale of securities subject to applicable securities laws and regulations. We cannot be certain as to how future regulatory developments will impact the treatment of Ethereum and other crypto assets, or our operations as they relate to such crypto assets or in general, under the law.

Under the 1940 Act, a company may be deemed an investment company under if the value of its investment securities is more than 40% of its total assets (exclusive of government securities and cash items) on a consolidated basis. Crypto assets we may own in the future may be determined to be Digital Securities by the SEC or a court. Additionally, one or more states may conclude Ethereum, or other crypto assets held by us in the future are securities under state securities laws which would require registration under state laws including merit review laws. For example, California defines the term “investment contract” more strictly than the SEC. In addition, the New York Attorney General has taken the position that Ethereum is a security under New York law, and if this position is upheld it could significantly impact Ethereum and other crypto assets, as notwithstanding the decentralized nature of crypto assets, a substantially large proportion of capital markets activities and the U.S. population are located in New York.

Future legislation, SEC rulemaking and other regulatory developments, including interpretations released by a regulatory authority, may impact the manner in which Bitcoin, Ethereum, and other crypto assets are treated for classification and clearing purposes. The SEC’s July 25, 2017 DAO Report expressed its view that crypto assets may be securities depending on the facts and circumstances, and recent developments have confirmed that the SEC presently considers many if not most crypto assets to be securities.

If a crypto asset we hold were later determined to be a Digital Security, we could inadvertently become an investment company, as defined by the 1940 Act, if the value of the Digital

Securities we owned exceeded 40% of our assets excluding cash. We are subject to the following risks:

- Contrary to legal advice, the SEC or a court may conclude that Ethereum, or other crypto assets we later acquire to be securities;
- based on legal advice, we may acquire other crypto assets which we have been advised are not securities but later are held to be securities; and
- we may knowingly acquire crypto assets that are securities and acquire minority investments in businesses which investments are securities.

In the event that the crypto assets held by us exceed 40% of our total assets, exclusive of cash, we may inadvertently become an investment company.

In order to limit our acquisition of Digital Securities to stay within the 40% threshold, we will examine the manner in which a crypto asset was initially marketed to determine if it may be deemed a Digital Security and subject to federal and state securities laws. Even if we conclude that a particular crypto asset is not a security under the 1940 Act, certain states take a stricter view which means the crypto asset may have violated applicable state securities laws.

Should the total value of securities which we hold exceed more than 40% of our assets (exclusive of cash) SEC Rule 3a-2 under the 1940 Act allows an issuer to prevent itself from being deemed an investment company if it reduces its holdings of securities to less than 40% of its assets (exclusive of cash) and does not go above the 40% threshold more than once every three years. Accordingly, if changes in the classification of crypto assets causes us to exceed the 40% threshold, we may experience large losses when we liquidate Digital Securities as a result of continued volatility.

The 40% requirement may limit our ability to make certain investments or enter into joint ventures that could otherwise have a positive impact on our earnings. In any event, we do not intend to become an investment company engaged in the business of investing and trading securities.

To the extent that crypto assets held by us are deemed by the SEC or a state legislator to fall within the definition of a security, we may be required to register and comply with additional regulation under the Investment Company Act, including additional periodic reporting and disclosure standards and requirements and the registration of our Company as an investment company. Such additional registrations: i) would result in extraordinary, non-recurring expenses, ii) is time consuming and restrictive, iii) would require a restructuring of our operations, and iv) we would be very constrained in the kind of business we could do as a registered investment company, thereby materially and adversely impacting an investment in us. Further, if our examination of a crypto asset is incorrect, we may incur regulatory penalties and private investor liabilities since Section 5 of the Securities Act is a strict liability statute much like selling spoiled milk and state securities laws generally impose liability for negligence for misrepresentations.

In order to comply with the 1940 Act, we anticipate having increased management time and legal expenses in order to analyze which crypto assets are securities and periodically analyze our total holdings to ensure that we do not maintain more than 40% of our total assets (exclusive of cash) as securities. If our view that the crypto assets we hold are not securities is challenged by the SEC and courts uphold the challenge, we may inadvertently violate the 1940 Act and incur substantial legal fees in defending our position. The cost of such compliance would result in the Company incurring substantial additional expenses, and the failure to register if required would have a materially adverse impact to conduct our operations.

***Because of the recent decline in the cryptocurrency market and other adverse developments and publicity surrounding the industry, our business plans may not be successful and our business and financial condition may be adversely affected.***

Our business is focused on the cryptocurrency industry, particularly blockchain infrastructure including our Digital Asset Platform. We also hold and stake a number of crypto assets to generate revenue from the PoS systems on which they operate. The crypto asset industry is characterized by a high level of volatility, and the collapse in the prices of most popular crypto assets such as Bitcoin and Ethereum has cast doubt on the future of crypto asset-focused businesses such as ours. This trend was further impacted by the recent controversy and failure surrounding FTX, a crypto asset exchange that collapsed after its Chief Executive Officer was accused of fraud and misappropriation of corporate funds in a manner that has been compared to both Enron and Madoff. Since then certain other crypto asset-focused companies have filed for bankruptcy, and more recently in March 2023 three major U.S. banks with involvement in crypto assets collapsed. The result thus far has been a decline in the crypto assets markets and in the public's perception of the industry. In addition, following the FTX controversy, regulators began reviewing crypto asset-focused companies and their operations with greater scrutiny, and have brought enforcement actions seeking to restrict or cease such activities, such as the Kraken and KuCoin actions described above. While we believe the non-custodial staking model we are pursuing for our platform presents distinctions from custodial methods of holding and controlling crypto assets such as those that were employed by FTX and Kraken, holders of crypto assets, regulators, and other stakeholders may fail to appreciate this distinction or to consider it sufficient to utilize our services or invest in our business. If we are unable to separate ourselves from the recent adverse developments in the crypto asset space, or otherwise develop and execute on our business plan and blockchain infrastructure in a manner that enables us to establish and maintain material revenue sources, our business and financial condition could be materially adversely affected. Further, a perceived lack of stability in the crypto asset and the closure or suspension shutdown of crypto asset exchanges and networks due to business failure, hackers or malware, government-mandated regulation, or fraud, may reduce confidence in crypto asset networks and result in greater volatility in crypto asset values and on our results of operations. Further, our focus on crypto assets, and the above-described past and/or any future adverse developments with respect to our operations or industry, could result in declines or volatility in our stock price, difficulty or inability to obtain adequate financing as needed, on favorable terms or at all, reduction in consumer demand for our platform and services, the risk of increased losses or asset impairments, and the potential for legal proceedings and reputational harm which could arise from any of the foregoing. Such external developments have the potential to affect us even if we believe our financial condition, operations and infrastructure our secure. These potential consequences could materially adversely affect an investment in us.

***Events in 2022 and more recently have increased the likelihood that U.S. federal and state legislatures and regulatory agencies will enact laws and regulations to regulate crypto assets and crypto asset intermediaries, such as crypto exchanges and custodians.***

The collapse of TerraUSD and Luna and the bankruptcy filings of FTX and its subsidiaries, Three Arrows Capital, Celsius Network, Voyager Digital, Genesis Global and BlockFi have resulted in calls for heightened scrutiny and regulation of the crypto asset industry, with a specific focus on crypto asset exchanges, platforms, and custodians. Federal and state legislatures and regulatory agencies are expected to introduce and enact new laws and regulations to regulate crypto asset intermediaries, such as crypto asset exchanges and custodians. The March 2023 collapses of Silicon Valley Bank, Silvergate Bank, and Signature Bank may amplify and/or accelerate these trends. The U.S. regulatory regime - namely the Federal Reserve Board, U.S. Congress and certain U.S. agencies (e.g., the SEC, the CFTC, FinCEN, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Bureau of Investigation) as well as the White House have issued reports and releases concerning crypto assets, including Bitcoin and crypto asset markets. Further, in 2023 the House of Representatives formed two new subcommittees: the Digital

Assets, Financial Technology and Inclusion Subcommittee and the Commodity Markets, Digital Assets, and Rural Development Subcommittee, each of which were formed in part to analyze issues concerning crypto assets and demonstrate a legislative intent to develop and consider the adoption of federal legislation designed to address the perceived need for regulation of and concerns surrounding the crypto industry. However, the extent and content of any forthcoming laws and regulations are not yet ascertainable with certainty, and it may not be ascertainable in the near future. A divided Congress makes any prediction difficult. Further the SEC seems to have changed tactics and in early 2023 it sued multiple crypto asset companies for selling unregistered securities. We cannot predict how these and other related events will affect us or the crypto asset business. We cannot assure you that future legislation or regulation will not have an adverse effect upon us. It is possible that new laws and increased regulation and regulatory scrutiny may require the Company to comply with certain regulatory regimes, which could result in new costs for the Company. The Company may have to devote increased time and attention to regulatory matters, which could increase costs to the Company. New laws, regulations, and regulatory actions could significantly restrict or eliminate the market for, or uses of, crypto assets including Ethereum, which could have a negative effect on the value of Ethereum, which in turn would have a negative effect on the value of the Company's Securities.

***Because our staking business is dependent on the value of the crypto assets we stake to obtain blockchain rewards, and because those rewards are paid out in the form of the blockchain's native crypto assets, the ongoing low market values and/or continued or long-term declines in crypto asset prices will materially and adversely affect our results of operations.***

As discussed above, the cryptocurrency market experienced a critical decline in 2022 which continues thus far in 2023. Prospects of a recovery declined when the FTX controversy arose, as well as bankruptcies of other companies and projects in crypto asset and blockchain sector. Our reliance on staking, which is expected to increase as we continue to seek to commercialize and improve upon our Digital Asset Platform and non-custodial staking-as-a-service business, means that if the market values of the crypto assets we stake continues to decline or remain at the relatively low levels they are currently, which appears possible given the adverse developments and wide scale sales of and skepticism surrounding crypto assets that have resulted, the revenue we generate from staking will diminish. This is because the rewards for staking a given crypto asset are paid out in more of that same crypto asset. Therefore, if the market price for the crypto asset declines while staking is ongoing, unless the price later recovers the rewards we receive may not cover the decline in value of the assets. If this trend continues, our operating results and financial condition will be materially adversely affected.

***Our business faces significant scaling obstacles due to its dependence on crypto assets and related infrastructure.***

Crypto assets on which our current and planned operations depend face significant scaling obstacles that can lead to high fees or slow transaction settlement times, and attempts to increase the volume of transactions may not be effective. Scaling of crypto assets is essential to the widespread acceptance of crypto assets as a means of payment or other uses that stakeholders have in the past cited in demonstrating interest in crypto assets. Many crypto asset networks, including those with which we are or may become involved in our operations, face significant scaling challenges. For example, crypto assets are limited with respect to how many transactions can occur per second. Participants in the crypto asset ecosystem debate potential approaches to increasing the average number of transactions per second that a network can handle and have implemented mechanisms or are researching ways to increase scale, such as increasing the allowable sizes of blocks, and therefore the number of transactions per block, and sharding (a horizontal partition of data in a database or search engine), which would not require every single transaction to be included in every single validator's block. However, there is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of crypto asset transactions will be effective.

If adoption of crypto assets as a means of payment or other uses does not occur on the schedule or scale anticipated or at all, the demand for crypto assets may stagnate or decrease, which could adversely affect future prices of crypto assets we hold or otherwise rely upon in our operations, and our results of operations and financial condition, which could have a material adverse effect on our business or the market price for our Securities.

***The further development and acceptance of cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies, which represent a rapidly changing industry, are subject to a variety of factors that are difficult to evaluate.***

The use of crypto assets to, among other things, buy and sell goods and services and complete transactions, is part of a new and rapidly evolving industry that employs cryptocurrency assets based upon a computer-generated mathematical and/or cryptographic protocol. Large-scale acceptance of cryptocurrencies as a means of payment has not, and may never, occur. The growth of the cryptocurrency industry in general, and the use of crypto assets in particular, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry, include but are not limited to:

- continued worldwide growth in the adoption and use of crypto assets as a medium of exchange;
- government and quasi-government regulation of crypto assets and their use, or restrictions on or regulation of access to and operation of the crypto assets systems;
- the maintenance and development of the open-source software protocol of cryptocurrency networks;
- changes in consumer demographics and public tastes and preferences;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies and digital forms of fiat currencies;
- general economic conditions and the regulatory environment relating to crypto assets; and
- the impact of regulators focusing on crypto assets and Digital Securities and the costs associated with such regulatory oversight.

A decline in the popularity or acceptance of the Ethereum Network or other blockchains networks we have exposure to could adversely affect an investment in us.

The outcome of these factors could have negative effects on our ability to continue as a going concern or to pursue our business strategy at all, which could have a material adverse effect on our business, prospects or operations as well as potentially negative effect on the value of any Ethereum or other crypto assets we hold or acquire, which would harm investors in our Securities.

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

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power or staked assets dedicated to either mining or staking a cryptocurrency, it may be able to alter blockchains on which transactions of cryptocurrency reside and rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions, though depending on blockchain may not generate new units or transactions using such control. The malicious actor could “double-spend” its own cryptocurrency (i.e., spend the same crypto asset in more than one transaction) and prevent the confirmation of other users’ transactions for as long as it maintained control. To the extent that such malicious actor or botnet does not yield its control of the processing

power or staked assets on the network, or the cryptocurrency community does not reject the fraudulent blocks as malicious, reversing any changes made to blockchains may not be possible. The foregoing description is not the only means by which the entirety of blockchains or cryptocurrencies may be compromised but is only an example and may differ from blockchain to blockchain.

The possible crossing of the 50% threshold indicates a greater risk that a single validator could exert authority over the validation of network transactions. To the extent that a blockchain ecosystem including other validators do not act to ensure greater decentralization of validator voting power, the feasibility of a malicious actor obtaining control will increase because the botnet or malicious actor could compromise more than 50% voting power and thereby gain control of blockchain, whereas if the blockchain remains decentralized it is inherently more difficult for the botnet of malicious actor to aggregate enough voting power to gain control of the blockchain, may adversely affect an investment in our Securities. Such lack of controls and responses to such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Ethereum or other crypto assets we acquire or hold, and harm investors.

***The decentralized nature of crypto asset systems may lead to slow or inadequate responses to crises, which may negatively affect our business.***

The decentralized nature of the governance of crypto asset systems may lead to ineffective decision making that slows development or prevents a network from overcoming emergent obstacles. Governance of many crypto asset systems is by voluntary consensus and open competition with no clear leadership structure or authority. To the extent lack of clarity in corporate governance of cryptocurrency systems leads to ineffective decision making that slows development and growth of such crypto assets, the value of our Securities may be adversely affected.

***Crypto Exchanges are relatively new and therefore may be more exposed to fraud and failure than established, regulated exchanges for other products. To the extent that large Crypto Exchanges representing a substantial portion of the crypto asset volume are involved in fraud or experience security failures or other operational issues, such Exchanges' failures may result in a reduction in the price of crypto assets and adversely affect an investment in us.***

A number of Crypto Exchanges have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such Exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Exchanges. While smaller Exchanges are less likely to have the infrastructure and capitalization that make larger Exchanges more stable, larger Exchanges are more likely to be appealing targets for hackers and “malware” (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems). A lack of stability in an Exchange Market and the closure or temporary shutdown of larger Crypto Exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in crypto assets overall and result in greater volatility in crypto asset values. These potential consequences of an Exchange’s failure could adversely affect an investment in us.

***There is a lack of liquid markets, and possible manipulation of blockchain/cryptocurrency-based crypto assets.***

Crypto assets that are represented and trade on a ledger-based platform may not necessarily benefit from viable trading markets. Stock exchanges have listing requirements and vet issuers;

requiring them to be subjected to rigorous listing standards and rules, and monitor investors transacting on such platform for fraud and other improprieties. These conditions may not necessarily be replicated on a distributed ledger platform, depending on the platform's controls and other policies. The laxer a distributed ledger platform is about vetting issuers of cryptocurrency assets or users that transact on the platform, the higher the potential risk for fraud or the manipulation of the ledger due to a control event. These factors may decrease liquidity or volume or may otherwise increase volatility or other assets trading on a ledger-based system, which may adversely affect us. Such circumstances could adversely affect an investment in us.

***Political or economic crises may motivate large-scale sales of crypto assets, which could result in a reduction in crypto asset values and adversely affect an investment in us.***

Geopolitical or economic crises may motivate large-scale sales of crypto assets, which could rapidly decrease the price of crypto assets. For example, market analysts have indicated that in some cases, such as during large scale adverse economic events, trading and market prices of cryptocurrencies such as Bitcoin and Ethereum have correlated to some extent with the movement of equity markets, regardless of the stock or asset class. For example, in March 2020, as global shutdowns ramped up in response to the COVID-19 pandemic, the price of Bitcoin, Ethereum and other crypto assets plummeted together with stock prices globally. Similarly, in 2022 as the Federal Reserve raised interest rates to combat inflation, crypto asset prices declined with stock prices in the U.S. These trends are contrary to a formerly commonly held conception that buying and holding crypto assets can be used as a “hedge” to investing in the more conventional equity markets, and may eventually result in diminished popularity of crypto assets in general by the public. Alternatively, as an emerging asset class with limited acceptance as a payment system or commodity, global crises and general economic downturn may discourage investment in crypto assets as investors focus their investment on less volatile asset classes as a means of hedging their investment risk.

As an alternative to fiat currencies that are backed by central governments, crypto assets such as Bitcoin and Ethereum, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of crypto assets either globally or locally. Large-scale sales of crypto assets would result in a reduction in crypto asset values and could adversely affect an investment in us.

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

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

***Current interpretations require the regulation of Bitcoin, Ethereum, and other crypto assets under the CEA by the CFTC, we may be required to register and comply with such regulations. To the extent that we decide to continue operations, the required registrations and regulatory compliance steps may result in extraordinary, non-recurring expenses to us. We may also decide to cease certain operations. Any disruption of our operations in response to the changed regulatory circumstances may be at a time that is disadvantageous to investors.***

Current and future legislation, CFTC and other regulatory developments, including interpretations released by a regulatory authority, may impact the manner in which Bitcoin, Ethereum, and other crypto assets are treated for classification and clearing purposes. In particular, derivatives on these assets are not excluded from the definition of “commodity future” by the CFTC. We cannot be certain as to how future regulatory developments will impact the treatment of Bitcoin, Ethereum, and other crypto assets under the law.

Bitcoin and Ethereum have been deemed to fall within the definition of a commodity and, we may be required to register and comply with additional regulation under the CEA, including additional periodic report and disclosure standards and requirements. Moreover, we may be required to register as a commodity pool operator and to register us as a commodity pool with the CFTC through the National Futures Association. Such additional registrations may result in extraordinary, non-recurring expenses, thereby materially and adversely impacting an investment in us. If we determine not to comply with such additional regulatory and registration requirements, we may seek to cease certain of our operations. Any such action may adversely affect an investment in us.

***Our interactions with a blockchain may expose us to SDN or blocked persons or cause us to violate provisions of law that did not contemplate distribute ledger technology.***

The Office of Financial Assets Control of the U.S. Department of Treasury requires us to comply with its sanction program and not conduct business with persons named on its specially designated nationals (“SDN”) list. However, because of the pseudonymous nature of blockchain transactions we may inadvertently and without our knowledge engage in transactions, to the extent validation constitutes a transaction, with persons named on OFAC’s SDN list. While we don’t believe validation constitutes a transaction we can provide no assurances regulators will agree with that view. Our Company’s policy prohibits any transactions with such SDN individuals, but we may not be adequately capable of determining the ultimate identity of the individual who delegate to our nodes. Additionally, the U.S Department of Treasury recently has added sanctions that prevent U.S. persons from using cryptocurrencies to circumnavigate financial sanctions placed on Russia.

Because our business requires us to download and retain one or more blockchains to effectuate our ongoing business, it is possible that such digital ledgers contain prohibited depictions without our knowledge or consent. To the extent government enforcement authorities literally enforce these and other laws and regulations that are impacted by decentralized distributed ledger technology, we may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which could harm our reputation and affect the value of our Securities.

***If federal or state legislatures or agencies initiate or release tax determinations that change the classification of Bitcoin, Ethereum or other crypto assets as property for tax purposes (in the context of when such crypto assets are held as an investment), such determination could have a negative tax consequence on our Company or our shareholders.***

Current IRS guidance indicates that crypto assets such as Ethereum should be treated and taxed as property, and that transactions involving the payment of Ethereum for goods and services should be treated as barter transactions. While this treatment creates a potential tax reporting requirement for any circumstance where the ownership of an Ethereum passes from one person to

another, usually by means of Ethereum transactions (including off-blockchain transactions), it preserves the right to apply capital gains treatment to those transactions which may have adversely affect an investment in our Company.

On December 5, 2014, the New York State Department of Taxation and Finance issued guidance regarding the application of state tax law to crypto assets such as Bitcoin and Ethereum. The agency determined that New York State would follow IRS guidance with respect to the treatment of crypto assets for state income tax purposes. Furthermore, they defined crypto assets to be a form of “intangible property,” meaning the purchase and sale of crypto assets for fiat currency is not subject to state income tax (although transactions of crypto assets for other goods and services maybe subject to sales tax under barter transaction treatment). It is unclear if other states will follow the guidance of the IRS and the New York State Department of Taxation and Finance with respect to the treatment of crypto assets for income tax and sales tax purposes. If a state adopts a different treatment, such treatment may have negative consequences including the imposition of greater a greater tax burden on investors in crypto assets or imposing a greater cost on the acquisition and disposition of crypto assets, generally; in either case potentially having a negative effect on prices in crypto assets and may adversely affect an investment in our Company.

Foreign jurisdictions may also elect to treat crypto assets differently for tax purposes than the IRS or the New York State Department of Taxation and Finance. To the extent that a foreign jurisdiction with a significant share of the market of crypto asset users imposes onerous tax burdens crypto users, or imposes sales or value added tax on purchases and sales of crypto assets for fiat currency, such actions could result in decreased demand for crypto assets in such jurisdiction, which could impact the price of crypto assets and negatively impact an investment in our Company.

***We may suffer losses due to staking, delegating, and other related services.***

Crypto assets which utilize PoS consensus mechanisms enable holders to earn rewards by operating nodes and participating in decentralized governance, bookkeeping and transaction confirmation activities on their underlying blockchain networks. We stake certain of our crypto assets and operate nodes on blockchain networks through our blockchain infrastructure operations. Most PoS networks require crypto assets to be transferred into smart contracts on the underlying blockchain networks not under our or anyone’s control. If our validators, any third-party service providers, or smart contracts fail to behave as expected, suffer cybersecurity attacks, experience security issues, or encounter other problems, our crypto assets may be irretrievably lost. In addition, most PoS blockchain networks dictate requirements for participation in the relevant decentralized governance activity, and may impose penalties, or “slashing,” if the relevant activities are not performed correctly, such as if the node operator acts maliciously on the network, “double signs” any transactions, or experience extended downtimes. Slashing penalties can apply due to prolonged inactivity on a blockchain network and inadvertent errors such as computing or hardware issues, as well as more serious behavior such as intentional malfeasance. If we are slashed by an underlying blockchain network, our crypto assets may be confiscated, withdrawn, or burnt by the network, resulting in permanent losses. Any penalties or slashing events could damage our brand and reputation, cause us to suffer financial losses, and adversely impact our business.

***Our blockchain infrastructure operations, including Company owned and run validator nodes on PoS blockchains, are subject to concentration risk as they are consolidated on Amazon Web Services***

The development and operation of the Company’s validator nodes for non-custodial staking, as well as the development of the Digital Asset Platform, is hosted on cloud computing by Amazon Web Services (“AWS”). The consolidation of our proprietary technology on AWS subjects the Company to cyber security and other risks that face AWS. We have limited control over AWS, the services it provides us and the safety and security measures related thereto. If AWS fails to maintain

the continuous functionality or security of its networks and related hardware on which we rely for our operations, we may be unable to generate revenue we otherwise would, and could suffer substantial losses. For example, some PoS networks implement the slashing penalties described above, wherein the crypto assets that were staked to allow us to participate in the validation process are taken away from us, if a validator node on which the crypto asset is staked is offline for a certain amount of time. Additionally, if our Delegators crypto assets become subject to slashing, we could experience significant losses, from resulting claims against us by them, as well as reputational harm and lost customer relationships. If any of the foregoing or other adverse developments occur as a result of our reliance on a single service provider for our PoS validating operations, it could have a material adverse effect on our business, financial condition and results of operations.

***Crypto assets staked on Proof of Stake blockchains are locked in smart contracts and may not be accessible and liquid.***

Crypto assets which utilize PoS consensus mechanisms are locked in smart contracts while staked which limits liquidity of the underlying crypto asset. This is because under PoS network protocols, in order to participate in the staking process validators such as us are required to enter into smart contracts which, among other things, require the validator to continue to keep a specified number of the crypto assets owned by the validator “locked-up” in the network for a specified period of time before they can again be transferred by such validator. This lock-up period often extends beyond the time at which the transaction is validated. We currently stake certain of our crypto assets and operate nodes on blockchain networks through our blockchain infrastructure services business. During times of high volatility or downturns, which are common among crypto assets for many reasons including those described elsewhere in these Risk Factors, we may be unable to liquidate certain crypto assets to the extent desired. We currently carry our staked Ethereum as a non-current long-term asset on our balance sheet until liquidity for staked Ethereum is unlocked. Staked crypto assets which can be unlocked from a smart contract in less than one year are carried as current assets on our balance sheet. As such we may experience large losses when and if we are able to liquidate our crypto assets as a result of continued volatility, further if we are unable to liquidate our crypto assets we could suffer material financial losses, which would adversely impact our business.

***Because our current business plan and operations depend on consumers investing in crypto assets and staking and monitoring them using our non-custodial platform, economic downturns will materially adversely affect us.***

Our non-custodial staking-as-a-service platform depends on consumers purchasing crypto assets from exchanges and holdings them long-term, and staking them using our platform, as well as using the other functions offered by or envisioned for our platform such as data analytics and monitoring crypto asset holdings. Therefore, economic downturns or a recession will cause a reduction in demand for our platform by causing consumers to reduce spending on investments or non-essential items such as crypto assets. Similarly, a decline in the popularity or public perception of such crypto assets would yield a similar result. In 2022, the U.S. capital markets in general, and crypto assets prices in particular, saw significant declines as the Federal Reserve heightened interest rates to combat inflation. This followed initial declines earlier in 2022 in response to the Ukraine war and worsening supply chain issues and supply shortages. As of the date of this Report, the U.S. capital markets remain subject to substantial uncertainty, with consumer confidence declining due to a number of factors including, as a result of the collapse of three major banks in March 2023 and the potential broader implications and financial impact on the U.S. economy, as well as high inflation and anticipated continued interest rate increases and the enhanced likelihood of a recession as a result. Given these current market conditions, consumers may elect to sell their crypto assets, or decline to increase their holdings, rather than hold and stake them using our platform. Because we and our industry depend on consumers holding and staking the crypto assets long-term, this trend has the potential to materially adversely harm us and our prospects. Particularly in the event of prolonged or recurring recessionary conditions.

***Our obligations to comply with the laws, rules, regulations, and policies of a variety of jurisdictions is uncertain and untested, and we are subject to uncertainty with respect to our potential non-custodial staking-as-a-service business and we may be subject to investigations and enforcement actions by U.S. and non-U.S. regulators and governmental authorities.***

In addition to the securities laws and regulations discussed elsewhere in these Risk Factors, laws regulating financial services, the internet, mobile technologies, digital, and related technologies inside and outside of the U.S. may impose obligations on us, as well as broader liability. For example, we are required to comply with laws and regulations related to sanctions and export controls enforced by U.S. Department of Treasury's Office of Foreign Assets Control, or OFAC, and U.S. anti-money laundering and counter-terrorist financing laws and regulations, enforced by FinCEN and certain state financial services regulators. U.S. sanctions laws and regulations generally restrict dealings by persons subject to U.S. jurisdiction with certain governments, countries, or territories that are the target of comprehensive sanctions, currently the Crimea Region of Ukraine, Cuba, Iran, North Korea, Syria, and Venezuela as well as with persons identified on certain prohibited lists. In May 2019, FinCEN issued guidance on the application of FinCEN regulations to certain business models. While the guidance directly addressed Bitcoin mining, it did not address securing PoS blockchains which while similar to Bitcoin mining has technical nuanced differences which could potentially alter the analysis. As such, there can be no guarantee that securing (mining) on PoS blockchain networks will be viewed as compliant, notwithstanding the May 2019 FinCEN guidance. In particular, the nature of blockchains make it technically impossible in all circumstances to prevent or identify transactions with particular persons or addresses. While our platform, StakeSeeker, utilizes geo-blocking in an effort to prevent its use by persons located in sanctioned jurisdictions, if notwithstanding these efforts our current or planned activities are found to constitute "facilitating" or assisting the actions of non-U.S. persons that would be prohibited for U.S. persons to perform directly due to U.S. sanctions, despite the fact we don't take custody of staked crypto assets nor pay delegator crypto rewards, it could result in material negative consequences for us, including costs related to government investigations, harsh financial penalties, and harm to our reputation. The impact on us related to these matters could be substantial. We are seeking legal guidance on what, if any, controls and procedures need to be put in place and whether our activities could constitute facilitation of any illicit activities under the current regulatory framework.

Regulators worldwide frequently study each other's approaches to the regulation of the digital economy. Consequently, developments in any jurisdiction may influence other jurisdictions. New developments in one jurisdiction may be extended to additional services and other jurisdictions. In addition, digital economies themselves are subject to rapid and unpredictable change that regulators could decide warrants updates or additions to existing regulatory regimes. As a result, the risks created by any new law or regulation in one jurisdiction are magnified by the potential that they may be replicated, affecting our business in another place. Conversely, if regulations diverge worldwide, we may face difficulty adjusting aspects of our business.

The complexity of U.S. federal and state and international regulatory and enforcement regimes, coupled with the evolving global regulatory environment, could result in a single event prompting a large number of overlapping investigations and legal and regulatory proceedings by multiple government authorities in different jurisdictions. Any of the foregoing could, individually or in the aggregate, harm our reputation, damage our brands and business, and adversely affect our operating results and financial condition. Due to the uncertain application of existing laws and regulations, it may be that, despite our planned regulatory and legal analysis that certain products and services are currently unregulated, such products or services may indeed be subject to financial regulation, licensing, or authorization obligations that we have not obtained or with which we have not complied. As a result, we are at a heightened risk of enforcement action, litigation, regulatory, and legal scrutiny which could lead to sanctions, cease, and desist orders, or other penalties and

censures which could significantly and adversely affect our continued operations and financial condition.

### **Security Risks Related to Our Crypto Asset Holdings**

***Our crypto assets may be subject to loss, damage, theft or restriction on access.***

There is a risk that part or all of our crypto assets could be lost, stolen, destroyed or become inaccessible. We believe that our crypto assets will be an appealing target to hackers or malware distributors seeking to destroy, damage or steal our crypto assets. To minimize the risk of loss, damage and theft, security breaches, and unauthorized access we primarily hold our crypto assets in various cryptocurrency digital wallets and hold minimal amounts at exchanges. Nevertheless, the digital wallets and exchanges we utilize may not be impenetrable and may not be free from defect or immune to acts of God, and any loss due to a security breach, software defect or act of God will be borne by us. Any of these events may adversely affect our operations and, consequently, an investment in us.

***To the extent that any of our crypto assets are held by crypto exchanges, we may face heightened risks from cybersecurity attacks and financial stability of the exchanges.***

All crypto assets not held in a Company's controlled digital wallet are held at crypto exchanges and subject to the risks encountered by those exchange including DDoS Attacks, other malicious hacking, a sale of the exchange, loss of the crypto assets by the exchange, security breaches, and unauthorized access of our account by hackers. The Company may not maintain a custodian agreement with the exchanges with which it holds its crypto assets at. exchanges do not provide insurance and may lack the resources to protect against hacking and theft. Less than 0.1% of the Company's crypto assets are typically stored at exchanges, however, this may increase at or around the sales or purchase of crypto assets. We may be materially and adversely affected if the exchanges suffer cyberattacks or incur financial problems.

***The loss or destruction of a private key required to access a crypto asset may be irreversible. Our loss of access to our private keys could adversely affect an investment in our Company.***

Crypto assets are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet in which the crypto assets are held. We are required by the operation of the crypto asset network to publish the public key relating to a digital wallet in use by us when it first verifies a spending transaction from that digital wallet and disseminates such information into the network. We safeguard and keep private the private keys relating to our crypto assets not held at exchanges by utilizing key sharing and multi-signature storage techniques; to the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, we will be unable to access the crypto assets held by it and the private key will not be capable of being restored by the network. Any loss of private keys relating to digital wallets used to store our crypto assets could adversely affect an investment in us.

***Security threats to us could result in a loss of Company's crypto assets.***

Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm our business operations or result in loss of our Ethereum and other crypto assets. Any breach of our infrastructure could result in damage to our reputation which could adversely affect an investment in us. Furthermore, we believe that, as our assets continue to grow, it may become a more appealing target for security threats such as hackers and malware.

The security system and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee of ours, or otherwise, and, as a result, an unauthorized party may obtain access to our, private keys, data or Ethereum. Additionally, outside parties may attempt to fraudulently induce employees of ours to disclose sensitive information in order to gain access to our infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of our security system occurs, the market perception of the effectiveness of our security system could be harmed, which could adversely affect an investment in us. In the event of a security breach, we may be forced to cease operations, or suffer a reduction in assets, the occurrence of each of which could adversely affect an investment in us.

***Incorrect or fraudulent crypto asset transactions may be irreversible.***

Crypto asset transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to a blockchain, an incorrect transfer of crypto assets or a theft of crypto assets generally will not be reversible, and we may not be capable of seeking compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, our crypto assets could be transferred from us in incorrect amounts or to unauthorized third parties. To the extent that we are unable to seek a corrective transaction with such third party or are incapable of identifying the third party which has received our crypto assets through error or theft, we will be unable to revert or otherwise recover incorrectly transferred crypto assets. To the extent that we are unable to seek redress for such error or theft, such loss could adversely affect an investment in us.

***The limited rights of legal recourse against us, and our lack of insurance protection expose us and our shareholders to the risk of loss of our crypto assets for which no person is liable.***

The crypto assets held by us are not insured. Therefore, a loss may be suffered with respect to our crypto assets which are not covered by insurance and for which no person is liable in damages which could adversely affect our operations and, consequently, an investment in us.

***Crypto assets held by us are not subject to FDIC or SIPC protections.***

We do not and will not hold our Ethereum and other crypto assets with a banking institution or a member of the FDIC or the Securities Investor Protection Corporation (“SIPC”) and, therefore, our crypto assets are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions.

**Risks Related to Our Digital Asset Platform (StakeSeeker) Development**

***There is substantial doubt that we will be able to fully develop or commercialize our Digital Asset Platform.***

We are continuing to develop our Digital Asset Platform with the ultimate goal of consolidating users’ information so that it can be more easily accessed and reviewed by users. We may not successfully fully develop this platform as planned, in a cost-efficient manner, to the extent sought or at all. If we fail to develop a Digital Asset Platform as intended, it could have a material adverse effect on our business, especially to the extent that we allocate significant capital, labor and other resources to this endeavor rather than focusing on other business opportunities which may prove to have been more lucrative in hindsight.

Even if we do successfully develop our platform and bring it to the marketplace, there is no guarantee that we will attract enough users to generate revenue or become profitable. Our competitors, most of whom have greater capital and human resources than we do, may develop technologies that are superior to our platform or commercialize comparable technologies before us, in which case our ability to attract users and generate revenue therefrom could be rendered unlikely or even impossible. If we fail to obtain users for our platform or find an alternative means of commercializing our platform to recoup our investment therein, it will have a material adverse effect on our financial condition. Finally, even if we do fully develop the platform and attract users, events outside of our control such as regulatory actions against us or crypto assets on which our platform depend, or economic downturns, could force us to cease operating our platform or render it obsolete. If we fail to fully develop and commercialize our platform in a timely and effective manner, your investment in us could lose some or all of its value.

***Even if we develop and commercialize our Digital Asset Platform, we may not be able to generate material revenues.***

The Digital Asset Platform that we are currently developing will require significant time and capital. Even if we do develop this platform and acquire a sufficient number of users to generate revenue, we cannot guarantee the revenue would be material or sufficient to justify the costs we anticipate incurring to develop the platform. Our ability to capitalize on any platform we do develop will depend on a variety of factors and uncertainties beyond our control, including the competition we face and similar or superior services that may already exist by the time we begin marketing our platform, the volatile nature of the blockchain industry generally and the unknown demand for the services we plan to offer through our platform as it is currently envisioned, regulatory developments that have arisen or may arise in the future, and the advancement of new technologies which could arise in the future and render our platform partially or completely obsolete. If any of these or other risks come to fruition to prevent our platform from generating material revenue to justify its costs of production, it would have a material adverse effect on our business.

***The development of our Digital Asset Platform will depend on the successful efforts of our employees.***

Our platform development effort is completely dependent on our infrastructure. We use internally developed systems for the platform. Any future difficulties developing aspects of our platform may cause delays in bringing our platform to market. If our data stored on AWS and the backups thereof are compromised, our platform, prospects, could be harmed. Despite our implementation of network security measures, our servers are vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, the occurrence of any of which could lead to interruptions, delays, loss of critical data or the inability to launch our platform. The occurrence of any of the foregoing risks could materially harm our business.

***We are subject to cyber security risks and may incur delays in platform development in an effort to minimize those risks and to respond to cyber incidents.***

Our Digital Asset Platform is and will continue to be dependent on the secure operation of our website and systems as well as the operation of the Internet generally. The platform involves reading user data, and storage of user data, and security breaches could expose us to a risk of loss or misuse of this information, litigation, and potential liability. A number of large Internet companies have suffered security breaches, some of which have involved intentional attacks. From time to time, we and many other internet businesses also may be subject to a denial of service attacks wherein attackers attempt to block customers' access to our website. If we are unable to avert a denial of service attack for any significant period, we could sustain delays in the development of the platform and when launched risk losing future users and have user dissatisfaction. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks.

Cyber-attacks may target us, our users, or exchanges we read data from in general or the communication infrastructure on which we depend. If an actual or perceived attack or breach of our security occurs, user perception of the effectiveness of our security measures could be harmed and we could lose our future user. Actual or anticipated attacks and risks may cause us to incur increasing costs, and delay development. A person who is able to circumvent our security measures might be able to misappropriate our or our users' proprietary information, cause interruption in our operations, damage our computers or those of our users, or otherwise damage our reputation and platform. Any compromise of our security could result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation, and a loss of confidence in our security measures, which could harm our business.

***We may become subject to data privacy and data security laws and regulations by virtue of our Digital Asset Platform, which could force us to incur significant compliance costs and expose us to liabilities.***

By virtue of our platform, including planned additional functions, we may become subject to the various local, state, federal, and international laws and regulations that apply to the collection, use, retention, protection, disclosure, transfer, and processing of personal data. These data protection and privacy laws and regulations and their applicability to our current and future operations and offerings are subject to uncertainty and continue to evolve in ways that could adversely impact our business. These laws could have a substantial impact on our operations, depending in large part on the location of our operations, users, employees and other stakeholders with which we are or become involved.

In the United States, state and federal lawmakers and regulatory authorities have increased their attention on the collection and use of user data. For example, California enacted the California Consumer Privacy Act, or CCPA, which became effective in 2020. The CCPA requires covered companies to, among other things, provide new disclosures to California users, and affords such users new privacy rights such as the ability to opt-out of certain sales of personal information and expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is collected, used, and shared. The CCPA provides for civil penalties for violations, as well as a private right of action for security breaches that may increase security breach litigation. Potential uncertainty surrounding the CCPA may increase our compliance costs and potential liability, particularly in the event of a data breach, and could have a material adverse effect on our business, including how we use personal information, our financial condition, the results of our operations or prospects. Since the CCPA was enacted, other states including Nevada, Maine, Colorado and Virginia have enacted similar legislation designed to protect the personal information of consumers and penalize companies that fail to comply, and other states have also proposed similar legislation. The costs of compliance with, and other burdens imposed by, the CCPA, and similar laws may limit our prospective customer base or the use and adoption of our products and services and/or require us to incur substantial compliance costs, which could have an adverse impact on our business. Additionally, many foreign countries and governmental bodies in which our users may reside, have laws and regulations concerning the collection, use, processing, storage, and deletion of personal information obtained from their residents or by businesses operating within their jurisdiction. These laws and regulations are often more restrictive than those in the United States. Such laws and regulations may require companies to implement new privacy and security policies, permit individuals to access, correct, and delete personal information stored or maintained by such companies, inform individuals of security breaches that affect their personal information, require that certain types of data be retained on local servers within these jurisdictions, and, in some cases, obtain individuals' affirmative opt-in consent to collect and use personal information for certain purposes.

There is a risk that as we develop and offer our platform and other services, we may become subject to one or more of these data privacy and security laws. Despite our efforts to comply with applicable laws, regulations and other obligations relating to privacy, data protection, and information security, including by deploying geo-blocking features to limit the jurisdictions from which our platform can be accessed, it is possible that our practices, offerings, or platform, or third parties on which we rely, could fail. For instance, the overall regulatory framework governing the application of privacy laws to blockchain technology is still highly undeveloped and likely to evolve. Our failure, or the failure by our third-party providers or partners, to comply with applicable laws or regulations and to prevent unauthorized access to, or use or release of personal data, or the perception that any of the foregoing types of failure has occurred, even if unfounded, could subject us to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, potential severe criminal or civil sanctions, fines or damages, reputational harm, or expensive and time-consuming proceedings by governmental agencies and private claims and litigation, any of which could materially adversely affect our business, operating results, and financial condition.

***We may infringe the intellectual property rights of others, which may prevent or delay our product development efforts and stop us from commercializing or increase the costs of commercializing the Digital Asset Platform.***

Our commercial success depends significantly on our ability to operate without infringing the patents and other intellectual property rights of third parties however, we may not always be able to determine that we are using or accessing protected information or software. For example, there could be issued patents of which we are not aware that our products infringe. There also could be patents that we believe we do not infringe, but that we may ultimately be found to infringe. Moreover, patent applications are in some cases maintained in secrecy until patents are issued. The publication of discoveries in scientific or patent literature frequently occurs substantially later than the date on which the underlying discoveries were made and patent applications were filed. Because patents can take many years to issue, there may be currently pending applications of which we are unaware that may later result in issued patents that our products infringe.

Because of the foregoing, we may be subject to legal claims of alleged infringement of the intellectual property rights of third parties. We expect this risk to increase as we continue to develop and roll-out additional functions in our Digital Asset Platform and potential StaaS operations in the future. The ready availability of damages, royalties and the potential for injunctive relief has increased the defense litigation costs of patent infringement claims, especially those asserted by third parties whose sole or primary business is to assert such claims. Such claims, even if not meritorious, may result in significant expenditure of financial and managerial resources, and the payment of damages or settlement amounts.

Accordingly, we could expend significant resources defending against patent infringement and other intellectual property right claims; which could require us to divert resources away from operations. Any damages we are required to pay or injunctions against our continued use of such intellectual property in resolution of such claims may cause a material adverse effect to our business and operations, which could adversely affect the trading price of our securities and harm our investors. Additionally, we may become subject to injunctions prohibiting us from using software or business processes we currently use or may need to use in the future or requiring us to obtain licenses from third parties when such licenses may not be available on financially feasible terms or terms acceptable to us or at all. In addition, we may not be able to obtain on favorable terms, or at all, licenses or other rights with respect to intellectual property we do not own in providing ecommerce services to other businesses and individuals under commercial agreements.

## **Risks Related to Our Public Company Reporting Requirements and Accounting Matters**

***We may need to implement additional finance and accounting systems, procedures and controls as we grow our business and organization and to satisfy new reporting requirements.***

We are required to comply with a variety of reporting, accounting and other rules and regulations. Compliance with existing requirements is expensive. We may need to implement additional finance and accounting systems, procedures and controls to satisfy our reporting requirements and such further requirements may increase our costs and require additional management time and resources. For example, many crypto assets, including those on PoS blockchain networks with which we are or may become involved, demonstrate novel and unique accounting challenges, including due to smart contracts affecting the underlying crypto assets. Any deficiencies in our internal control over financial reporting, should they arise, could cause investors to lose confidence in our reported financial information, negatively affect the market price of our Securities, subject us to regulatory investigations and penalties, and adversely impact our business and financial condition.

***Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our financial results.***

Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to revenue recognition, estimating valuation allowances and accrued liabilities (including allowances for returns, credit card chargebacks, doubtful accounts and obsolete and damaged inventory), internal use software and website development (acquired and developed internally), accounting for income taxes, valuation of long-lived and intangible assets and goodwill, stock-based compensation and loss contingencies, are highly complex and involve many subjective assumptions, estimates and judgments by our management. Additional complexities can arise with respect to crypto asset operations. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by our management could significantly change our reported or expected financial performance.

***Since there has been limited precedence set for financial accounting of crypto assets, it is unclear how we will be required to account for crypto asset transactions in the future.***

Since there has been limited precedence set for the financial accounting of crypto assets, it is unclear how we will be required to account for crypto asset transactions or assets. Furthermore, a change in regulatory or financial accounting standards could result in the necessity to restate our financial statements as has happened in the past. Such a restatement could negatively impact our business, prospects, financial condition and results of operation.

***If our estimates or judgment relating to our critical accounting policies prove to be incorrect, our operating results could be adversely affected.***

The preparation of financial statements in conformity with generally accepted accounting principles, or GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and judgments involve the identification of performance obligations in revenue recognition, evaluation of tax positions, and the valuation of stock-based awards and crypto assets we hold, among others. Our operating results may be adversely

affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of analysts and investors, resulting in a decline in the trading price of our Securities.

***We are subject to the information and reporting requirements of the Exchange Act), and other federal securities laws, including compliance with the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”).***

The costs of preparing and filing annual and quarterly reports and other information with the SEC and furnishing audited reports to shareholders will cause our expenses to be higher than they would have been if we were privately held. It may be time-consuming, difficult and costly for us to develop, implement and maintain the internal controls and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal controls and other finance personnel in order to develop and implement appropriate internal controls and reporting procedures.

***Public company compliance may make it more difficult to attract and retain officers and directors.***

The Sarbanes-Oxley Act and rules implemented by the SEC have required changes in corporate governance practices of public companies. As a public company, we expect these rules and regulations to increase our compliance costs and make certain activities more time-consuming and costly. The impact of the SEC’s July 25, 2017 report on Digital Securities (the “DAO Report”) as well as enforcement actions and speeches made by the SEC’s Chairman will increase our compliance and legal costs. As a public company, we also expect that these rules and regulations will make it more difficult and expensive for us to obtain director and officer liability insurance in the future and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board or as executive officers, and to maintain insurance at reasonable rates, or at all.

## **22. WORKING CAPITAL**

The Company is of the opinion that the working capital available to the Company is sufficient for its present requirements, that is for at least 12 months from the date of these Listing Particulars.

### ***Going Concern***

The Company’s financial statements have been prepared assuming that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. At December 31, 2022, the Company had approximately \$2.1 million of cash.

The Company views its crypto assets as long-term holdings and does not plan to engage in regular trading of crypto assets. Further certain of the Company’s staked crypto assets may be locked up depending on a the specific blockchain protocol and the Company may be unable to unstake them in a timely manner in order to liquidate to the extent desired. During times of instability in the market of crypto assets, the Company may not be able to sell its crypto assets at reasonable prices or at all. As a result, the Company’s crypto assets may not be able to serve as a source of liquidity to the same extent as cash and cash equivalents.

As of March 28, 2023, the Company had approximately \$1.5 million of cash and the fair market value of the Company’s liquid crypto assets was approximately \$3.6 million, which excludes

\$15.2 million of staked Ethereum. The Company has no outstanding debt. As of March 28, 2023, the Company also has approximately \$6.5 million available under the ATM Agreement over the next twelve months under the Form S-3 baby shelf rules, although, the amount that we may raise under the Form S-3 may increase or decrease based upon our stock price. The Company believes that the existing cash and liquid crypto assets held by us, in addition to the funds available to the Company from the issuance of additional stock through the ATM Agreement, provide sufficient liquidity to meet working capital requirements, anticipated capital expenditures and contractual obligations for at least the next twelve months.

## **23. SELECTED FINANCIAL AND OTHER INFORMATION**

**<https://www.sec.gov/edgar/browse/?CIK=1436229&owner=exclude>**

## **24. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection and can be viewed at the Company's registered office or at the offices of the Company's Sponsor Advisor from the date of these Listing Particulars until the Listing Date:

1. these Listing Particulars;
2. the Bylaws; and
3. Articles of Incorporation; and

The directors of the Company whose names are given in these Listing Particulars collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the document contains all information required by law and the Listings Requirements.

At the date of these Listing Particulars:

1. none of the Directors has had any convictions in relation to fraudulent offences for at least the previous five years;
2. save as disclosed above, none of the Directors was a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings;
3. none of the Directors has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years; and
4. none of the Directors is aware of any contract or arrangement subsisting in which they are materially interested and which is significant to the business of the Company which is not otherwise disclosed in these Listing Particulars.

The Company intends to maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

Signed by Charles Allen on behalf of all the directors of the Company, being duly authorized to do so.



## **PART VIII: SELECTED FINANCIAL AND OTHER INFORMATION**

The consolidated financial statements of BTCS Inc. at December 31, 2022 and 2021 appearing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, have been audited by RBSM LLP an independent registered public accountants, as set forth in its report thereon included therein.