UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

OR

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

Commission file number 001-41941

Ionic Digital Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**99-0565447** (I.R.S. Employer Identification No.)
650 Massachusetts Avenue NW, 6th Floor **Washington, District of Columbia** (Address of Principal Executive Offices)	**20001** (Zip Code)

(754) 273-6593

Registrant’s telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock	IOND	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

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

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

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

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

As of August 25, 2026, the number of shares outstanding of the Registrant's common stock was 44,996,175.

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Forward-Looking Statements

This Quarterly Report on Form 10-Q (the "Quarterly Report") includes forward-looking statements that reflect our plans, beliefs, expectations and current views with respect to, among other things, future events and financial performance. These forward-looking statements are based on the historical financial information and our current plans, estimates and projections in light of information currently available to us, and therefore you should not place undue reliance on them. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Forward-looking statements made in this Quarterly Report speak only as of its date, and we undertake no obligation to update them in light of new information or future events, except as required by law.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and are often characterized by the use of words such as "anticipates," "believes," "estimates," "expects," "intends," "may," "projects," "plans," or by discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause our actual results, performance or achievements, or industry results, to differ materially from historical results or any future results, performance or achievements expressed, suggested or implied by such forward-looking statements. Some of the risks, uncertainties and other important factors that could cause results to differ from those currently expected, or that otherwise could impact us, include, but are not limited to:

- our ability to secure and retain customers on commercially reasonable terms or at all in our digital infrastructure business;
- our ability to establish and maintain a customer base for our digital infrastructure business and customer concentration;
- our ability to procure sufficient power for our digital infrastructure solutions and bitcoin mining operations, and to obtain required regulatory approvals to increase energy capacity;
- business interruptions, including due to power outages, shortages, capacity constraints, catastrophic disasters or other events;
- our ability to access sufficient capital for future strategic growth initiatives;
- additional bitcoin mining capacity from competing bitcoin miners decreases our effective network hashrate market share, and if we are unable to grow our hashrate at pace with the global network hashrate, our chance of earning bitcoin from our mining operations will decline;
- our third-party contract manufacturers, pool service providers, component suppliers and energy providers, some of which are sole source and limited source suppliers;
- the price volatility of bitcoin, the digital currency native to the Bitcoin network;
- our financial and business performance, including financial projections and business metrics;
- the dependence of our revenues on general economic conditions and the willingness of enterprises to invest in technology;
- our ability to establish and maintain proper and effective internal control over financial reporting;
- our commercial partnerships and business relationships;
- the effects of competition and regulation on our business;
- breaches of the security of our information systems, products or services or of the information systems of our third-party providers;
- potential litigation and other claims, including for infringement, which could cause us to incur significant expenses or prevent us from selling our products or services;
- environmental, health and safety, laws, regulations, costs and other liabilities; and
- other factors detailed under the section titled "Risk Factors" in the final prospectus contained in our registration statement on Form S-1, filed on July 28, 2026 in connection with our direct listing (the "Prospectus").

The factors identified above should not be construed as an exhaustive list of factors that could affect our future results and should be read in conjunction with the other cautionary statements that are included in this Quarterly Report. Furthermore, new risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. These risks and uncertainties include, but are not limited to, those factors described under the heading “Risk Factors” in the Prospectus. If any of these trends, risks or uncertainties actually occurs or continues, our business, revenue and financial results could be harmed, and the trading prices of our Class A common stock could decline. All forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary note.

Part I. Financial Information
Item 1. Financial Statements

IONIC DIGITAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands of US $, except share data)

	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 415,738	$ 43,510
Cryptocurrency assets	168,680	237,947
Other receivables, current (net of $0.0 million and $5.1 million allowance for credit losses as of June 30, 2026 and December 31, 2025, respectively)	48,994	10,460
Prepaid expenses and other current assets	6,966	11,427
Assets held for sale	2,187	—
Total current assets	642,565	303,344
Non-current assets:		
Property and equipment, net	65,641	76,156
Deferred initial direct leasing costs	6,466	6,803
Other receivables, non-current (net of $3.3 million allowance for credit losses as of June 30, 2026 and December 31, 2025)	370	370
Deposits and other non-current assets	2,211	2,253
Goodwill	161,608	161,608
Deferred tax assets, net	43,657	54,470
Total non-current assets	279,953	301,660
TOTAL ASSETS	**$ 922,518**	**$ 605,004**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Deferred digital infrastructure leasing revenue	—	39,793
Accounts payable	1,178	1,720
Accrued expenses and other current liabilities	25,167	19,159
Total current liabilities	26,345	60,672
Non-current liabilities:		
Non-current portion of lease liability	138	170
Warrant liability	34,061	—
Other non-current liabilities	871	755
Total non-current liabilities	35,070	925
TOTAL LIABILITIES	**$ 61,415**	**$ 61,597**
Commitments and contingencies (Note 15)		
Mezzanine Equity		
Series A convertible preferred stock, $0.00001 par value, 7,547,166 and zero shares authorized, 7,547,166 and zero issued and outstanding as of June 30, 2026 and December 31, 2025; aggregate liquidation preference of $600.0 million and $0.0 million as of June 30, 2026 and December 31, 2025, respectively	350,547	—
Stockholders' Equity:		
Preferred stock, $0.00001 par value, 15,000,000 shares authorized, none issued and outstanding as of June 30, 2026 and December 31, 2025	—	—
Series Z preferred stock, $0.00001 par value, 40,000 and zero shares authorized, 40,000 and zero issued and outstanding as of June 30, 2026 and December 31, 2025, respectively	—	—
Class A common stock, $0.00001 par value, 1,000,000,000 shares authorized, 37,374,261 shares issued and outstanding as of June 30, 2026 and December 31, 2025	—	—
Additional paid-in capital	766,423	750,985
Accumulated deficit	(255,867)	(207,578)
TOTAL STOCKHOLDERS' EQUITY	**$ 510,556**	**$ 543,407**
TOTAL LIABILITIES, MEZZANINE EQUITY, AND STOCKHOLDERS' EQUITY	**$ 922,518**	**$ 605,004**

See Accompanying Notes to Condensed Consolidated Financial Statements.

IONIC DIGITAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands of US $, except per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2026	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Revenue:				
Cryptocurrency mining	$ 4,798	$ 37,192	$ 12,199	$ 78,273
Digital infrastructure leasing	43,849	—	87,888	—
Total Revenue	48,647	37,192	100,087	78,273
Operating expenses:				
Cost of mining revenues, exclusive of depreciation	3,060	22,256	8,663	47,469
Cost of digital infrastructure solutions revenues, exclusive of depreciation	209	—	674	—
Depreciation	4,903	16,917	10,479	33,374
General and administrative expenses	19,465	10,796	35,706	17,907
(Gain) loss on fair value of cryptocurrency	28,204	(46,780)	81,527	(1,332)
Realized gain on sale of cryptocurrency assets	—	(14,796)	—	(32,410)
(Gain) loss on sale of property and equipment	847	(2)	544	(21)
Other operating expenses, net	195	250	382	500
Total operating expenses	56,883	(11,359)	137,975	65,487
Operating income (loss)	**(8,236)**	**48,551**	**(37,888)**	**12,786**
Other income (expense)				
Interest income	179	359	506	700
Realized loss on cryptocurrencies derivatives	—	(130)	—	(130)
Loss on litigation settlement	—	(8,079)	—	(8,079)
Other income (expense)	179	(7,850)	506	(7,509)
Income (loss) before provision for income taxes	(8,057)	40,701	(37,382)	5,277
Provision for income taxes	27,248	8,787	10,907	1,394
Net income (loss)	**$ (35,305)**	**$ 31,914**	**$ (48,289)**	**$ 3,883**
Basic and diluted net income (loss) per share	$ (0.94)	$ 0.85	$ (1.29)	$ 0.10
Weighted-average number of shares used in computing net loss per share, basic and diluted	37,374,261	37,374,261	37,374,261	37,374,261

See Accompanying Notes to Condensed Consolidated Financial Statements.

IONIC DIGITAL INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN MEZZANINE AND STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands of US $, except share data)

	Stockholders' Equity							Mezzanine Equity	
	Series Z Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity	Series A Convertible Preferred Stock	
	Shares	Amount	Shares	Amount				Shares	Amount
Balance as of December 31, 2025	—	$ —	37,374,261	$ —	$ 750,985	$ (207,578)	**$ 543,407**	—	**$** —
Stock-based compensation	—	—	—	—	6,448	—	**6,448**	—	—
Net loss	—	—	—	—	—	(12,984)	**(12,984)**	—	—
Balance as of March 31, 2026	—	**$** —	**37,374,261**	**$** —	**$ 757,433**	**$ (220,562)**	**$ 536,871**	—	
Issuance of Series Z Preferred Stock	40,000	—	—	—	—	—	—	—	—
Issuance of Series A Preferred Stock, net of issuance costs	—	—	—	—	—	—	—	7,547,166	350,547
Stock-based compensation	—	—	—	—	8,990	—	**8,990**	—	—
Net loss	—	—	—	—	—	(35,305)	**(35,305)**	—	—
Balance as of June 30, 2026	**40,000**	**$** —	**37,374,261**	**$** —	**$ 766,423**	**$ (255,867)**	**$ 510,556**	**7,547,166**	**350,547**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance as of December 31, 2024	37,374,261	**$** —	$ 747,485	$ 40,145	**$ 787,630**
Net loss	—	—	—	(28,031)	**(28,031)**
Balance as of March 31, 2025	37,374,261	**$** —	**$ 747,485**	**$ 12,114**	**$ 759,599**
Net income	—	—	—	31,914	**31,914**
Balance as of June 30, 2025	37,374,261	**$** —	**$ 747,485**	**$ 44,028**	**$ 791,513**

See Accompanying Notes to Condensed Consolidated Financial Statements for further detail.

IONIC DIGITAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands of US $)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Cash flows from operating activities:		
Net income (loss)	$ (48,289)	$ 3,883
Adjustments to reconcile net loss to net cash used in operating activities:		
Mining revenue received in bitcoin	(12,199)	(78,273)
Hosting costs paid in bitcoin	—	592
Depreciation and amortization	10,489	33,384
Loss (gain) on the fair value of cryptocurrency assets	81,527	(1,332)
Realized gain on sale of cryptocurrency assets	—	(32,410)
Loss (gain) on sale of property and equipment	544	(21)
Deferred initial direct leasing costs	337	—
Non-cash lease expense	31	38
Stock compensation expense	15,438	—
Deferred income taxes, net	10,813	1,120
Changes in assets and liabilities		
Other receivables	(38,593)	(797)
Prepaid expenses and other current assets	4,461	(7,501)
Deferred digital infrastructure leasing revenue	(39,793)	—
Accounts payable and other accrued liabilities	(10,785)	9,827
Non-current liabilities	84	235
Net cash used in operating activities	**(25,935)**	**(71,255)**
Cash flows from investing activities:		
Purchases of property and equipment	(5,827)	(4,152)
Proceeds from the sale of mining equipment	659	21
Proceeds from assets held for sale	3,331	—
Proceeds from sale of cryptocurrency assets	—	64,238
Net cash provided by (used in) investing activities	**(1,837)**	**60,107**
Cash flows from financing activities:		
Proceeds from issuance of warrants	34,061	—
Proceeds from issuance of Series A preferred stock	365,939	—
Net cash provided by financing activities	**400,000**	**—**
Net increase (decrease) in cash and cash equivalents	372,228	(11,148)
Cash and cash equivalents at the beginning of the period	43,510	48,393
Cash and cash equivalents at the end of the period	$ 415,738	$ 37,245
Supplemental schedule of non-cash financing and investing activities:		
Assumption of liability for the acquisition of PPE	876	2,347
Private Placement Issuance Costs in accounts payable and accruals	16,800	—

See Accompanying Notes to Condensed Consolidated Financial Statements.

IONIC DIGITAL INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. ORGANIZATION

Nature of operations and corporate information

Ionic Digital Inc. (together with its consolidated subsidiaries, “Ionic Digital,” or the “Company”) was formed on January 5, 2024 to acquire substantially all of the assets and assume certain liabilities of Celsius Mining, LLC (“Celsius Mining”) pursuant to the Chapter 11 bankruptcy plan of reorganization (the “Plan”), which was confirmed by the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) on November 9, 2023. Pursuant to the Plan, at the close of business on January 31, 2024 (the “Plan Effective Date”), the Company, through its wholly owned subsidiary Ionic Digital Treasury Inc., entered into a Master Conveyance Agreement with Celsius Mining and acquired substantially all the assets and assumed certain liabilities from Celsius Mining (the “Business Combination”). As a result of the Business Combination, the Company initiated its cryptocurrency mining operations, generating revenue through the mining of bitcoin, a digital asset operating on a decentralized, open-source blockchain network.

Subsequent to the Business Combination, the Company solely operated a fleet of application-specific integrated circuit (“ASIC”) mining machines (“miners”) at both hosted and owned or leased facilities. However, on October 14, 2025 the Company entered into a lease arrangement for its Ward County facility (previously referred to as “Cedarvale” in Company communications), resulting in a new operating segment which provides digital infrastructure solutions (refer to Note 8 – Leases for additional information). The Company’s cryptocurrency mining segment continues to operate four facilities located in Midland, Texas.

On July 28, 2026, the Company completed its direct listing of the Company’s Class A Common Stock. See further information in Note 13.

NOTE 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, these unaudited condensed consolidated financial statements reflect all adjustments, including those of a normal and recurring nature, which are necessary for a fair presentation of the results for the interim period presented. The Company's interim financial statements are condensed and should be read in conjunction with the Company's latest audited annual consolidated financial statements included in our Registration Statement on Form S-1 (No. 333-297125). The results of operations for the three and six months ended June 30, 2026, are not necessarily indicative of the results to be expected for the full-year ending December 31, 2026.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the Company's condensed consolidated financial statements in conformity with US GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include estimates used to review the Company's goodwill allocation and impairment, impairment of long-lived assets, allowance for credit losses, income taxes, and stock-based compensation.

Management bases its estimates of the carrying value of certain assets and liabilities on historical experience and on various other assumptions that it believes to be reasonable under the circumstances when these carrying values are not readily available from other sources. Making estimates requires management to exercise significant judgment and it is at least reasonably possible that the estimate of the effect of a condition, situation, or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, actual results may differ materially from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with original maturities of three months or less. These investments may include money market funds, certificates of deposit, and other short-term instruments.

Concentrations of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. At times throughout the year, the Company has maintained cash balances in certain bank accounts in excess of FDIC limits. The cash balance in excess of the FDIC limits was immaterial as of June 30, 2026 and December 31, 2025. The Company's cash equivalents include investments in money market funds, primarily the Fidelity Investments Money Market Government Portfolio - Institutional Class (FRGXX), which invests at least 99.5% of its assets in cash, U.S. government securities, and repurchase agreements collateralized by such securities. At June 30, 2026 and December 31, 2025, the fair value of these investments was $12.8 million and $42.1 million, respectively. These funds are not insured by the FDIC, but maintain a stable net asset value of $1.00 per share and are subject to Securities and Exchange Commission ("SEC") diversification and liquidity requirements under Rule 2a-7. The Company has no significant concentrations of credit risk from these holdings beyond U.S. sovereign credit exposure. The accounts offered by the custodians of the Company's bitcoin are not insured by the FDIC. The uninsured fair value of the Company's bitcoin holdings totaled $168.7 million and $237.9 million as of June 30, 2026 and December 31, 2025, respectively. The Company has not experienced any losses in such accounts.

The Company has certain customers and vendors who individually represent 10% or more of the Company's revenue or capital expenditures.

Prepaid Expenses

The Company records a prepaid expense for costs paid, but not yet incurred. Those expected to be incurred within one year are recognized and shown within Current assets on the Company's Condensed Consolidated Balance Sheet. Any costs expected to be incurred outside of one year would be included within Deposits and other non-current assets on the Company's Condensed Consolidated Balance Sheet.

Allowance for Credit Losses

Management estimates an allowance for credit losses using relevant available information from both internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts. Changes in the allowance for credit losses are recorded within General and administrative expenses, in the Condensed Consolidated Statements of Operations.

Fair value measurements

The Company accounts for financial assets and liabilities in accordance with ASC 820, Fair Value Measurement ("ASC 820"), which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs when measuring fair value and classifies those inputs into three levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. These are typically obtained from real-time quotes for transactions in active exchange markets involving identical assets.
- Level 2 - Quoted prices for similar assets and liabilities in active markets; quoted prices included for identical or similar assets and liabilities that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. These are typically obtained from readily available pricing sources for comparable instruments.
- Level 3 - Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Observable inputs are based on market data obtained from independent sources, while unobservable inputs are based on market assumptions. Unobservable inputs require significant management judgment or estimation. In some cases, the inputs used to measure an asset or liability may fall into different levels of the fair value hierarchy. In those instances, the fair value measurement is required to be classified using the lowest level of input that is significant to the fair value measurement. Such determination requires significant management judgment.

Cryptocurrency assets

Cryptocurrency assets held by the Company as of June 30, 2026 and December 31, 2025, consisted entirely of bitcoin. All cryptocurrency asset holdings are classified as current assets in the accompanying balance sheets due to the Company's ability to sell the cryptocurrency assets in a highly liquid marketplace and its intent to liquidate its cryptocurrency assets to support operations, capital expenditures, or for treasury management as needed.

Bitcoin received by the Company through its mining activities is accounted for in connection with the Company's revenue recognition policy disclosed below.

Cryptocurrency assets are recorded at fair value. The Company determines the fair value of cryptocurrency assets in accordance with ASC 820. The fair value of bitcoin is measured using the period-end closing bitcoin price from its principal market, Coinbase Global, Inc. ("Coinbase"). The Company utilizes the bitcoin spot price as of 23:59:59 UTC. For the three and six months ended June 30, 2026 and 2025, the changes in fair value are recognized as Gain (loss) on fair value of cryptocurrency within Operating expenses on the Condensed Consolidated Statements of Operations.

The proceeds from sales of cryptocurrency assets are included within investing activities in the accompanying Condensed Consolidated Statements of Cash Flows, as the Company intends to liquidate its cryptocurrency assets only as needed to cover operating costs and expenses within its operating cycle. In accordance with ASC 350-60, the Company discloses realized gains and losses from the sale of cryptocurrency assets and such gains and losses are measured as the difference between the cash proceeds and the cost basis of the asset as determined on a First In-First Out basis.

Property and equipment, net

Property and equipment is stated at cost less depreciation accumulated using the straight-line method over the estimated useful lives of the assets. Construction-in-progress is the construction or development of assets that have not yet been placed in service for their intended use, and therefore, are not depreciated until the work is completed and the assets are placed in service. Depreciation of mining equipment, machinery and facilities equipment, buildings, and leasehold improvements also commences once assets are placed in service. Land is not depreciated.

Costs of maintenance, repairs, and minor parts replacements are expensed when incurred. Upon the sale or retirement of property and equipment, the cost and accumulated depreciation and amortization are removed from the Company's balance sheets with the resulting gain or loss, if any, reflected in the Company's Condensed Consolidated Statements of Operations.

The estimated useful lives of the assets are as follows:

	Years
Computer equipment	3
Mining equipment	1-3
Machinery and facility equipment[1]	7-20
Buildings	10-20
Land Improvement	15

[1] Machinery and facility equipment primarily includes containers, electrical parts, cables, and transformers.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such asset groups may not be fully recoverable. The asset groups to be held and used that are subject to impairment review represent the lowest level of identifiable cash flows that are largely independent of other groups of assets and liabilities.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future cash flows expected to be generated by the asset. If such assets are considered unrecoverable, the impairment loss to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Assets Held for Sale

The Company classifies long-lived assets to be sold as held for sale in the period in which all of the following criteria are met:

1. Management, having the authority to approve the action, commits to a plan to sell the asset;
2. The asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
3. An active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated;
4. The sale of the asset is probable, and transfer of the asset is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond the Company's control extend the period of time required to sell the asset beyond one year;
5. The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and
6. Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The Company initially measures long-lived assets that are classified as held for sale at the lower of their carrying amount or fair value less any costs to sell. Any loss resulting from remeasurement is recognized in the period in which the held-for-sale criteria are met. Conversely, potential gains are not recognized on long-lived assets until the date of sale. The Company assesses the fair value of a long-lived asset, less any costs to sell, in each reporting period it remains classified as held for sale, and reports any subsequent changes as an adjustment to the carrying value of the asset, as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale. Refer to Note 6 – Assets Held for Sale for further information.

Recognition of Cryptocurrency Mining Revenue

Ionic Digital participates in a third-party operated mining pool to which the Company provides the service of performing hash calculations, an output of the Company's ordinary activities.

The Company recognizes revenue under ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). The core principle of this standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the Company satisfies a performance obligation

Step 1: The Company has identified the third-party mining pool operator as its customer (the "Customer"). The Company enters into a contract with the Customer to provide its hash calculations to the Customer's mining pool. The contracts are terminable without penalty at any time by either party; thus, the contract term is shorter than a 24-hour period and the contracts are continuously renewed.

Applying the criteria per ASC 606-10-25-1, the contract arises at the point that the Company provides hash calculations to the Customer's mining pool, which is considered contract inception, because Customer consumption is in tandem with delivery of the hash calculations.

Step 2: To identify the performance obligations in a contract with a customer, a company must assess the promised goods or services in the contract and identify each promised good or service that is distinct. A performance obligation meets ASC 606's definition of a "distinct" good or service (or bundle of goods or services) if both of the following criteria are met:

- The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct), and
- The entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

The Company has identified a single performance obligation of providing hash calculations for the mining pool operator. The continuous renewal options do not represent material rights because they do not provide the Customer with the right to purchase additional goods or services at a discount. Specifically, the contract is renewed with the same terms, conditions, and rate as the current contract, which is consistent with market rates, and there are no upfront or incremental fees in the initial contract. The Company has full control of the mining equipment used in the mining pool, and if the Company determines it will increase or decrease the hashrate (the speed at which mining equipment can perform hash calculations) of its machines and/or fleet (i.e., for repairs or when power costs are excessive), the hashrate provided to the Customer will correspondingly increase or decrease.

Step 3: The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. When determining the transaction price, an entity must consider the effects of all the following:

- Variable consideration
- Constraining estimates of variable consideration
- The existence of a significant financing component in the contract
- Noncash consideration
- Consideration payable to a customer

Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. There are no other forms of variable consideration such as discounts, rebates, credits, price concessions, incentives, performance bonuses, penalties, or other similar items.

In exchange for providing hash calculations the Company is entitled to receive noncash consideration, payable in bitcoin, from the mining pool operator. Bitcoin earned and recognized is variable from day to day based on the payout model. The amount of compensation due to the Company is determined using the Full Pay Per Share ("FPPS") payout model detailed in the mining pool operator contract. FPPS contains three components, (1) a fractional share of the fixed crypto asset award from the mining pool operator (referred to as a "network block subsidies"), (2) network transaction fees generated from (paid by) blockchain users to execute transactions and distributed (paid out) to individual miners by the mining pool operator, (3) pool operating fees. The Company's total compensation is calculated as the sum of the Company's share of (1) Network Block Subsidies and (2) Network Transaction Fees, less (3) Pool Operating Fees.

"Network Block Subsidies" means the total amount of block subsidies that are expected to be generated on the Bitcoin network during the 24-hour period beginning at 00:00:00 UTC daily (i.e., the measurement period) and ending at 23:59:59 UTC the same day, regardless of whether the mining pool operator successfully records a block to the blockchain.

The Company's share of Network Block Subsidies earned for each measurement period is determined by dividing (a) the total amount of hashrate Ionic Digital provides to the mining pool operator, by (b) the total Bitcoin network's implied hashrate (as determined by the Bitcoin network difficulty), multiplied by (c) the Network Block Subsidies.

"Network Transaction Fees" means the total amount of transaction fees that are generated on the Bitcoin network during the measurement period.

The Company's share of Network Transaction Fees earned for each measurement period is determined by dividing (a) the total amount of Network Transaction Fees, by (b) the total amount of Network Block Subsidies that are generated on the Bitcoin network, multiplied by (c) Ionic Digital's share of Network Block Subsidies.

"Pool Operating Fees" means the fees charged by the mining pool operator for operating the mining pool as set forth on a rate schedule to the mining pool contract. The Pool Operating Fees reduce the total amount of compensation the Company receives and are only incurred to the extent that it has generated mining revenue during the measurement period.

The Customer provides services solely for bitcoin mining and the fees charged during the most recent fiscal quarter were 1.8% of the total daily bitcoin mined. The Pool Operating Fees represent consideration paid to the Customer; therefore, since the Company does not receive a distinct good or service from the mining pool operator in exchange for the fees paid, the Pool Operating Fees are reported as a reduction in revenue.

For each contract, the Company measures the consideration at fair value based on the quoted price of bitcoin at the 00:00:00 UTC spot price on the date of contract inception, as determined by the Company's principal market, Coinbase. The Company recognizes this noncash consideration on the same day that control of the contract service transfers to the mining pool operator, which is the same day as contract inception.

Daily settlements are made to the Company by the Customer based on the hash calculations provided over the contract periods over a 24-hour period and the payout is made the following day.

There is no significant financing component, deferred revenue, or other obligations in these transactions since there are no payments in advance of the performance, and there are no remaining performance obligations after providing hash calculations.

Step 4: The transaction price is allocated to the single performance obligation of providing hash calculations to the customer.

Step 5: The Company's performance is completed over time as the customer obtains control of the contributed hashrate. The performance obligation of hash calculations is fulfilled over time, as opposed to a point in time, because the Company provides the hash calculations throughout the contract period and the customer simultaneously obtains control of the service and uses it to produce bitcoin.

Recognition of leasing revenue

The Company generates revenue from an agreement to provide digital infrastructure solutions at its Ward County facility. The arrangement has both lease and non-lease components, and the arrangement will primarily be accounted for in accordance with ASC 842, *Leases* ("ASC 842"), while certain non-lease components will be accounted for in accordance with ASC 606.

See further discussion in –*Leases* herein, as well as in Note 8 – Leases.

Stock-based Compensation

The Company recognizes stock-based compensation expense for all stock-based awards made to employees, directors, consultants, and service providers, if any, based upon the estimated grant-date fair value of the awards.

The fair value of stock-based compensation awards is amortized over the vesting period, which is defined as the period during which a recipient is required to provide service in exchange for an award. The Company generally uses a graded vesting method for all grants. Awards with both market and service conditions are expensed over the vesting period for each separately vesting tranche. The Company accounts for forfeitures of stock-based awards as they occur.

For more complex performance awards, including awards with market conditions, the fair value is estimated using the Black-Scholes option pricing model or Monte-Carlo simulations, which take into account the exercise price, the term of the option or the restricted stock units ("RSUs"), the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment.

In accordance with ASC 718, *Stock Compensation* ("ASC 718"), stock-based compensation for awards with market conditions is recognized over the vesting period, regardless of whether the market condition is ultimately achieved will only be adjusted to the extent the service condition is not met.

If stock-based awards are modified, as a minimum, an expense is recognized as if the modification has not been made. An additional expense is recognized, over the remaining vesting period, for any modification that increases the total fair value of the stock-based compensation benefit as at the date of modification.

If stock-based awards are cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), this is treated as an acceleration of vesting and the amount that otherwise would have been recognized for services received over the remainder of the vesting period will be recognized immediately through stock-based compensation expense in earnings.

The Company classifies its stock-based compensation within "General and administrative expenses" on the Condensed Consolidated Statements of Operations. Refer to Note 11 – Stock-based Compensation.

Leases

Leases are accounted for in accordance with ASC 842, *Leases* ("ASC 842"). The Company has lease arrangements both as a lessor and a lessee. At the inception of an arrangement, the Company determines whether the contract is or contains a lease based on specific facts and circumstances, the existence of an identified asset, if any, and the Company's control over the use of the identified asset, if applicable.

Lessor

Lease arrangements wherein the Company retains ownership of the underlying asset and grants a customer the right to use its asset are classified by the Company as an operating lease. Lease revenue is recognized on a straight-line basis and the associated leased assets are depreciated.

On October 14, 2025, the Company entered into an arrangement to provide digital infrastructure solutions to a customer at its Ward County facility. The arrangement includes both lease and non-lease components, certain of which are directly related to the lease components and the Company has elected to combine those related lease and non-lease components. The Company will account for the combined lease and non-lease components as Digital infrastructure leasing revenue in the Condensed Consolidated Statements of Operations. See further discussion in Note 8 – Leases.

Lessee

The Company categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Company to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases and related expenses are recognized on a straight-line basis over the term of the related contract within General and administrative expenses in the Condensed Consolidated Statements of Operations.

The Company records right-of-use ("ROU") assets and lease obligations for its finance and operating leases, which are initially recognized based on the present value of future minimum lease payments over the term of the lease. As the rate implicit in the Company's leases is not easily determinable, in determining the present value of the lease payments the Company uses an incremental borrowing rate based on the estimated rate of interest for collateralized borrowings over a similar term of the lease payments. Lease expenses are recognized on a straight-line basis over the lease term.

The lease term is defined as the non-cancellable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option. The Company has elected not to recognize ROU asset and lease obligations for its short-term leases, which are defined as leases with an initial term of 12 months or less. Some leases include multiple-year renewal options. The Company's decision to exercise these renewal options is based on an assessment of its current business needs and market factors at the time of the renewal.

For all classes of underlying assets, the Company has elected to separate lease and non-lease components.

Goodwill

Goodwill represents the cost of a business acquisition in excess of the fair value of the net assets acquired. In accordance with ASC 350, *Goodwill and Other Intangible Assets* ("ASC 350"), the Company reviews its goodwill for impairment annually or whenever events or circumstances indicate that the carrying amount of the asset exceeds its fair value and may not be recoverable. Triggering events that may indicate a potential impairment include but are not limited to significant adverse changes in bitcoin prices or business climate and related competitive considerations. The Company may first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount but also has the option to bypass the qualitative assessment in any period and proceed directly to performing the quantitative analysis. If the Company performs a qualitative test and determines it is more likely than not that the fair value of a reporting unit is less than is carrying amount, the Company performs a quantitative goodwill impairment test to compare the estimated fair value of the reporting unit to its carrying amount. Impairment is indicated if the estimated fair value of the reporting unit is less than the carrying amount of the reporting unit, and an impairment charge is recognized for the difference, not to exceed the carrying value of goodwill.

See further discussion of the goodwill impairment testing performed in Note 10 – Goodwill.

Income taxes

The Company complies with the accounting and reporting requirements of ASC 740, *Income Taxes* ("ASC 740"), which requires use of the asset and liability method wherein deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to be in effect for the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is required to the extent any deferred tax assets may not be realizable.

The Company also follows US GAAP in accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company's policy is to record interest and penalties associated with uncertain tax positions through income tax expense. There were no material unrecognized benefits or associated interest or penalties as of the periods provided for in these financial statements.

Segment reporting

Operating segments are defined as components of an enterprise about which separate financial information is available that is regularly reviewed by the chief operating decision maker ("CODM"). The CODM of the Company is the Chief Executive Officer. The CODM reviews financial performance at a segment level. Accordingly, the Company has two operating segments, and the Company discloses both segments in its condensed consolidated financial statements.

Recent accounting pronouncements

The Company continually assesses any new accounting pronouncements to determine their applicability. When it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequences of the change on its consolidated financial statements and assures that there are proper controls in place to ascertain that the Company's consolidated financial statements properly reflect the change.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU requires public business entities to provide more detailed disclosures in the notes to their financial statements, both for interim and annual reporting periods, about certain expenses such as purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently assessing the potential impact of this standard's adoption.

In May 2025, the FASB issued ASU 2025-05*, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This ASU introduces simplifications for estimating credit losses on current accounts receivable and contract assets arising from Topic 606 (Revenue from Contracts with Customers). It provides one key relief for the Company: a practical expedient allowing entities to assume that current economic conditions remain unchanged over the life of these assets. These changes aim to reduce the cost and complexity of applying the credit loss model, especially for assets acquired in business combinations or through consolidation of variable interest entities. The Company adopted the simplified method available to it in estimating allowance for credit losses as of January 1, 2026, which had an immaterial impact.

NOTE 3. CRYPTOCURRENCY ASSETS

The Company's cryptocurrency assets are exclusively bitcoin. The following table presents information about cryptocurrency assets activity of the Company *(in thousands)*:

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Beginning balance	$ 192,085	$ 203,727	$ 237,947	$ 223,438
Addition to bitcoin from mining activities[1]	4,799	37,088	12,260	78,340
Consideration paid to hosting providers	—	(110)	—	(291)
Carrying value of bitcoin disposed[2]	—	(16,802)	—	(32,136)
Changes in fair value of bitcoin	(28,204)	46,780	(81,527)	1,332
Ending Balance[3]	**$ 168,680**	**$ 270,683**	**$ 168,680**	**$ 270,683**
Realized gain on sale of cryptocurrency assets[4]	$ —	$ 14,796	$ —	$ 32,410

(1) Net of mining pool operating fees, as described in Note 2 – Basis of Presentation and Significant Accounting Policies. The addition to bitcoin from mining activities excludes bitcoin receivable of $0.1 million and $0.4 million for the three and six months ended June 30, 2026 and 2025, respectively. Bitcoin receivable is included in Other receivables, net on the Condensed Consolidated Balance Sheets.

(2) Disposal is defined as the sale of bitcoin or payment of certain hosting costs in bitcoin.

(3) The ending balance of bitcoin holdings as of June 30, 2026 and 2025, represents the fair value.

(4) No cumulative realized loss was recorded as of June 30, 2026 and 2025.

The following table represents the Company's crypto asset holdings. The cost basis of bitcoin represents the valuation at the time the Company earns bitcoin through mining activities (*in thousands, except for bitcoin*):

	June 30, 2026	December 31, 2025
Quantity of bitcoin held	2,882	2,719
Cost basis of bitcoin held	$ 245,243	$ 232,982
Fair value of bitcoin held	$ 168,680	$ 237,947

NOTE 4. FAIR VALUE

The following table presents the Company's financial instruments that are measured and recorded at fair value on a recurring basis, and their level within the fair value hierarchy (*in thousands*):

	Fair value as of June 30, 2026			
	Total carrying value	Level 1	Level 2	Level 3
Cash and cash equivalents – money market funds	$ 12,791	$ 12,791	$ —	$ —
Cryptocurrency assets	$ 168,680	$ 168,680	$ —	$ —
Warrants	$ 34,061	$ —	$ —	$ 34,061

	Fair value as of December 31, 2025			
	Total carrying value	Level 1	Level 2	Level 3
Cash and cash equivalents - money market funds	$ 42,135	$ 42,135	$ —	$ —
Cryptocurrency assets	$ 237,947	$ 237,947	$ —	$ —

The carrying amounts of financial assets and liabilities, such as cash and cash equivalents, accounts receivable, and accounts payable, approximate fair value due to the short-term nature of these instruments. There were no transfers in or out of levels during the six months ended June 30, 2026 and 2025.

Gains and losses for such assets and liabilities categorized within the Level 3 table set forth may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

Changes in the estimated fair value of Level 3 financial assets and liabilities that are measured on a recurring basis are as follows *(in thousands)*:

	Warrants
Balance as of January 1, 2026	$ —
Additions	34,061
Balance as of June 30, 2026	**34,061**

The Company valued the Warrants (as defined below) at issuance using a Black-Scholes model based on the following assumptions: expected volatility of 35.0%, dividend yield of 0.0%, risk-free interest rate of 4.19%, a stock price of $48.49 per share, and an expect term of 5.0 years. For further information on the Warrants refer to Note 13 – Stockholders' Equity.

Assets and liabilities measured and recorded at fair value on a non-recurring basis

The Company's non-financial assets, such as goodwill, intangible assets, and property and equipment, are adjusted to fair value when an impairment charge is recognized. In measuring impairment of long-lived assets in accordance with the provisions of ASC 360, *Property, Plant, and Equipment*, the Company estimates the fair value of long-lived assets on a non-recurring basis using Level 2 inputs for similar assets in active markets, including market data regarding the value of our ASIC miners, a limited ability to repurpose certain buildings and related materials, and the marketability (or lack thereof) of certain machinery and facilities equipment considering the condition and customized nature of the assets in accordance with the provisions of ASC 820.

In determining the fair value of the assets and liabilities acquired in the Business Combination and in evaluating the fair value of its reporting unit or units when testing goodwill for impairment, the Company considers a combination of the income and market valuation approaches. The income valuation approach uses unobservable inputs including projections of internal cash flows, future bitcoin prices, and the future global hashrate, as well as derived discount and long-term growth rates. The market valuation approach utilizes observable inputs for similar assets and liabilities to estimate valuation multiples. Refer to Note 10 – Goodwill for further information.

(in thousands)	Fair value as of December 31, 2025 Total carrying value	Level 1	Level 2	Level 3
Long-lived assets[1]	$ 76,585	$ —	$ —	$ 76,585
Goodwill	$ 161,608	$ —	$ —	$ 161,608

[1] Long-lived assets include $76.2 million of property and equipment and $0.4 million of ROU assets as of December 31, 2025.

NOTE 5. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following (*in thousands*):

	June 30, 2026	December 31, 2025
Mining equipment	$ 24,530	$ 79,264
Machinery and facilities equipment	44,390	55,679
Computer equipment	20	20
Construction-in-progress	9,156	2,513
Building	32,937	33,992
Land	1,620	1,620
Land Improvement	383	383
Total cost of property and equipment, net of impairment	$ 113,036	$ 173,471
Less: Accumulated depreciation	(47,395)	(97,315)
Property and equipment, net	**$ 65,641**	**$ 76,156**

Depreciation of property and equipment during the three and six months ended June 30, 2026, was $4.9 million and $10.5 million, respectively, and for the three and six months ended June 30, 2025, was $16.9 million and $33.4 million, respectively.

Due to sustained decreases in the price of bitcoin during the six months ended June 30, 2026, the Company performed an impairment review on its mining equipment as of June 30, 2026. As a result of the impairment testing the Company determined that no impairment was needed for the three and six months ended June 30, 2026.

NOTE 6. ASSETS HELD FOR SALE

The Company determined it will not have the capacity at its owned and leased sites to relocate and operate all of the miners it previously operated at its Ward County and hosted facilities. As such, the Company reviewed its population of mining equipment to determine which units would be decommissioned and disposed. In addition, the conversion of the Ward County facility to accommodate the leasing arrangement necessitated the sale of certain building materials and machinery and facilities equipment previously in service at that location. As of February 19, 2026, the Company approved a formal plan of sale and is pursuing liquidation of various property and equipment that is not expected to be placed back into service. Gains and losses on the sale of assets classified as held for sale are recorded in (Gain) loss on sale of property and equipment in the condensed consolidated statements of operations.

Assets held for sale consisted of the following (*in thousands*):

	Miners	Building	Machinery and Facility Equipment	Total
Balance as of December 31, 2025	$ —	$ —	$ —	$ —
Transfer from Property and equipment, net	1,761	316	2,901	4,978
Sold during the period	(1,113)	(316)	(1,362)	(2,791)
Assets held for sale as of June 30, 2026	$ 648	$ —	$ 1,539	$ 2,187
Gain on sale of assets classified as held for sale	$ 228	$ 29	$ 250	$ 507

NOTE 7. OTHER RECEIVABLES

The Company contracted with data center operators for hosting its mining equipment and for operational support. These arrangements required advance payments to the operators pursuant to the contractual obligations associated with these services. At the time the contract terminates, any remaining balances are due to the Company, and such amounts are recorded as Other receivables, either current or non-current, in the Condensed Consolidated Balance Sheets, depending upon the term of the contract over which the deposits are expected to be recovered.

Other receivables, current and non-current, consisted of the following (*in thousands*):

	June 30, 2026	December 31, 2025
Current assets:		
Receivable from former hosting partners	$ —	$ 15,328
Unbilled lease revenue receivable	47,827	—
Other receivables	1,167	245
Less: Allowance for credit losses	—	(5,113)
Total other receivables, current	**$ 48,994**	**$ 10,460**
Receivable from former hosting partners	3,696	3,696
Less: Allowance for credit losses	(3,326)	(3,326)
Total other receivables, non-current	**$ 370**	**$ 370**

Based on management's assessment of the age of the amounts receivable and the financial viability of the debtor, the Company records a provision for credit losses related to its short and long-term receivables. During the three and six months ended June 30, 2026 and 2025, there was no provision for credit losses related to its short and long-term receivables.

The following table presents the activity in the Company's allowance for credit losses (*in thousands*):

	Six Months Ended	
	June 30, 2026	June 30, 2025
Beginning balance	$ 8,439	$ 2,445
Write-offs	(5,113)	—
Ending balance	$ 3,326	$ 2,445

NOTE 8. LEASES

Lessor Arrangements: Digital Infrastructure Leasing Revenue

On October 14, 2025, the Company entered into a leasing arrangement to provide digital infrastructure solutions to a single tenant at its Ward County facility which is accounted for under ASC 842. The lease commencement date for accounting purposes is December 19, 2025, and the lease term extends through January 2037. The lessee has one ten-year option to renew, as well as a right of first refusal on any additional power capacity that becomes available at our Ward County site. In February 2026, the Company reached an agreement to amend the lease of its Ward County facility. The amended agreement obligates the tenant to lease an additional 89 MW of capacity when such capacity becomes available, and requires the Company to add the tenant as a qualified occupant for Texas data center tax incentive purposes.

The Company is the lessor in this arrangement and identifies the right of the customer to use the land, land improvements, buildings, and equipment as a lease component of the contract. The amendment represents a separate contract under ASC 842, as the assets leased will be in addition to those covered in the original agreement. Control of the assets leased per the amendment has not yet transferred to the tenant; as such, no revenue has been recognized.

In both agreements, the Company has a stand-ready obligation to provide maintenance services to ensure the energy step-down transformation assets are operating reliably, which has been identified as a non-lease component of the arrangement. The Company determined that the lease component represents an operating lease, and the timing of the Company's transfer of the aforementioned lease and non-lease components of the contract are the same. As such, and in accordance with ASC 842, the Company has elected the practical expedient to combine the accounting of the lease and non-lease components of the contract, with the predominant component of the arrangement being the lease component. Thus, the Company accounts for its lease of the Ward County property in accordance with ASC 842. The lease is classified as an operating lease, and leasing revenue is recognized on a straight-line basis over the lease term. Fixed lease payments are allocated to the combined lease components under the arrangement and total $1.9 billion. Other variable operating costs are paid for by the Company but consumed by the lessee and will be recognized as incurred. Variable lease payments received were immaterial and $0.1 million during the three and six months ended June 30, 2026, respectively. There were no variable lease payments received during the three and six months ended June 30, 2025.

Reimbursements for taxes and insurance, as well as the Company's obligation to add the tenant as a qualified occupant for Texas data center tax incentive purposes, are considered non-components of the lease and are accounted for separately.

Initial direct costs of $7.5 million are deferred and recognized over the lease term in accordance with ASC 842. Amortization of initial direct costs is presented in Cost of digital infrastructure solutions revenue, exclusive of depreciation in the Condensed Consolidated Statements of Operations.

The following table summarizes the classes of the Company's underlying leased assets, which are included within Property and equipment, net in the Condensed Consolidated Balance Sheets (*in thousands*):

	June 30, 2026	December 31, 2025
Machinery and facilities equipment	$ 26,414	$ 26,414
Land	1,020	1,020
Building	32,933	32,933
Land Improvement	383	383
Total cost of underlying leased assets	60,750	60,750
Less: accumulated depreciation	(10,853)	(7,877)
Underlying leased assets, net	$ 49,897	$ 52,873

Depreciation expense for the three and six months ended June 30, 2026 was $1.5 million and $3.0 million respectively. There was no depreciation expense for the three and six months ended June 30, 2025.

The amounts presented below represent fixed lease payments to be received by the Company under the lease agreement as of June 30, 2026 and excludes variable lease payments, which are recognized as revenue in the period in which they occur (*in thousands*):

	Operating Leases
Remainder of 2026	$ 29,250
2027	135,233
2028	178,718
2029	182,520
2030	182,520
Thereafter	1,195,824
Total future minimum receipts on lessor arrangement	$ 1,904,065

Lessee Arrangements

Ionic Digital's lease arrangements primarily consist of operating leases for land for the purpose of running data center facilities used for cryptocurrency mining. Certain leases include options to renew for periods ranging from one month to ten years, which are included in the measurement of the right-of-use asset and lease liability when the Company determines it is reasonably certain that the renewal option will be exercised. Operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term determinable at the lease commencement date. Variable lease payments include amounts paid by the Company for the right to use an asset that vary because of changes in facts and circumstances occurring after the commencement date, such as energy consumption or revenue generation. Variable lease payments not based on an index or rate, such as those based on usage or performance, are excluded from the measurement of the right-of-use asset and lease liability and are recognized as lease expense in the period incurred. The Company has no finance leasing arrangements.

The Company leases the land at two of our Midland sites. The following table presents the Company's right-of-use assets, which are included within Deposits and other non-current assets in the Condensed Consolidated Balance Sheets, and lease liabilities, which are included in Accrued expenses and other current liabilities and Non-current portion of lease liability (*in thousands*):

	June 30, 2026	December 31, 2025
Operating lease right-of-use assets	$ 399	$ 429
Operating lease liabilities, current	38	38
Operating lease liabilities, non-current	138	170
Total lease liabilities	$ 176	$ 208

One of the Company's lease agreements is based entirely on variable payments as was in an agreement terminated in the second quarter of 2025. The lease expense disclosed herein for 2025 related to the mining facility in Georgia represents an amount allocated between the lease and non-lease components of the Company's hosting agreement with EZB. In addition, the Company has several short-term equipment rental agreements for which it elects the practical expedient not to record the right-of-use asset and lease liability on the balance sheet.

The components of total lease cost recorded in the Condensed Consolidated Statements of Operations are as follows (*in thousands*):

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Fixed lease cost	$ 19	$ 19	$ 38	$ 38
Variable lease cost	13	52	24	113
Operating lease expense	32	71	62	151
Short-term lease expense	83	141	156	240
Total operating lease expense	$ 115	$ 212	$ 218	$ 391

Additional supplemental operating lease information is as follows (*dollars in thousands*):

	Six Months Ended	
	June 30, 2026	June 30, 2025
Operating cash outflows included in operating lease liabilities	$ 39	$ 38
Weighted average remaining lease term (years)	5.92	6.92
Weighted-average discount rate [1]	7.0%	7.0 %

[1] *As the rate implicit in the leases was not readily determinable, the incremental borrowing rate at the lease commencement was used to determine the present value of minimum lease payments.*

As of June 30, 2026, maturities of Ionic Digital's operating lease liability, which do not include variable lease payments, are as follows (*in thousands*):

	Operating Leases
Remainder of 2026	$ —
2027	41
2028	42
2029	43
2030	44
Thereafter	46
Total undiscounted future lease payments	216
Less: present value discount	(40)
Present value of operating lease liabilities	$ 176

NOTE 9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities represent management’s best estimates of liabilities incurred that are expected to be settled in the normal course of business within twelve months. Actual amounts paid may differ from estimated accruals due to timing of invoice receipt, final contractual terms, or changes in service usage. Differences between accrued amounts and actual payments are recognized in the period in which such information becomes available.

Accrued expenses and other current liabilities consisted of the following (*in thousands*):

	June 30, 2026	December 31, 2025
Accrued professional fees	$ 1,617	$ 1,174
Issuance costs	16,800	827
Taxes payable	511	662
Payable to former hosting partner	—	5,115
Accrued costs to decommission owned site	—	3,384
Accrued wages	1,348	96
Initial direct leasing costs payable	2,500	5,000
Other accrued expenses	2,391	2,901
Total accrued expenses and other current liabilities	**$ 25,167**	**$ 19,159**

NOTE 10. GOODWILL

Goodwill represents the cost of a business acquisition in excess of the fair value of the net assets acquired. The Company reviews its goodwill for impairment annually or whenever events or circumstances indicate that the carrying amount of the asset exceeds its fair value and may not be recoverable. These indicators may include, but are not limited to, a significant adverse change in the regulatory or business climate, a significant increase in expected future development costs, or a tenant default on the lease contract.

During the first half of 2025, the Company performed a qualitative assessment of relevant events and circumstances, considering, among other factors, macroeconomic conditions, industry and market considerations, and the Company's overall financial position. Based on the assessments performed at June 30, 2025 and March 31, 2025, the Company determined that it is not more likely than not that the fair value of its single cryptocurrency mining reporting unit was less than its carrying amount, and therefore a quantitative impairment test was not required at that time. No impairment charges related to goodwill were recognized during the three and six months ended June 30, 2026 and 2025. Since inception, Ionic has recognized $68.2 million in goodwill impairment related to the cryptocurrency mining reporting unit.

The following table shows the Company's activity in goodwill, by reporting unit, for the current year (*in thousands*):

	Cryptocurrency Mining	Digital Infrastructure	Total Goodwill
Balance as of December 31, 2025	$ —	$ 161,608	$ 161,608
Impairment	—	—	—
Balance as of June 30, 2026	**$ —**	**$ 161,608**	**$ 161,608**

NOTE 11. STOCK-BASED COMPENSATION

On January 31, 2024, the Company adopted the Ionic Digital Inc. Omnibus Incentive Plan (the "Omnibus Plan"), pursuant to which it may grant equity and equity-based incentive awards (including non-statutory and incentive stock options, stock appreciation rights, restricted stocks, restricted stock units, performance awards, other stock-based awards and cash awards) to eligible employees, consultants, individual contractors and other service providers. The number of shares of Common Stock available under the plan is initially limited to 4,317,960 shares. The share limit automatically increases by 4% on all shares outstanding on January 1 of each calendar year beginning in 2025, unless a smaller number of shares is determined by the Board of Directors. As of June 30, 2026, the Company has reserved approximately 5,551,944 shares (subject to an evergreen) for future awards under the Omnibus Plan.

Restricted Stock Units

During the three and six months ended June 30, 2026, the Company granted stock-based awards in the form of RSUs under the Omnibus Plan, which vest over a five-year period in equal installments, with one-fifth vesting on each of the first five anniversaries of the grant. These awards are classified as equity awards and are measured at fair value on the grant date. Compensation cost related to the RSUs is recognized on a straight-line basis over the applicable service periods and is recorded within general and administrative expenses, with a corresponding increase to additional paid-in-capital.

The following table summarizes the Company's RSU activity:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested, January 1, 2026	411,125	$ 35.34
Granted	196,052	35.21
Unvested, June 30, 2026	**607,177**	**$ 35.30**

The fair value of RSUs granted during the six months ended June 30, 2026 was determined using the fair value of the Company's common stock on the grant date. The market value per common share was adjusted using a discount for lack of marketability calculated using a weighted average expected term of 3.0 years, a weighted average expected volatility of 95.8%, and a dividend yield of 0.0%.

Performance Restricted Stock Units

The Company also granted equity-based awards under the Omnibus Plan in the form of performance restricted stock units ("PRSUs"). These awards are classified as equity awards and vest upon the achievement of a service condition of six months of continuous employment after achievement of market conditions established by the Compensation Committee of the Board as of the grant date, which is based on the achievement of certain market capitalization goals. The number of shares earned total one-third of the total awards granted based on achievement of the performance condition. The fair value of these PRSUs was determined using a Monte Carlo simulation incorporating the grant-date market value per common share. The resulting fair values were then adjusted using a discount for lack of marketability that considered a weighted average expected term of 1.2 years, a weighted average expected volatility of 89.5%, and a dividend yield of 0.0%. Compensation expense for these PRSUs is recognized based on the probable outcome of the performance condition with a cumulative catch-up adjustment for prior periods in the period that the probable outcome changes.

The following table summarizes the Company's PRSU activity:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested, January 1, 2026	560,625	$ 34.50
Granted	588,156	36.35
Unvested, June 30, 2026	**1,148,781**	**$ 35.45**

Total stock-based compensation expense for three and six months ended June 30, 2026 was $9.0 million and $15.4 million, respectively. There was no stock-based compensation expense for the three and six months ended June 30, 2025. Unrecognized stock-based compensation expense was $43.3 million as of June 30, 2026 with a remaining weighted average vesting period of 1.3 years.

NOTE 12. EARNINGS PER SHARE

The Company's Series A Preferred Stock is considered a participating security because it has the right to participate in dividends. Accordingly, the Company applies the two-class method to compute basic and diluted earnings (loss) per share. Under the two-class method, net income is allocated between common stockholders and participating securities based on their respective rights to receive dividends. Net losses are not allocated to the Series A Preferred Stock, as holders do not have a contractual obligation to share in losses. Diluted earnings per share is computed similarly except the weighted average shares outstanding are increased to include the assumed exercise of any common stock equivalents using the treasury stock method, if dilutive.

The Company's potentially dilutive equity instruments are primarily instruments in the form of convertible Preferred Stock, warrants, RSUs and PRSUs. As of June 30, 2026, outstanding shares of warrants, preferred stock, performance restricted stock units and restricted stock units in aggregate of 12,321,982 have been excluded from the calculation of diluted earnings per share as such securities were anti-dilutive. There were no potentially dilutive equity instruments as of June 30, 2025.

The following table summarizes the calculation of the Company's basic earnings per share of Common stock (*in thousands, except share and per share data*):

	Three Months Ended June 30,		**Six Months Ended**	
	June 30, 2026	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Numerator				
Net income (loss)	$ (35,305)	$ 31,914	$ (48,289)	$ 3,883
Denominator				
Weighted-average Common stock outstanding, basic	37,374,261	37,374,261	37,374,261	37,374,261
Basic earnings per share, Common Stock	**$ (0.94)**	**$ 0.85**	**$ (1.29)**	**$ 0.10**

NOTE 13. STOCKHOLDERS' EQUITY

Private Placement

On June 26, 2026, we entered into a private placement transaction (the "Private Placement") pursuant to securities purchase agreements (the "Securities Purchase Agreements"), to sell an aggregate of (i) 7,547,166 shares of Series A convertible preferred stock, par value $0.00001 per share (the "Series A Preferred Stock"), at a price of $53.00 per share ("Stated Value"), (ii) warrants to purchase an aggregate of 1,006,286 shares of Class A common stock at an exercise price of $63.60 per share, (iii) warrants to purchase an aggregate of 1,006,286 shares of Class A common stock at an exercise price of $74.20 per share, and (iv) warrants to purchase an aggregate of 1,006,286 shares of Class A common stock at an exercise price of $87.45 per share (the warrants described in clauses (ii) through (iv), collectively, the "Warrants") to certain institutional accredited investors (the "Investors") for an aggregate purchase price of $400.0 million, before an estimated $16.8 million in transaction fees. This transaction closed on June 30, 2026.

At June 30, 2026, the Series A Preferred Stock was convertible into Class A common stock at the option of the holder and was subject to automatic conversion upon completion of the direct listing or certain other specified liquidity events. The Series A Preferred Stock voted together with the Class A common stock on an as-converted basis, except as otherwise required by law, and was entitled to separate class voting rights with respect to specified protective provisions. If any shares of Series A Preferred Stock remained outstanding as of June 26, 2028, each share would have been convertible at the holder's option at a maturity conversion rate based on the greater of the Stated Value (as defined in the Certificate of Designation) and $79.50. The Series A Preferred Stock had a mandatory redemption provision, wherein after June 26, 2028, the outstanding shares are redeemed for cash at an amount per share equal to the greater of 100% of the Stated Value or the as-converted liquidation value, subject to a minimum return, taking into account dividends and other payments, of 150% of the Stated Value. In accordance with ASC 480 - *Distinguishing Liabilities from Equity*, the Series A Preferred Stock is classified as temporary equity (Mezzanine Equity) outside of permanent stockholders' equity in the Condensed Consolidated Balance Sheet as of June 30, 2026. Beginning on January 15, 2027 cumulative and preferential cash dividends shall accrue on each share of Series A Preferred Stock at an annual rate of 12%, and are payable quarterly.

The Investors have agreed that, with the exception of 2% of each tranche of the Warrants, they will not transfer or otherwise dispose of the Series A Preferred Stock, the Class A common stock issued upon conversion of the Series A Preferred Stock, the Warrants, or the shares of Class A common stock issuable upon exercise of the Warrants at a price of less than $70.00 per share until six months after our securities are first listed on Nasdaq or another national securities exchange.

The Warrants are classified as liabilities in accordance with ASC 480-10-25-8, as they contain provisions that could require net cash settlement in the event the Company is sold, which is not solely within the Company's control. The proceeds from the sale were allocated first to Warrants based on their issuance date fair value with the residual to the Series A Preferred Stock. Warrants were allocated $34.1 million and recorded as a liability on the Company's Condensed Consolidated Balance Sheet as of June 30, 2026. The Preferred Stock was allocated the remaining $365.9 million and recorded as Mezzanine Equity on the Company's Condensed Consolidated Balance Sheet as of June 30, 2026.

The Company will remeasure the fair value of the Warrants at the end of each reporting period. Changes in the fair value of the Warrants will be recognized as a gain or loss to earnings. The Company will accrete the Preferred Stock to its redemption amounts once it is determined that redemption is probable. As of June 30, 2026, the Company determined redemption was not probable.

Transaction costs of $16.8 million were allocated based on the allocation of proceeds with the Series A Preferred Stock being allocated $15.4 million, which was recorded as a reduction to their carrying amount at period end. The Warrants were allocated $1.4 million in transaction costs, which are recorded as an expense and included in General and Administrative expense for the period ended June 30, 2026.

In June 2026, we also issued 40,000 shares of Series Z Preferred Stock for an aggregate of $0.40 in proceeds. The shares of Series Z Preferred Stock have 1,000 votes per share of Series Z Preferred Stock, but do not have any economic rights with respect to dividends, liquidation or otherwise. The holder of the Series Z Preferred Stock has agreed that it will vote such stock in the same proportion as votes cast by holders of the Class A common stock on any matter submitted to stockholders at our 2026 annual meeting of stockholders. The shares of Series Z Preferred Stock were automatically redeemed for $0.40 in the aggregate following the conclusion of our 2026 annual meeting of stockholders, held on July 13, 2026. The Series Z Preferred Stock was intended to ensure the presence of a quorum to conduct an annual meeting of stockholders within the time period required by Delaware law.

On July 28, 2026, the Company completed its direct listing of the Company's Class A Common Stock, as a result the Company converted all 7,547,166 shares of Series A Preferred stock to 7,547,166 shares of Class A common stock. In addition, the successful completion of the direct listing triggered a contractual advisory fee of $10.0 million payable by the Company.

NOTE 14. INCOME TAXES

Income Tax in Interim Periods

The Company records its income tax expense or benefit for interim periods using the actual effective tax rate applicable to the year-to-date results, adjusted for discrete items recognized in the impacted interim period, rather than an estimated annual effective tax rate. This approach differs from prior periods, in which the Company applied an estimated annual effective tax rate in accordance with ASC 740-270. The change was made because the Company determined it can no longer reliably estimate its annual effective tax rate, primarily due to the volatility of bitcoin fair values and the resulting variability in the Company's deferred tax position, as well as a high degree of uncertainty in estimating annual pre-tax income. ASC 740-270 provides that the actual year-to-date effective tax rate may be used when application of the estimated annual effective tax rate is impractical because a reliable estimate of the annual effective tax rate cannot be made. The Company believes, at this time, the use of the year-to-date actual effective tax rate approach is more appropriate than the estimated annual effective tax rate method.

For the three and six months ended June 30, 2026, the Company recorded income tax expense (including discrete items) of $27.2 million and $10.9 million, respectively. For the three and six months ended June 30, 2025, the Company recorded income tax expense (including discrete items) of $8.8 million and $1.4 million, respectively.

Effective Tax Rate

The Company's effective tax rate (including discrete items) was (338.2)% and (29.2)% for the three and six months ended June 30, 2026, respectively, and 21.6% and 26.4% for the three and six months ended June 30, 2025, respectively. The effective tax rate for the three and six months ended June 30, 2026 differed significantly from the U.S. federal statutory rate of 21% primarily due to the valuation allowance recorded against the deferred tax asset associated with unrealized losses on cryptocurrency holdings, as well as non-deductible officer compensation and non-deductible stock issuance costs, which represent permanent differences. These items resulted in the recognition of income tax expense notwithstanding the Company's pre-tax losses for the periods.

During the six months ended June 30, 2026, the Company evaluated all available evidence and concluded that it was more likely than not that the benefit associated with its unrealized losses on cryptocurrency may not be realized. Under ASU 2023-08, changes in the fair value of cryptocurrency are recognized through earnings but are not taxable until disposition, at which point the resulting losses would be capital in character and available only to offset capital gains. The Company does not currently anticipate generating capital gains in sufficient amount within the applicable carryforward period to permit realization of the deferred tax asset. The Company accordingly increased its valuation allowance against that deferred tax asset, which represented the most significant valuation allowance movement during the period. The Company also recorded incremental valuation allowance against the deferred tax assets associated with most of its state net operating losses subject to expiration and a portion of its indefinite-lived state net operating losses, consistent with the Company's recent cumulative loss position and the related limitations on its ability to support future taxable income. The Company's total valuation allowance was $18.5 million and $1.4 million as of June 30, 2026 and December 31, 2025, respectively.

Uncertain Tax Positions

The Company files federal and state income tax returns. The 2024-2025 tax years generally remain subject to examination by the Internal Revenue Service and various state taxing authorities, although the Company is not currently under examination by any jurisdiction. As of June 30, 2026 and December 31, 2025, the total amount of unrecognized tax benefits was $0.8 million and $0.7 million, respectively. If recognized, these tax benefits would affect the Company's effective tax rate.

The Company recognizes interest and penalties related to unrecognized tax benefits within the provision for income tax. During the three and six months ended June 30, 2026, the Company recorded an immaterial amount and $0.1 million, respectively, of discrete tax expense, inclusive of interest and penalties. During the three and six months ended June 30, 2025, the Company recorded discrete tax expense of $0.1 million and $0.3 million, respectively, inclusive of interest and penalties.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Commitments – Purchase agreements

In April 2026, the Company entered into a binding agreement to purchase transformers to expand its substation at the Ward County site for approximately $15.0 million. As of June 30, 2026, there was approximately $9.6 million remaining under the commitment. The Company expects to fund the commitment using available cash. Subsequent to June 30, 2026, the Company entered into an additional $14.7 million commitment for construction and materials to modify and expand the same substation, which will also be funded using available cash.

Contingencies

The Company is subject to legal proceedings arising in the ordinary course of business, including matters involving governmental agencies or regulators, entities with whom we do business, actions by our stockholders and other proceedings, whether arising in the ordinary course of business or otherwise. These actions may seek, among other things, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. The Company accrues losses for a legal proceeding when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. However, the uncertainties inherent in legal proceedings make it difficult to reasonably estimate the costs and effects of resolving these matters. Accordingly, actual costs incurred may differ materially from amounts accrued and could materially adversely affect the Company’s business, cash flows, results of operations, financial condition, and prospects. Unless otherwise indicated, the Company is unable to estimate reasonably possible losses in excess of any amounts accrued.

Mawson Infrastructure Group

On February 23, 2022, Celsius Mining entered into a Co-Location Agreement with Luna Squares LLC, a subsidiary of Mawson Infrastructure Group., Inc., a bitcoin miner and public Company listed on the NASDAQ (collectively, “Mawson”), under which Mawson hosted miners owned by Celsius Mining at Mawson’s facility in Midland, Pennsylvania. On August 23, 2023, the agreement expired. Following expiration, Mawson failed to return Celsius Mining’s $15.3 million deposit to Celsius Mining and Celsius Mining failed to pay $5.1 million in Mawson invoices. Celsius Mining initiated an adversary complaint against Mawson in the Bankruptcy Court seeking return of the amounts owed to it under the Co-Location Agreement, to offset the unpaid invoices against the deposit, and other damages suffered by Celsius Mining due to breaches of the contract. In February 2026, the Company entered into a settlement that finalized the Mawson matter and resulted in a $5.1 million payment to the Company.

NOTE 16. BUSINESS SEGMENT DATA

Selected financial and descriptive information is provided about reportable operating segments, considering a "management approach" concept as the basis for identifying reportable segments. The management approach is based on the way that management organizes the segments within the Company for making operating decisions, allocating resources, and assessing performance. Consequently, the segments are evident from the structure of the Company's internal organization, focusing on financial information that the Company's Chief Executive Officer ("CEO"), who is the Chief Operating Decision Maker ("CODM"), uses to make decisions about the Company's operating matters.

With the execution of the agreement to lease the Ward County facility, the CODM began considering resource allocations and investments in Company operations separately between the historical cryptocurrency mining business and the prospects of leasing the Company's powered land and assets for use in the high-powered computing and artificial intelligence sectors. As such, the Company has determined it has two reportable segments: Cryptocurrency Mining and Digital Infrastructure Solutions. Each are individually managed and provide separate services. Revenues by segment represent revenues earned from the services offered within each segment. The Company does not report results by geographic region, as all of its operations are domestic. All revenues are generated through external customers, and the accounting policies applied to each reportable segment are consistent with those policies described in Note 2.

The primary metric reviewed by the CODM is adjusted gross profit, and this metric is reviewed to evaluate the Company's operating results, its business strategies, and to determine resource allocation for digital asset purchases and other expenditures. The Company defines adjusted gross profit as revenues less cost of revenues applicable to each reportable segment, exclusive of depreciation.

The following tables present financial information for the Company's reportable segments for the periods indicated (*in thousands*):

	Three Months ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Cryptocurrency Mining Segment				
Cryptocurrency mining revenue	$ 4,798	$ 37,192	$ 12,199	$ 78,273
Less significant segment expenses:				
Energy costs	1,985	12,855	4,245	26,167
Labor expense	862	1,789	2,090	3,495
Hosting and revenue share expense	—	6,885	1,944	16,306
Maintenance and other facility expenses	213	727	384	1,501
Cost of cryptocurrency mining revenue, exclusive of depreciation	3,060	22,256	8,663	47,469
Cryptocurrency mining adjusted gross profit	$ 1,738	$ 14,936	$ 3,536	$ 30,804
Digital Infrastructure Solutions Segment				
Digital infrastructure solutions revenue	$ 43,849	$ —	$ 87,888	$ —
Cost of digital infrastructure solutions revenue, exclusive of depreciation	209	—	674	—
Digital infrastructure solutions adjusted gross profit	$ 43,640	$ —	$ 87,214	$ —
Consolidated				
Cryptocurrency mining revenue	$ 4,798	$ 37,192	$ 12,199	$ 78,273
Digital infrastructure solutions revenue	43,849	—	87,888	—
Consolidated total revenue	$ 48,647	$ 37,192	$ 100,087	$ 78,273
Reportable segments' total adjusted gross profit	$ 45,378	$ 14,936	$ 90,750	$ 30,804
Depreciation	4,903	16,917	10,479	33,374
General and administrative expenses	19,465	10,796	35,706	17,907
Loss (gain) on fair value of cryptocurrency assets	28,204	(46,780)	81,527	(1,332)
Realized (gain) on sale of cryptocurrency assets	—	(14,796)	—	(32,410)
Loss (gain) on sale of property and equipment	847	(2)	544	(21)
Other operating expenses, net	195	250	382	500
Interest (income)	(179)	(359)	(506)	(700)
Realized loss on cryptocurrency derivatives	—	130	—	130
Loss on litigation settlement	—	8,079	—	8,079
Income (loss) before provision for income taxes	$ (8,057)	$ 40,701	$ (37,382)	$ 5,277

The Company had one customer who accounted for 90.1% and 87.8% of total revenues for the three and six months ended June 30, 2026, all of which were recorded within the Digital Infrastructure Solutions Segment. There was one individual customer who accounted for 100% of total revenues for the three and six months ended June 30, 2025, all of which were recorded in the Cryptocurrency Mining Segment.

The following tables present depreciation and capital expenditures for the Company's reportable segments (*in thousands*):

	Three Months ended		Six Months Ended	
	June 30, 2026	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Depreciation Expense				
Cryptocurrency mining segment	$ 3,417	$ 16,917	$ 7,507	$ 33,374
Digital Infrastructure solutions segment	1,486	—	2,972	—
Total depreciation expense	$ 4,903	$ 16,917	$ 10,479	$ 33,374

	Six Months Ended	
	June 30, 2026	**June 30, 2025**
Capital Expenditures		
Cryptocurrency mining segment	$ 13	$ 4,152
Digital Infrastructure solutions segment	5,814	—
Total Capital Expenditures	$ 5,827	$ 4,152

The following table presents total assets for the Company's reportable segments, all of which are held in the United States, for the periods indicated (*in thousands*):

	June 30, 2026	December 31, 2025
Cryptocurrency mining segment	$ 435,504	$ 345,313
Digital infrastructure solutions segment	487,014	259,691
Total Assets	$ 922,518	$ 605,004

Item 2. Management's Discussion And Analysis of Financial Condition And Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and the Prospectus. Some of the information contained in this discussion and analysis, including information with respect to the Company's plans and strategy for its business, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Forward-Looking Statements" sections of this Quarterly Report, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Certain amounts may not foot due to rounding.

Overview

We are a digital infrastructure solutions and cryptocurrency mining company. We began as a pure-play cryptocurrency mining company when we were formed in January 2024 to acquire all of the cryptocurrency mining assets of Celsius Mining. From our inception, our core objective has been to monetize our portfolio of powered digital infrastructure assets. Historically, we have monetized these assets by efficiently mining bitcoin. More recently, we have sought to achieve this objective by primarily leasing our digital infrastructure assets to hyperscalers, enterprise customers and other businesses for high-performance computing ("HPC") and artificial intelligence ("AI") cloud infrastructure.

In October 2025, we announced our inaugural participation in the HPC/AI sector with a 126-month "triple net" lease with Nscale Ward County LLC (together, with its affiliates, "Nscale"), a global hyperscaler engineered for sovereign-grade AI infrastructure at our Ward County property in West Texas. In February 2026, we amended the lease. We refer to the lease, as amended, as the "Nscale Agreement." We received our first payment under the Nscale Agreement in November 2025, and monthly fixed lease payments commenced in August 2026, which represent estimated total contracted revenues of approximately $1.9 billion, increasing to a potential $2.6 billion under the provisions of the amendment.

Our future financial operating strategy is to prioritize stable, contracted cash flows from our digital infrastructure operations while continuing to generate revenue from bitcoin mining for as long as it remains profitable. Our existing cryptocurrency mining assets in Midland will continue to mine bitcoin for as long as such operations remain profitable, while we commence work to develop these locations into HPC/AI facilities.

On July 28, 2026, the Company completed our direct listing of the Company's Class A Common Stock.

Trends and Key Factors Affecting Performance

Ability to Access Power Capacity

We are seeking to expand the energy capacity at our Ward County property to 700 MW, which we believe would advance the monetization of our owned powered digital infrastructure assets. In addition to the 234 MW currently leased to Nscale, the Nscale Agreement contractually obligates Nscale to lease an additional 89 MW, when such capacity becomes available. Any expanded power capacity at our Ward County property is subject to regulatory approval; therefore, we cannot guarantee that the power generation at our Ward County property will be expanded as currently contemplated. While there is no penalty under the Nscale Agreement if we are unable to provide Nscale with the additional 89 MW of capacity, the ability to access additional power capacity is critical to our strategic growth plans.

In addition, increases in Bitcoin network hashrate drive greater demand for additional and more efficient miners, which require additional power capacity. Additional energy capacity can be difficult to source at cost-effective prices or within locations that are favorable to HPC and AI infrastructure or to bitcoin mining. We aim to continue to leverage our existing relationships and develop new relationships within the energy industry to secure low-cost power capacity.

Demand for Digital Infrastructure Solutions

The planned growth of our digital infrastructure solutions business, through increased investment in HPC/AI infrastructure over the next several years, should gradually reduce our overall exposure to volatility in the spot price of bitcoin as digital infrastructure solutions begins to account for a larger percentage of our financial results. The digital infrastructure solutions business is characterized by implementation of long-term contracts with customers spanning several years and terms and conditions resulting in stable, predictable revenue and cash flows over the contract period.

Energy Costs

Energy costs are the most significant driver of the profitability of our cryptocurrency mining business and, because they can be highly volatile, may impact digital infrastructure solutions as well. For our cryptocurrency mining business, we manage our cost of electricity through participation in various demand response programs, power purchase agreements, and curtailment of miners when electricity prices make it unprofitable to mine bitcoin. Geopolitical and macroeconomic factors, such as overseas military or economic conflict between states, can adversely affect electricity costs by raising the cost of power generation inputs such as natural gas. Other events out of our control can also impact electricity costs and availability. In certain power markets, financial hedging can be employed to protect buyers from the financial impact of significant increases in power prices.

Energy costs may be adversely affected by macroeconomic or geopolitical events. For example, Russia's invasion of Ukraine in February 2022 exerted pressure on the global energy market, particularly Europe's natural gas supply. Higher liquid natural gas import needs in Europe previously resulted in increased volatility and worldwide supply tensions. The conflict added further pressure to supply chain disruptions and likely supported rising inflation through higher commodity prices. The U.S. experienced elevated electricity pricing possibly due to this conflict, although we have no, and do not intend to have any, direct operations in Russia or Ukraine. The current conflict in Iran has also affected global energy and transportation markets, in particular, the volatility of oil prices due to attacks on infrastructure and blockages of the Strait of Hormuz.

Our Competition and Customers

The success of our digital infrastructure solutions business greatly depends on our ability to retain and develop opportunities with our existing customer, to secure additional infrastructure, and to attract new customers. In our digital infrastructure solutions business, we compete with data center REITs, developers, hyperscalers, and other bitcoin miners with facilities suitable for HPC workloads, primarily for high-power sites and the capital to develop them. We believe our operational track record and development expertise position us to effectively capture the strong and growing demand for high-power data center capacity.

In addition, cryptocurrency mining is increasingly dominated by large-scale industrial operators and, in some cases, sovereign nation-states with substantial resources. Competition spans hardware procurement, capital access, low-cost power, and high-power site development. While sector-wide transparency remains limited, available data indicates that network hashrate has continued to rise as both new entrants and existing competitors deploy additional capacity. While we believe our mining fleet and low-cost power portfolio position us competitively as the industry matures, we continue to shift our business to leasing digital infrastructure assets and anticipate that our bitcoin mining operations will decline over time.

Results of Operations

Comparison of the three months ended June 30, 2026 and 2025

The following tables summarize the results of operations for the three months ended June 30, 2026 and 2025:

	Three Months Ended			
($ in thousands)	**June 30, 2026**	**June 30, 2025**	**$ Variance**	**% Variance**
Revenue:				
Cryptocurrency mining	$ 4,798	$ 37,192	$ (32,394)	(87.1) %
Digital infrastructure leasing	43,849	—	43,849	— %
Total revenue	**$ 48,647**	**$ 37,192**	**$ 11,455**	**30.8 %**
Costs and operating expenses:				
Cost of mining revenue, exclusive of depreciation	3,060	22,256	(19,196)	(86.3) %
Cost of digital infrastructure solutions revenue, exclusive of depreciation	209	—	209	— %
Depreciation	4,903	16,917	(12,014)	(71.0) %
General and administrative expenses	19,465	10,796	8,669	80.3 %
Loss (gain) on fair value of cryptocurrency assets	28,204	(46,780)	74,984	*
Realized gain on sale of cryptocurrency assets	—	(14,796)	14,796	(100.0) %
Loss (gain) on disposal of property and equipment	847	(2)	849	*
Other operating expenses, net	195	250	(55)	(22.0) %
Total operating expenses	56,883	(11,359)	68,242	*
Operating income (loss)	**$ (8,236)**	**$ 48,551**	**$ (56,787)**	**(117.0)%**
Other income (expense):				
Interest income	179	359	(180)	(50.1) %
Realized loss on cryptocurrency derivatives	—	(130)	130	(100.0) %
Loss on litigation settlement	—	(8,079)	8,079	(100.0) %
Other income (expense)	179	(7,850)	8,029	*
Loss before provision for income taxes	$ (8,057)	$ 40,701	$ (48,758)	*
Provision for income taxes	27,248	8,787	18,461	*
Net income (loss)	**$ (35,305)**	**$ 31,914**	**$ (67,219)**	*

* - *not meaningful*

Revenue

Cryptocurrency mining revenues

Cryptocurrency mining revenue represents revenue earned from the mining of bitcoin. We participate in a third-party operated mining pool to which we provide the service of performing hash calculations, an output of our ordinary activities, in exchange for bitcoin. Our revenue is determined by the price of bitcoin, the hashrate generated by our miners, the block reward and transaction fee reward established by the Bitcoin network, and the network difficulty.

Cryptocurrency mining revenue for the three months ended June 30, 2026 was $4.8 million compared to $37.2 million for the three months ended June 30, 2025. The $32.4 million, or 87.1%, decrease in cryptocurrency mining revenue was primarily due to a decline in the average price of bitcoin and a reduction in active miners resulting in a reduced average hash rate as compared to the prior period.

Digital infrastructure leasing revenues

Digital infrastructure leasing revenue consists of revenue earned from leasing arrangements at our owned digital infrastructure site. For the three months ended June 30, 2026, we recognized $43.8 million digital infrastructure leasing revenue, representing the recognition of revenue associated with the Nscale Agreement.

Costs of revenues and operating expenses

Cost of mining revenues, exclusive of depreciation

Cost of mining revenues, exclusive of depreciation, consists primarily of energy and labor costs to operate our owned and leased facilities and hosting fees to operate our hosted facilities. Electricity costs, which are a component of both owned, leased, and hosting costs of mining revenues, were and remain the most significant direct bitcoin mining expenditure. The price of electricity has historically been and may continue to be volatile.

For the three months ended June 30, 2026 the cost of mining revenues, exclusive of depreciation totaled $3.1 million compared with $22.3 million for the three months ended June 30, 2025. The cost of mining revenues, exclusive of deprecation decreased primarily due to the reduction in mining activities as compared to the prior period.

Cost of digital infrastructure leasing revenues

Cost of digital infrastructure leasing revenue represents the costs incurred to decommission cryptocurrency mining operations at Ward County in preparation for occupation by the tenant in accordance with the Nscale Agreement, as well as amortization of the initial direct costs of the lease contract and costs to maintain the facilities that are largely passed through to the customer. For the three months ended June 30, 2026, Cost of digital infrastructure leasing revenue was $0.2 million. There were no Cost of digital infrastructure leasing revenue during the three months ended June 30, 2025.

Depreciation

Depreciation expense for the three months ended June 30, 2026 totaled $4.9 million, compared with $16.9 million for the three months ended June 30, 2025. The decrease in depreciation expense of 71.0% for the three months ended June 30, 2026 was primarily attributable to the reduction of fixed assets as a result of decommissioning the cryptocurrency mining operations at Ward County during the fourth quarter of 2025 and the subsequent disposal of related assets, including a reduction in our mining fleet. In addition, as of December 31, 2025, the Company recorded an impairment of its fixed assets related to its remaining cryptocurrency mining operations.

General and administrative ("G&A") expenses

G&A expenses consist of service fees, professional fees, insurance, compensation costs, storage expenses, and sales taxes. G&A expenses of $19.5 million for the three months ended June 30, 2026 represent an increase of 80.3% compared to $10.8 million for the three months ended June 30, 2025. The increase in G&A expenses is primarily due to higher stock-based compensation expense and higher headcount-related costs as we expanded our team to support the Company's strategic transition to digital infrastructure solutions.

(Gain) loss on fair value of cryptocurrency

We recorded a loss on the fair value of cryptocurrency for the three months ended June 30, 2026 totaling $28.2 million compared with a gain of $46.8 million for the three months ended June 30, 2025. This activity represents the change in fair value of bitcoin held by us between the time the bitcoin was mined and the fair value of bitcoin as of the respective period-end, and reflects the volatility in the price of a bitcoin.

Realized gain on sale of cryptocurrency assets

There was no realized gain on sale of cryptocurrency assets for the three months ended June 30, 2026 compared to a gain of $14.8 million for the three months ended June 30, 2025. This is a result of the Company not selling any cryptocurrency assets during the current period.

Other income (expense), net

Other income (expense) consists primarily of interest income, gains and losses related to litigation settlements, gains on investments, and realized and unrealized losses related to derivative contracts. Other income was $0.2 million for the three months ended June 30, 2026 compared to expense of $7.9 million for the three months ended June 30, 2025, with the difference of $8.0 million primarily driven by non-recurring gains in the prior period on a litigation settlement.

Provision (benefit) for income taxes

During the second quarter of 2026, the Company changed its methodology for determining interim income tax expense from the estimated annual effective tax rate method to the year-to-date actual effective tax rate method, adjusted for discrete items recognized in the applicable interim period. The change was made because the Company determined it could no longer reliably estimate its annual effective tax rate due primarily to the volatility of bitcoin fair values and the resulting variability in its deferred tax position, together with significant uncertainty in forecasting annual pre-tax income. Additional information regarding this change is included in Note 14 to the condensed consolidated financial statements.

For the three months ended June 30, 2026, the Company recorded income tax expense (including discrete items) of $27.2 million, compared to $8.8 million for the three months ended June 30, 2025. The increase in income tax expense was primarily attributable to deferred tax expense resulting from increases in the Company's valuation allowance, principally related to deferred tax assets associated with unrealized losses on cryptocurrency holdings.

The Company’s effective tax rate (including discrete items) was (338.2)% and 21.6% for the three months ended June 30, 2026 and 2025, respectively. The effective tax rate for the 2026 period differed significantly from the U.S. federal statutory rate of 21% primarily due to the valuation allowance recorded against the deferred tax asset associated with unrealized losses on cryptocurrency holdings, as well as permanent differences related to non-deductible officer compensation and non-deductible stock issuance costs. Under ASU 2023-08, changes in the fair value of the Company's cryptocurrency holdings are recognized in earnings but are not taxable until disposition. Any resulting losses would be capital in character and available only to offset capital gains, which the Company does not currently expect to generate in sufficient amounts within the applicable carryforward period to realize the related deferred tax asset. These items resulted in the recognition of income tax expense despite the Company’s pre-tax losses for the quarter.

Results of Operations

Comparison of the six months ended June 30, 2026 and 2025

The following tables summarize the results of operations for the six months ended June 30, 2026 and 2025:

	Six Months Ended			
($ in thousands)	**June 30, 2026**	**June 30, 2025**	**$ Variance**	**% Variance**
Revenue:				
Cryptocurrency mining	$ 12,199	$ 78,273	$ (66,074)	(84.4) %
Digital infrastructure leasing	87,888	—	87,888	— %
Total revenue	**$ 100,087**	**$ 78,273**	**$ 21,814**	**27.9 %**
Costs and operating expenses:				
Cost of mining revenue, exclusive of depreciation	8,663	47,469	(38,806)	(81.8) %
Cost of digital infrastructure solutions revenue, exclusive of depreciation	674	—	674	— %
Depreciation	10,479	33,374	(22,895)	(68.6) %
General and administrative expenses	35,706	17,907	17,799	99.4 %
Loss on fair value of cryptocurrency assets	81,527	(1,332)	82,859	*
Realized gain on sale of cryptocurrency assets	—	(32,410)	32,410	(100.0) %
Loss (gain) on disposal of property and equipment	544	(21)	565	*
Other operating expenses, net	382	500	(118)	(23.6) %
Total operating expenses	137,975	65,487	72,488	110.7 %
Operating income (loss)	**$ (37,888)**	**$ 12,786**	**$ (50,674)**	*
Other income (expense):				
Interest income	506	700	(194)	(27.7) %
Realized loss on cryptocurrency derivatives	—	(130)	130	(100.0) %
Loss on litigation settlement	—	(8,079)	8,079	(100.0) %
Other income (expense)	506	(7,509)	8,015	*
Income (loss) before provision for income taxes	$ (37,382)	$ 5,277	$ (42,659)	*
Provision for income taxes	10,907	1,394	9,513	*
Net income (loss)	**$ (48,289)**	**$ 3,883**	**$ (52,172)**	*

* - *not meaningful*

Revenue

Cryptocurrency mining revenues

Cryptocurrency mining revenue for the six months ended June 30, 2026 was $12.2 million compared to $78.3 million for the six months ended June 30, 2025. The $66.1 million, or 84.4%, decrease in cryptocurrency mining revenue was primarily due to a decline in the average price of bitcoin and a reduction in active miners resulting in a reduced average hash rate as compared to the prior period.

Digital infrastructure leasing revenues

Digital infrastructure leasing revenue consists of revenue earned from leasing arrangements at our owned digital infrastructure site. For the six months ended June 30, 2026 we recognized $87.9 million infrastructure leasing revenue, representing the recognition of revenue associated with the Nscale Agreement. There was no digital infrastructure leasing revenue during the six months ended June 30, 2025.

Costs of revenues and operating expenses

Cost of mining revenues, exclusive of depreciation

For the six months ended June 30, 2026 the cost of mining revenues, exclusive of depreciation totaled $8.7 million compared with $47.5 million for the six months ended June 30, 2025. The cost of mining revenues, exclusive of depreciation decreased primarily due to the reduction in mining activities as compared to the prior period.

Cost of digital infrastructure leasing revenues

Cost of digital infrastructure leasing revenue represents the costs incurred to decommission cryptocurrency mining operations at Ward County in preparation for occupation by the tenant in accordance with the Nscale Agreement, as well as amortization of the initial direct costs of the lease contract and costs to maintain the facilities that are largely passed through to the customer. For the six months ended June 30, 2026, Cost of digital infrastructure leasing revenue was $0.7 million. There were no Cost of digital infrastructure leasing revenue during the six months ended June 30, 2025.

Depreciation

Depreciation expense for the six months ended June 30, 2026 totaled $10.5 million, compared with $33.4 million for the six months ended June 30, 2025. The decrease in depreciation expense of 68.6% for the six months ended June 30, 2026 was primarily attributable to the reduction of fixed assets as a result of decommissioning of cryptocurrency mining operations at Ward County during the fourth quarter of 2025 and the subsequent disposal of related assets, including a reduction in our mining fleet. In addition, as of December 31, 2025, the Company recorded an impairment of its fixed assets related to its remaining cryptocurrency mining operations.

General and administrative ("G&A") expenses

G&A expenses consist of service fees, professional fees, insurance, compensation costs, storage expenses, and sales taxes. G&A expenses of $35.7 million for the six months ended June 30, 2026 represent an increase of 99.4% compared to $17.9 million for the six months ended June 30, 2025. The increase in G&A expenses is primarily due to higher compensation costs and professional fees as compared to the prior period.

(Gain) loss on fair value of cryptocurrency

We recorded a loss on the fair value of cryptocurrency for the six months ended June 30, 2026 totaling $81.5 million compared with a gain of $1.3 million for the six months ended June 30, 2025. This activity represents the change in fair value of bitcoin held by us between the time the bitcoin was mined and the fair value of bitcoin as of the respective period-end, and reflects the volatility in the price of a bitcoin.

Realized gain on sale of cryptocurrency assets

There was no realized gain on sale of cryptocurrency assets for the six months ended June 30, 2026 compared to a gain of $32.4 million for the six months ended June 30, 2025. This is a result of the company not selling any cryptocurrency assets during the current period.

Other income (expense), net

Other income (expense) consists primarily of interest income, gains and losses related to litigation settlements, gains on investments, and realized and unrealized losses related to derivative contracts. Other income was $0.5 million for the six months ended June 30, 2026 compared to expense of $7.5 million for the six months ended June 30, 2025, with the difference of $8.0 million primarily driven by non-recurring gains in the prior period on a litigation settlement.

Provision (benefit) for income taxes

During the second quarter of 2026, the Company changed its methodology for determining interim income tax expense from the estimated annual effective tax rate method to the year-to-date actual effective tax rate method, adjusted for discrete items recognized in the applicable interim period. The change was made because the Company determined it could no longer reliably estimate its annual effective tax rate due primarily to the volatility of bitcoin fair values and the resulting variability in its deferred tax position, together with significant uncertainty in forecasting annual pre-tax income. Additional information regarding this change is included in Note 14 to the condensed consolidated financial statements.

For the six months ended June 30, 2026 and 2025, the Company recorded income tax expense (including discrete items) of $10.9 million and $1.4 million, respectively. The increase in income tax expense was primarily attributable to deferred tax expense resulting from increases in the Company's valuation allowance, principally related to deferred tax assets associated with unrealized losses on cryptocurrency holdings.

The Company’s effective tax rate (including discrete items) was (29.2)% and 26.4% for the six months ended June 30, 2026 and 2025, respectively. The effective tax rate for the 2026 period differed from the U.S. federal statutory rate of 21% primarily due to the valuation allowance recorded against the deferred tax asset associated with unrealized losses on cryptocurrency holdings, as well as permanent differences related to non-deductible officer compensation and non-deductible stock issuance costs. Under ASU 2023-08, changes in the fair value of the Company's cryptocurrency holdings are recognized in earnings but are not taxable until disposition. Any resulting losses would be capital in character and available only to offset capital gains, which the Company does not currently expect to generate in sufficient amounts within the applicable carryforward period to realize the related deferred tax asset. These items resulted in the recognition of income tax expense despite the Company’s pre-tax losses for the period.

Non-GAAP Financial Measures

We use certain financial measures that are not calculated in accordance with generally accepted accounting principles in the U.S. ("GAAP") to supplement our condensed consolidated financial statements. These non-GAAP financial measures provide additional information to investors to facilitate comparisons of past and present operating results, identify trends in our underlying operating performance, and offer greater transparency on how we evaluate our business activities. These measures are integral to our processes for budgeting, managing operations, making strategic decisions, and evaluating our performance. Our primary non-GAAP financial measures are Adjusted gross profit and Adjusted EBITDA.

Adjusted gross profit

We define Adjusted gross profit as gross profit exclusive of depreciation. We rely on Adjusted gross profit to evaluate our business, measure our performance, and make strategic decisions. It is used by our Chief Operating Decision Maker ("CODM") when making decisions regarding the allocation of resources to operating segments.

We believe that the presentation of this non-GAAP financial measure will provide useful information to investors and analysts in assessing the Company's financial performance by excluding non-cash depreciation expense which is representative of historical investments and which we do not believe is indicative of our current operating performance. Gross profit is the GAAP measure most directly comparable to Adjusted gross profit. Our non-GAAP financial measures should not be considered as an alternative to the most directly comparable GAAP financial measures. You are encouraged to evaluate each of these adjustments and the reasons our management considers them appropriate for supplemental analysis.

The following tables provide a reconciliation of Gross Profit to Adjusted Gross Profit:

	Three Months Ended		Six Months Ended	
($ in thousands)	**June 30, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Revenue	$ 48,647	$ 37,192	$ 100,087	$ 78,273
Cost of revenue, excluding depreciation	(3,269)	(22,256)	(9,337)	(47,469)
Depreciation	(4,903)	(16,917)	(10,479)	(33,374)
Gross profit (loss)	**$ 40,475**	**$ (1,981)**	**$ 80,271**	**$ (2,570)**
Depreciation	4,903	16,917	10,479	33,374
Adjusted gross profit	**$ 45,378**	**$ 14,936**	**$ 90,750**	**$ 30,804**

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) before interest, taxes, depreciation, and amortization, further adjusted for certain items that management believes are not indicative of core operating performance, including unrealized gains or losses on energy derivatives and other investments, one-time gains or losses on litigation settlements, stock-based compensation expense, impairment charges on intangible and long-lived assets, costs related to the decommissioning of cryptocurrency mining sites, and other such costs, as detailed in the table below. Additionally, as explained below, beginning with this Quarterly Report, we also adjust Adjusted EBITDA to exclude realized and unrealized gains and losses on digital assets.

We use Adjusted EBITDA to evaluate operating performance, allocate resources, and make strategic decisions, including assessing progress on our transition from bitcoin mining to digital infrastructure leasing. Adjusted EBITDA is used in internal forecasting and budgeting, in evaluating treasury management decisions, and in board-level discussions regarding capital structure, liquidity, and our ability to fund growth initiatives.

Our exclusion of realized and unrealized gains and losses on digital assets from Adjusted EBITDA does not reverse or modify GAAP recognition and measurement principles. We exclude these amounts because they primarily reflect Bitcoin market price fluctuations and treasury management decisions. We view our Bitcoin holdings primarily as investments used to support liquidity and growth initiatives, rather than as components of our operations. Core operating performance is driven by factors such as hashrate performance, energy costs, miner efficiency, uptime, and revenues from digital infrastructure leasing activities. We include digital assets received as revenue at the market price on the date of receipt, as this reflects value realized from core business activities. Decisions to hold or liquidate these assets are investment decisions, distinct from operating performance.

We present Adjusted EBITDA because we believe it provides useful information to investors and analysts in assessing our historical financial performance. In particular, the exclusion of realized and unrealized gains and losses on digital assets beginning with this Quarterly Report allows investors to evaluate operating performance on a basis more consistent with management’s view of our core business, as we execute our strategic transition.

Net income (loss) is the GAAP measure most directly comparable to Adjusted EBITDA. This non-GAAP measure should not be considered as an alternative to GAAP measures. We encourage you to evaluate each adjustment and the reasons management considers them appropriate. We may incur similar or unusual items in the future that could affect Adjusted EBITDA, and our presentation should not be construed as an inference that future results will be unaffected by such items. There can be no assurance that we will not modify the presentation of Adjusted EBITDA in the future, and any modification may be material. Adjusted EBITDA has important limitations as an analytical tool and should not be considered in isolation or as a substitute for GAAP results. It may be defined differently by other companies, limiting comparability.

The following tables provide a reconciliation of Net income (loss) to Adjusted EBITDA (*in thousands*):

	Three Months Ended		Six Months Ended	
	June 30, 2026	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Net income (loss)	**$ (35,305)**	**$ 31,914**	**$ (48,289)**	**$ 3,883**
Interest income	(179)	(359)	(506)	(700)
Provision for income taxes	27,248	8,787	10,907	1,394
Depreciation	4,903	16,917	10,479	33,374
Amortization	5	5	10	10
Stock-based compensation expense(1)	8,990	—	15,438	—
Loss (gain) on fair value of cryptocurrency	28,204	(46,780)	81,527	(1,332)
Realized gain on sale of cryptocurrency assets	—	(14,796)	—	(32,410)
Realized loss (gain) on sale of property and equipment	847	(2)	544	(21)
Direct listing expenses and fees	1,449	—	1,449	—
Private placement issuance costs	1,431	—	1,431	—
(Gain) loss on litigation settlement(2)	—	8,079	—	8,079
Adjusted EBITDA	**$ 37,593**	**$ 3,765**	**$ 72,990**	**$ 12,277**

(1) Stock-based compensation during the three and six months ended June 30, 2026 relates to restricted stock units and performance restricted stock units issued to employees and board members. There was no equivalent activity for the three and six months ended June 30, 2025.

(2) Loss on litigation settlement during the three and six months ended June 30, 2025 reflects a settlement to resolve shareholder actions. There was no equivalent activity for the three and six months ended June 30, 2026.

Liquidity and Capital Resources

As of June 30, 2026, the Company had on hand $415.7 million in cash and cash equivalents and 2,882 bitcoin valued at $168.7 million at that date. Our current obligations as of June 30, 2026 totaled $26.3 million and consisted primarily of accrued expenses including transaction costs related to the Private Placement. The Company had no outstanding borrowings as of June 30, 2026.

We anticipate having sufficient liquidity on hand for the next twelve months from the Private Placement and revenue generated and the sale of accumulated bitcoin to fund operations, the estimated $64 million in capital expenditures ($45 million in 2026 and the remainder in 2027) to upgrade the substation in Ward County, as well as to pursue strategic opportunities. Our ability to liquidate bitcoin earned at future values will be regularly evaluated to generate cash for operations.

We incurred no debt during the six months ended June 30, 2026 or for the year ended December 31, 2025, and we seek to optimize our balance sheet, operations, and liquidity position to meet our immediate cash flow requirements, and will evaluate leveraging opportunities to meet expansion opportunities over the next twelve months.

Cash Flows

For the six months ended June 30, 2026 and 2025 we had a net increase in cash and cash equivalents of $372.2 million and net decrease of $11.1 million, respectively. The following table summarizes our cash flow activity for the periods presented:

	Six Months Ended	
($ in thousands)	**June 30, 2026**	**June 30, 2025**
Net cash used in operating activities	$ (25,935)	$ (71,255)
Net cash provided by (used in) investing activities	(1,837)	60,107
Net cash provided by financing activities	400,000	—
Net increase (decrease) in cash and cash equivalents for the period	$ 372,228	$ (11,148)

Operating Activities

Net cash used in operating activities results from payments made to operate the mining business, particularly to hosting and energy providers, as well as tax payments, general and administrative expenses, and repairs and maintenance to mining equipment. Historically, these expenses are not offset by our revenues, as consideration from the mining pool operator is received in bitcoin rather than cash. The $25.9 million net cash used in operating activities during the six months ended June 30, 2026, represents a net loss of $48.3 million adjusted for non-cash items including cryptocurrency mining revenue received in bitcoin, depreciation of our miners and other long-lived assets placed in service, change in the fair value of bitcoin held in treasury, an increase in the deferred tax expense, and stock compensation expense. Other material changes to our use of cash in operating activities during the six months ended June 30, 2026 include a decrease in deferred revenue resulting from the recognition of digital infrastructure solutions revenue at our Ward County facility. See "Results of Operations" for further information about the modifications to our business strategy that are driving these non-cash impacts.

Investing Activities

During the six months ended June 30, 2026, the Company used $1.8 million for investing activities, primarily for purchases of property and equipment, partially offset by proceeds from the disposal of assets held for sale.

Financing Activities

For the six months ended June 30, 2026, the Company's net cash from financing activities was a result of $400 million proceeds from the Private Placement.

Contractual Obligations, Commitments and Contingencies

Refer to Note 15 to our condensed consolidated financial statements for further information regarding the Company's commitments and contingencies.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Prospectus. We believe there have been no new critical accounting policies or material changes to our existing critical accounting policies and estimates compared to those discussed in our registration statement.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's revenue is primarily driven by a 126 month arrangement with Nscale, a global hyperscaler, ("Nscale Agreement") to lease its Ward County facility for use in the HPC/AI sector. In connection with the Nscale Agreement, Nscale provided a guarantee from (i) NVIDIA Corporation in the aggregate face amount equal to the rent payable in the first five years (up to a maximum amount of $860.3 million) and (ii) Nscale's parent company in the aggregate face amount equal to the rent payable from and after the commencement of the sixth year. In addition, if Nscale were to become insolvent, its anchor customer may elect within 30 days to step-into the Nscale Agreement for the remainder of the term.

Within the cryptocurrency mining business, revenue earned is less stable as it is impacted by the value of bitcoin rewards and transaction fees earned by mining. As such, the Company is affected by fluctuations and long-term trends in the value of bitcoin. Bitcoin has its own unique dynamic in terms of valuation, reward rates and similar factors. Any of these factors could lead to material adverse changes in the market for bitcoin, which could in turn result in substantial damage to our business.

A 10% increase or decrease in the weighted average market value of bitcoin for the three months ended June 30, 2026 would have increased or decreased cryptocurrency mining revenue by $0.5 million, which would not have had a material effect on total revenue for the current period, while a 10% increase or decrease in the weighted average market value of bitcoin for the three months ended June 30, 2025 would have had a material impact of increasing or decreasing revenue by $3.7 million. As we continue to prepare our assets for their highest and best use by the HPC/AI sector, we believe we will continue to see a decline in the impact that bitcoin market fluctuations have on our overall revenue earnings.

	Impact of Bitcoin Price Changes on Cryptocurrency Mining Revenue, net ***($ in millions)***	
Change in Average Bitcoin Price	**Three Months Ended June 30, 2026**	**Three Months Ended June 30, 2025**
(20)%	$(0.96)	$(7.44)
(10)%	$(0.48)	$(3.72)
10%	$0.48	$3.72
20%	$0.96	$7.44

Item 4. Controls and Procedures

Limitation on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934 (the "Exchange Act"), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of June 30, 2026 due to the material weaknesses in our internal control over financial reporting described below.

Previously Reported Material Weaknesses in Internal Control Over Financial Reporting

A material weakness is a deficiency or combination of deficiencies in our internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements would not be prevented or detected on a timely basis.

As disclosed in the section titled "Risk Factors" in our S-1, we previously identified material weaknesses in our internal control over financial reporting: (1) lack of effective controls related to the accounting for mining revenue, bitcoin held, and the related gains and losses, (2) lack of effective IT controls over user access reviews, administrative access, segregation of duties, and change management in the our general ledger system; (3) lack of effective controls over the evaluation of goodwill impairment; and (4) lack of effective controls over the accounting for fixed assets held for use.

We have concluded that these material weaknesses existed because we did not have the necessary business processes, systems, personnel and related internal controls. The deficiencies identified did not result in a material misstatement to our financial statements.

Remediation Efforts to Address Previously Identified Material Weaknesses

The material weaknesses described above arose because as a private company prior to our IPO, coupled with the rapid growth in our business, we did not have the business processes, systems, personnel, and related internal controls necessary to satisfy the accounting and financial reporting requirements of a public company.

We have taken, and will continue to take action, to remediate these material weaknesses, including:

- engagement with external consultants with extensive Sarbanes-Oxley Act experience;
- implementation of IT general controls to manage access and program changes within our IT environment and to support the evaluation, monitoring, and ongoing effectiveness of key application controls and key reports;
- continued hiring of additional accounting, finance and operations resources with appropriate and sufficient technical expertise; and
- consulting with experts on technical accounting matters, internal controls, and in the preparation of our financial statements.

We believe we are making progress toward achieving effectiveness of our internal control over financial reporting. We will continue to monitor the effectiveness of these remediation measures and will make further changes as management determines to be appropriate. The material weaknesses will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are designed and operating effectively. We cannot provide any assurance that these remediation efforts will be effective or that additional material weaknesses will not be identified in the future. We may also conclude that additional measures are required to remediate the material weaknesses in our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

Refer to Note 15 to our condensed consolidated financial statements for further information regarding the Company’s commitments and contingencies.

Item 1A. Risk Factors

You should carefully consider the risk factors discussed in “Risk Factors” in the Prospectus, which could materially affect our business, financial condition, or future results. There have been no material changes in our risk factors from those disclosed in the Prospectus.

The risks described in the Prospectus are not the only risks facing the Company. You should also consider any risks and uncertainties described under the caption “Risk Factors” in any periodic report or other document that we file with or furnish to the SEC. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On June 26, 2026, we entered into a private placement transaction (the “Private Placement”) pursuant to securities purchase agreements (the “Securities Purchase Agreements”), to sell an aggregate of (i) 7,547,166 shares of Series A convertible preferred stock, par value $0.00001 per share (the “Series A Preferred Stock”), at a price of $53.00 per share, (ii) warrants to purchase an aggregate of 1,006,286 shares of Class A common stock at an exercise price of $63.60 per share, (iii) warrants to purchase an aggregate of 1,006,286 shares of Class A common stock at an exercise price of $74.20 per share, and (iv) warrants to purchase an aggregate of 1,006,286 shares of Class A common stock at an exercise price of $87.45 per share (the warrants described in clauses (ii) through (iv), collectively, the “Warrants”) to certain institutional accredited investors (the “Investors”) for an aggregate purchase price of $400.0 million, before an estimated $16.8 million in transaction fees. This transaction closed on June 30, 2026.

Also in June 2026, we issued 40,000 shares of non-economic Series Z preferred stock for aggregate consideration of $0.40. The Series Z preferred stock was issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act, based on the absence of a public offering and the sophistication of the purchaser. The shares were redeemed following our 2026 annual meeting of stockholders, which occurred on July 13, 2026.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Executive Severance Plan

On August 27, 2026, the Board of Directors of the Company (the “Board”), upon the recommendation of the Compensation Committee of the Board, approved and adopted the Ionic Digital Inc. Executive Severance Plan (the “Executive Severance Plan”). The Executive Severance Plan provides severance and related benefits to a select group of the Company’s executives and key employees, including our executive officers. Our executive officers are considered Tier 1 participants under the Executive Severance Plan.

Upon a termination without cause or a resignation for good reason other than during the 24 month period following a change of control, Tier 1 participants are entitled to base salary continuation for 12 months, COBRA premium reimbursement for up to 12 months, any earned but unpaid prior-year bonus, and a pro-rated annual bonus for the year of termination based on actual performance that is payable when bonuses are paid to executives generally; however, if such termination occurs within 24 months following a change of control, Tier 1 participants instead receive continuation payments for 12 months equal to 12 months of base salary plus their target bonus, COBRA premium reimbursement for up to 12 months, any earned but unpaid prior-year bonus, a pro-rated annual bonus for the year of termination based on their target bonus, and full accelerated vesting of any equity awards granted after the Executive Severance Plan's effective date.

Continued payment of severance benefits under the Executive Severance Plan are conditioned upon the participant's execution of a general release of claims and continued compliance with applicable restrictive covenants.

PRSU Amendment

On August 27, 2026, the Board, upon the recommendation of the Compensation Committee, approved and adopted an omnibus amendment to all outstanding performance restricted stock unit ("PRSU") awards under the Ionic Digital Inc. Omnibus Incentive Plan. The omnibus amendment amends outstanding PRSUs providing that, following achievement of the applicable performance metrics, the PRSUs will vest upon the PRSU recipient's termination of employment or service by the Company without Cause, or by the PRSU recipient for Good Reason, even if such termination occurs prior to the end of the six month period that the PRSU recipient must remain employed or engaged in order to vest.

Item 6. Exhibits

Number	Description	Form	File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of Ionic Digital Inc.	S-1	333-297125	3.1	June 29, 2026
3.2	Amended and Restated Bylaws of Ionic Digital Inc. (Effective February 13, 2025)	S-1	333-297125	3.2	June 29, 2026
3.3	Certificate of Designation of Series Z Preferred Stock	S-1/A	333-297125	3.3	July 13, 2026
3.4	Certificate of Designation of Series A Convertible Preferred Stock	S-1	333-297125	3.4	June 29, 2026
4.1	Form of Warrant	S-1/A	333-297125	4.1	July 13, 2026
10.1+	Form of Indemnification Agreement of Ionic Digital	S-1/A	333-297125	10.4	July 13, 2026
10.2	Form of Securities Purchase Agreement, dated June 26, 2026	S-1	333-297125	10.19	June 29, 2026
10.3++	Registration Rights Agreement, dated June 26, 2026, by and among Ionic Digital Inc. and the Investors named therein	S-1	333-297125	10.20	June 29, 2026
10.4	Series Z Preferred Stock Purchase and Voting Agreement	S-1/A	333-297125	10.21	July 13, 2026
10.5*+	Ionic Digital Inc. Executive Severance Plan				
10.6*+	Omnibus Amendment to Ionic Digital Inc. Omnibus Incentive Plan Performance Restricted Stock Unit Award Grant Notices				
10.7*	Custodial Services Agreement, dated June 18 2024, between Ionic Digital Treasury Inc. and Fidelity Digital Asset Services LLC				
31.1*	Certification of Principal Executive Officer of Ionic Digital Inc. pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of Principal Financial Officer of Ionic Digital Inc. pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1**	Certification of Principal Executive Officer of Ionic Digital Inc. pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
32.2**	Certification of Principal Financial Officer of Ionic Digital Inc. pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.				
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document).				

* Filed herewith

** Furnished herewith

\+ Indicates a management contract or compensatory plan.

++ Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.

Signatures

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

		IONIC DIGITAL INC.
Date: September 1, 2026	By:	/s/ Andy Stewart
		Andy Stewart Chief Executive Officer *(Principal Executive Officer)*
Date: September 1, 2026	By:	/s/ Chris Hickman
		Chris Hickman Chief Financial Officer *(Principal Accounting and Financial Officer)*

Restrictive Covenant Agreement

This Restrictive Covenant Agreement (this "Agreement"), dated [●], 2026, is entered into by and between [●] ("Executive"), and Ionic Digital Inc. (the "Company", and together, with any of its parent entities, subsidiaries and related or affiliated entities, in each case, determined as of the earlier of the Termination Date or immediately prior to a Change in Control, the "Company Group").

1. Consideration. Executive acknowledges and agrees that Executive's receipt of severance benefits under the Ionic Digital Inc. Executive Severance Plan (the "Plan") constitutes sufficient consideration to support the covenants set forth herein.

2. Acknowledgements. Executive further acknowledges and recognizes that (i) Executive is in possession of specialized information concerning the total operations, conduct, management, and strategy of the Company's business, and that the applicability of Executive's knowledge of these matters will not be limited to Executive's principal location of employment, but rather is expected to be applicable wherever the Company Group conducts business, and (ii) the Company has a legitimate business interest in protecting the acquired Confidential Information, goodwill, and trade secrets of the Company Group. Executive also acknowledges and recognizes the highly competitive nature of the business of the Company Group and that Executive would not have been provided the opportunity to participate in the Plan if Executive did not execute this Agreement.

3. Restrictive Covenants

3.1 Definitions. The following capitalized terms used in this Agreement shall have the meanings assigned to them below, which definitions shall apply to both the singular and the plural forms of such terms:

(a) "Change in Control" has the meaning set forth in the Plan.

(b) "Governmental Entity" means any national, state, county, local, municipal, or other government or any court of competent jurisdiction, administrative agency, commission or other governmental authority or instrumentality.

(c) "Restricted Period" means during Executive's employment or engagement with the Company, and for [●][1] months following the Termination Date.

(d) "Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Entity, or other entity of whatever nature.

(e) "Restrictive Covenants" means the covenants contained in Section 3 of this Agreement.

(f) "Termination Date" means the date of Executive's termination of employment or engagement with the Company Group for any reason.

3.2 Restriction on Disclosure and Use of Confidential Information.

(a) Except as required in the faithful performance of Executive's duties hereunder, during Executive's employment and in perpetuity thereafter, Executive shall maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for Executive's benefit or the benefit of any Person, any confidential or proprietary information or trade

[1] 12 months for Tier 1; 9 months for Tier 2; 6 months for Tier 3

secrets (A) of or relating to the Company Group, including, without limitation, information with respect to the Company's or any of member of the Company Group's operations, protocols, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment or (B) that was or is received or obtained in confidence by, or on behalf of the Company from any other Person (collectively, "Confidential Information"), or deliver to any Person any document, record, notebook, computer program or similar repository of or containing any such Confidential Information; provided that Executive's good faith performance of Executive's duties and responsibilities for the Company Group during employment shall not be deemed a breach of this Section 3.2. Upon Executive's termination of employment for any reason, Executive shall promptly deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents or any other documents concerning the Company Group's Confidential Information, customers, business plans, marketing strategies, products or processes. Executive further agrees that any property situated on the premises of, and owned by, any member of the Company Group, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by the Company's personnel at any time with or without notice. Executive may respond to a lawful and valid subpoena or other legal process but shall give the Company the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company and its counsel the documents and other information sought and shall assist such counsel in resisting or otherwise responding to such process; provided that, subject to Section 3.2(d), (A) Executive shall promptly notify the Company in writing, and consult with and assist the Company in seeking a protective order or request for other appropriate remedy, (B) in the event that such protective order or remedy is not obtained, or if the Company waives compliance with the terms hereof, Executive shall disclose only that portion of the Confidential Information which, based on the written advice of Executive's legal counsel, is legally required to be disclosed and shall exercise reasonable best efforts to provide that the receiving Person shall agree to treat such Confidential Information as confidential to the extent possible (and permitted under applicable law) in respect of the applicable proceeding or process and (C) the Company shall be given an opportunity to review the Confidential Information prior to disclosure thereof.

(b) Without limiting the foregoing, Executive agrees to keep confidential the existence of, and any information concerning, any dispute between Executive and the Company Group, except that Executive may disclose information concerning such dispute to Executive's immediate family, to the Company's senior management and legal personnel charged with handling any such disputes, to the court that is considering such dispute or to Executive's financial and legal counsel and advisors (provided that such counsel and advisors agree not to disclose any such information other than as necessary to the prosecution or defense of such dispute).

(c) Executive further agrees that Executive will not improperly use or disclose any confidential information, proprietary information or trade secrets, if any, of any former employers or any other Person to whom Executive has an obligation of confidentiality, and will not bring onto the premises of the Company Group any unpublished documents or any property belonging to any former employer or any other Person to whom Executive has an obligation of confidentiality unless consented to in writing by the former employer or other Person.

(d) Notwithstanding anything to the contrary in this Agreement, this Section 3.2 is not intended to, and does not, prohibit Executive from reporting possible unlawful conduct to governmental agencies or entities or, if applicable, self-regulatory organizations, or otherwise cooperating or communicating with any such agencies, entities or organizations that may be investigating possible unlawful conduct (including providing documents or other information without notice to the Company Group), or otherwise make disclosures to such agencies, entities, or organizations that are protected under the whistleblower or similar provisions of any such law or regulation, provided that in each case such communications and disclosures are consistent with applicable law and do not violate attorney-client privilege.

(e) Executive is hereby notified, in accordance with the Defend Trade Secrets Act of 2016, that notwithstanding any other provision of this Agreement, Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (y) solely for the purposes of reporting or investigating a suspected violation of law, or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Executive is further notified that if Executive files a lawsuit for retaliation by an employer for reporting a suspected violation of law, Executive may disclose the employer's trade secrets to Executive's attorney and use the trade secret information in the court proceeding if he: (1) files any document containing the trade secret under seal, and (2) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict with federal law protecting confidential disclosures of a trade secret to the government or in a court filing, 18 U.S.C. § 1833(b), or to create liability for disclosures of Confidential Information that are expressly allowed by 18 U.S.C. § 1833(b).

3.3 Non-Competition. During the Restricted Period, Executive will not, directly or indirectly engage in, provide services to, have any equity interest in, or manage or operate any Person, firm, corporation, partnership, business or entity (a "Business") (whether as director, officer, employee, principal, agent, representative, owner, partner, member, security holder, consultant, volunteer or otherwise) that engages in (either directly or through any subsidiary or affiliate thereof) the digital infrastructure and cryptocurrency mining business, including the development of facilities related to digital infrastructure and cryptocurrency mining in any geographic location in which the Company Group engages, whether through selling, distributing, manufacturing, marketing, purchasing, or otherwise, that competes with the Company Group (a "Competing Business") if performing the duties and responsibilities of such engagement or association could result in Executive (1) intentionally or unintentionally using, disclosing or relying on Confidential Information to which Executive had access by virtue of Executive's job duties or other responsibilities with the Company Group or (2) exploiting customer goodwill cultivated in the course of Executive's employment with the Company Group. Notwithstanding the foregoing, Executive shall be permitted to acquire a passive stock or equity interest in such a Competing Business; provided that the stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such Business and Executive does not actively participate in the business of such Business.

3.4 Non-Solicitation of Customers and Clients. During the Restricted Period, except in connection with carrying out Executive's responsibilities for, or acting for the benefit of, the Company Group in the ordinary course of business, Executive will not, directly or indirectly, on Executive's own behalf or on behalf of any other Person, recruit or otherwise solicit, any customer, client, distributor, vendor, sales agency, independent sales representative, subscriber, supplier, licensee, licensor or other business relation of the Company Group, or encourage or induce any such Person to terminate its arrangement with the Company Group or otherwise change or interfere with its relationship with the Company Group.

3.5 Non-Solicitation of Executives and Consultants. During the Restricted Period, except in connection with carrying out Executive's responsibilities for, or acting for the benefit of, the Company Group in the ordinary course of business, Executive will not directly or indirectly solicit or recruit, on Executive's own behalf or on behalf of any other Person, the services of, or hire or engage, or interfere with the Company's relationship with, any individual who is (or, at any time during Executive's employment or engagement with the Company, was) an employee, independent contractor or director of the Company, or solicit any of the Company's then-current employees, independent contractors or directors to terminate services with the Company; provided, however, that the placement of general advertisements in newspapers, magazines or electronic media shall not, by itself, constitute a breach of this Section 3.5.

3.6 Intellectual Property Rights.

(a) Inventions and Proprietary Rights. Executive agrees that the results and proceeds of Executive's services for the Company (including, but not limited to, any trade secrets, products, services, processes, know-how, designs, developments, innovations, analyses, drawings, reports, techniques, technology, formulas, methods, developmental or experimental work, improvements, discoveries, inventions, ideas, source and object codes, programs, matters of a literary, musical, dramatic or otherwise creative nature, writings and other works of authorship) resulting from services performed while an employee of the Company or otherwise in the course of Executive's work for the Company and any works in progress, whether or not patentable or registrable under copyright or similar statutes, that were made, developed, conceived or reduced to practice or learned by Executive, either alone or jointly with others (collectively, "Inventions"), shall be works-made-for-hire and the Company shall be the sole and exclusive owner throughout the universe of any and all trade secret, patent, copyright and other intellectual property rights (collectively, "Proprietary Rights") of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, with the right to use the same in perpetuity in any manner the Company determines in its sole discretion, without any further payment to Executive whatsoever. Executive hereby irrevocably assigns and agrees to assign any and all of Executive's right, title and interest in and to all Inventions, including, without limitation, any and all Proprietary Rights of whatsoever nature therein and thereto, whether or not now or hereafter known, existing, contemplated, recognized or developed, to the Company, and the Company shall have the right to use the same in perpetuity throughout the universe in any manner determined by the Company without any further payment to Executive whatsoever. Executive shall promptly and fully disclose to the Company all information known to Executive concerning such Inventions. Executive hereby irrevocably assigns to the Company any and all claims, of any nature whatsoever, that Executive now or may hereafter have for past, present or future infringement of any Proprietary Rights assigned hereunder to the Company.

(b) Moral Rights. To the maximum extent permitted by applicable law, Executive hereby irrevocably and unconditionally waives, quitclaims and agrees never to assert, in each case with respect to the Company or any successor or assignee thereof, any claims Executive may now or hereafter have in any jurisdiction to any rights of paternity, integrity, disclosure and withdrawal or any other rights that may be known or referred to as "moral rights" or "authors rights" ("Moral Rights") in or with respect to any Inventions or Proprietary Rights or the use of any of the foregoing. To the extent any Moral Rights cannot be so waived or quitclaimed, Executive hereby consents to any action of the Company or its successor or assignee that would violate such Moral Rights in the absence of such consent. The foregoing waiver, quitclaim, non-assertion and consent are made in favor of, and extend to the Company and all successors and assignees thereof.

(c) Use of Prior IP. Executive agrees not to use, incorporate or include, or permit or cause to be used, incorporated or included, any intellectual property or other proprietary rights owned or purported to be owned by Executive or any other Person (collectively, "Prior IP"), in each case with or in any Inventions or any products or services (or any component or portion thereof) of the Company, in each case, without the prior written consent of the Company. Notwithstanding the foregoing, if, in the course of Executive's employment by the Company, Executive uses, incorporates or includes, or permits or causes to be used, incorporated or included, any Prior IP, in each case with or in any of the Inventions or any products or services (or any component or portion thereof) of the Company, or if Executive uses, or permits or causes to be used, any Prior IP within the scope of Executive's employment by the Company or otherwise in the performance of Executive's work or services for or on behalf of the Company, Executive hereby grants to the Company a perpetual, irrevocable, non-exclusive, worldwide, freely-transferable, royalty-free and fully paid up license (with the right to grant sublicenses through multiple levels of sublicensees) under all proprietary rights to make, have made, use, sell, offer to sell, license, import, export, reproduce, modify, create derivative works of and works based upon, perform, display, execute, distribute, digitally transmit and otherwise exploit any of such Prior IP in any medium or format, whether now known or hereafter developed or discovered.

(d) Executive Assistance. Executive agrees that, from time to time, as may be requested by the Company and at the Company's sole cost and expense, Executive shall do any and all things that the Company may reasonably deem useful or desirable to establish or document the Company's exclusive ownership throughout the United States of America or any other country of any and all Proprietary Rights in any such Inventions, including, without limitation, the execution of appropriate copyright and/or patent applications or assignments. To the extent Executive has any Proprietary Rights in the Inventions that cannot be assigned in the manner described above, Executive unconditionally and irrevocably waives the enforcement of such Proprietary Rights and grants the Company a perpetual, irrevocable, exclusive, worldwide, freely-transferable, royalty-free and fully paid up license (with the right to grant sublicenses through multiple levels of sublicensees), under all proprietary rights, to make, have made, use, sell, offer to sell, license, import, export, reproduce, modify, create derivative works of and works based upon, perform, display, execute, distribute, digitally transmit and otherwise exploit any Proprietary Rights and Inventions in any medium or format, whether now known or hereafter developed or discovered. This Section 3.6(d) is subject to and shall not be deemed to limit, restrict or constitute any waiver by the Company of any Proprietary Rights of ownership to which the Company may be entitled by operation of law by virtue of Executive's employment with the Company. Executive further agrees that, from time to time, as may be requested by the Company and at the Company's sole cost and expense, Executive shall assist the Company in every proper and lawful way to obtain and from time to time enforce Proprietary Rights relating to Inventions in any and all countries. To this end, Executive shall execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Proprietary Rights and the assignment thereof. In addition, Executive shall execute, verify and deliver assignments of such Proprietary Rights to the Company or its designees. Executive's obligation to assist the Company with respect to Proprietary Rights relating to such Inventions in any and all countries shall continue beyond the termination of Executive's employment with the Company. If the Company is unable, due to Executive's unavailability or for any other reason, to secure Executive's signature with respect to any documents in connection with any action described in this Section 3.6(d), Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact, to act for and on Executive's behalf and stead to execute such documents and to do all other lawfully permitted acts to further any application for, or any prosecution, issuance, maintenance, assignment or transfer of, any Inventions or Proprietary Rights pertaining or related to any such Inventions, or to otherwise carry out the purposes of this Agreement, with the same legal force and effect as if originally executed by Executive. This designation and appointment is deemed coupled with an interest and is irrevocable.

(e) Conflict. Notwithstanding anything to the contrary in this Agreement, in the event of any conflict or inconsistency between the terms of this Section 3.6 and the terms of any prior agreement between Executive and the Company, the terms of such prior agreement shall govern and control.

3.7 Enforcement of Restrictive Covenants.

(a) Rights and Remedies Upon Breach. Executive recognizes and acknowledges that a breach of any of the Restrictive Covenants will cause irreparable damage to the Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Executive agrees that in the event of a breach of any of the Restrictive Covenants, in addition to any other remedy that may be available at law or in equity, the Company shall be entitled (without the necessity of showing economic loss or other actual damage) to specific performance and injunctive relief (including temporary restraining orders, preliminary injunctions and/or permanent injunctions) in any court of competent jurisdiction for any actual or threatened breach of any of the Restrictive Covenants.

(b) Severability and Modification of Covenants. Executive acknowledges and agrees that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. The parties agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of the Company's legitimate business interests and may be enforced by the Company to that extent in the manner described above and all other provisions of this Agreement shall be valid and enforceable.

4. Miscellaneous.

4.1 Disclosure of this Agreement. Executive hereby authorizes the Company Group to notify others, including but not limited to clients of the Company Group and, if the Company Group has a reasonable, good-faith belief that a breach of the Restrictive Covenants has occurred or is imminent, any of Executive's future employers or prospective business associates, of the terms and existence of this Agreement and Executive's continuing obligations to the Company pursuant to this Agreement.

4.2 No Employment Contract and No License. Executive acknowledges that this Agreement does not constitute a contract of employment, does not imply that the Company will continue Executive's employment for any period of time and does not change the at-will nature of Executive's employment. Executive further acknowledges that no license to any of the Company's trademarks, patents, copyrights or other proprietary rights is either granted or implied by Executive's access to and utilization of the Confidential Information.

4.3 Assignment and Successors. The Company may assign its rights and obligations under this Agreement to any entity, including any successor to all or substantially all the assets of the Company, by merger or otherwise, and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Company Group. Executive may not assign Executive's rights or obligations under this Agreement to any individual or entity. This Agreement shall be binding upon and inure to the benefit of the Company and the Executive and their respective successors, assigns, personnel, legal representatives, executors, administrators, heirs, distributees, devisees and legatees, as applicable.

4.4 Waivers. No delay or omission by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

4.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas (but without reference to provisions concerning the conflicts of laws).

4.6 Entire Agreement; Amendment. Except as set forth in Section 3.6 of this Agreement, this Agreement supersedes all prior agreements, written or oral, between Executive and the Company relating to the subject matter of this Agreement, which is incorporated herein by reference. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by Executive and the Company. Executive agrees that any change or changes in Executive's duties, salary, or other compensation or benefits after the signing of this Agreement shall not affect the validity or scope of this Agreement.

4.7 Survival of Restrictive Covenants. The Restrictive Covenants, and related rights and obligations of the parties to this Agreement, will survive any termination of Executive's employment or engagement with the Company.

[Signatures follow]

IN WITNESS WHEREOF, the Company and Executive have executed this Agreement, effective as of the date first set forth above.

IONIC DIGITAL INC.

____
Name:
Title:

AGREED TO AND ACCEPTED:

____
[●]

FORM OF OMNIBUS AMENDMENT TO IONIC DIGITAL INC. OMNIBUS INCENTIVE PLAN PERFORMANCE RESTRICTED STOCK UNIT AWARD GRANT NOTICES

This Omnibus Amendment ("Amendment"), dated as of August 27, 2026, amends certain terms and conditions of those certain Performance Restricted Stock Unit Award Grant Notices governing the terms of performance restricted stock units ("PRSUs") granted by Ionic Digital Inc., a Delaware corporation (the "Company") to employees of the Company (such agreements, the "Performance Restricted Stock Unit Award Grant Notices" and such employees, the "Participants") under the Ionic Digital Inc. Omnibus Incentive Plan (the "Plan"). Terms used herein, unless otherwise defined herein, shall have the meanings ascribed to them in the Plan and in the specified award agreement.

RECITALS

WHEREAS, the Committee (or the Board, as applicable) is empowered pursuant to Article XI of the Plan to amend, without Participant consent, the terms of any award previously granted under the Plan if such amendment does not materially impair the Participant's rights; and

WHEREAS, the Board and the Committee have approved an amendment to each outstanding Performance Restricted Stock Unit Award Grant Notice to allow for a portion of the PRSUs to be eligible to vest if a Participant's Termination of Service is by involuntary termination by the Company without Cause or by the Participant for Good Reason, in each case, as described herein.

NOW THEREFORE, the following terms and conditions apply to all currently outstanding Performance Restricted Stock Unit Award Grant Notices:

AMENDMENT

nendments to Award Grant Notices

1. The lead-in to the second paragraph in the "Vesting Criteria" section of each of the Performance Restricted Stock Unit Award Grant Notices outstanding is hereby amended to read as follows:

   "Notwithstanding the foregoing, the PRSUs shall also be eligible to vest upon achievement of the following performance metrics, subject to Participant's continued employment with the Company through achievement of such metric, and for a period of six (6) months thereafter with vesting to occur on such date (or, if prior to the end of such six (6) month period, the Participant has a Termination of Service as a result of being (i) involuntarily terminated by the Company without Cause or (ii) terminated by the Participant for Good Reason, in each case, such PRSUs shall vest on such Termination of Service):"

2. Each of the Performance Restricted Stock Unit Award Grant Notices outstanding is hereby amended to add the following at the end of the "Vesting Criteria" section:

   For the purposes of these Performance Restricted Stock Units, "**Good Reason**" has the meaning set forth in the employment agreement, offer letter or other similar agreement in effect between the Company or any of its Affiliates and the Participant. If no such agreement exists or such agreement does not define "Good Reason," then "Good Reason" means (i) a material reduction in the Participant's annual base salary or the Participant's target annual incentive opportunity; (ii) a materially adverse change in the Participant's title, duties or responsibilities (including reporting responsibilities); (iii) a relocation of the Participant's principal place of business that increases the Participant's one-way commute by more than 40 miles; (iv) the Company's material breach of any agreement between the Participant and the Company; or (v) a successor to the Company of all or substantially all of the Company's business and/or assets (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or other transaction) failing to assume the Plan. Notwithstanding the foregoing, any assertion by the Participant of a Termination of Service for "Good Reason" shall not be effective unless all of the following conditions are satisfied: (A) the condition giving rise to the Participant's Termination of Service must have arisen without the Participant's consent; (B) the Participant must provide notice to the Company of such condition within 30 days of the initial existence of the condition; (C) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by the Company; and (D) the date of the Participant's Termination of Service must occur within 90 days after the initial existence of the condition specified in such notice.

iscellaneous

Continuing Effect. Except as specifically provided herein, the Performance Restricted Stock Unit Award Grant Notices amended by this Amendment shall remain in full force and effect in accordance with their respective terms and are hereby ratified and confirmed in all respects.

No Waiver. This Amendment is limited as specified and the execution, delivery and effectiveness of this Amendment shall not operate as a modification, acceptance or waiver of any provision of any of the Performance Restricted Stock Unit Award Grant Notices except as specifically set forth herein.

Binding Effect. This Amendment shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under any Participant.

Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of Delaware.

Exhibit 10.7

CONFIDENTIAL

CUSTODIAL SERVICES AGREEMENT

Ionic Digital Treasury Inc. &

Fidelity Digital Asset Services, LLC

THIS CUSTODIAL SERVICES AGREEMENT (this "***Agreement***") is made on June 18, 2024, (the "***Effective Date***"), by and between Ionic Digital Treasury Inc. (the "***Client***"), and Fidelity Digital Asset Services, LLC (the "***Custodian***", and collectively with the Client, the "***Parties***," and each individually, a "***Party***").

1. DEFINITIONS AND INTERPRETATION

A. **Definitions.** For purposes of this Agreement and any exhibit or schedule hereto, the following terms shall have the meanings ascribed to them below:

"***Account Tax Documentation***" has the meaning set forth in Section 7.B.

"***Affiliated Agent***" has the meaning set forth in Section 12.C.iii.

"***Assets***" means Cash and Eligible Assets that have been Delivered to the Custodian to be credited to one or more Custody Accounts established and maintained by the Custodian on behalf of the Client, in each case until such Assets are withdrawn or cease to be Assets pursuant to this Agreement. Assets shall also mean any Forked Digital Asset that the Custodian, in its sole discretion, chooses to support pursuant to Section 8 hereof.

"***Authenticated Instruction***" means an Instruction that has been confirmed as originating from an Authorized Person through a video conference call, the use of a mobile phone application or hardware security module or other method of authentication in accordance with procedures specified by the Custodian from time to time as required to be used in connection with the services hereunder.

"***Authorized Agent***" [not applicable].

"***Authorized Person***" has the meaning set forth in Section 5.A.

"***Blockchain Address***" means a public address on a blockchain in which a record of Eligible Assets can be held (including, without limitation, a bitcoin address for the asset commonly known as bitcoin).

"***Business Day***" means any day on which the Federal Reserve Bank of New York is open for business.

"***Cash***" has the meaning set forth in Section 2.A.ii.

"***Cash Credit Request***" has the meaning set forth in Section 3.D.

"***Cash Custody Account***" has the meaning set forth in Section 2.A.ii.

"***Cash Debit Request***" has the meaning set forth in Section 3.E.

"***Client Digital Assets***" has the meaning set forth in Section 2.B.i.

"***Confidential Information***" has the meaning set forth in Section 18.

"***Custody Account***" has the meaning set forth in Section 2.A.ii.

"***Cut-Off Time***" has the meaning set forth in Section 5.G.

"***Delivery***" (or "***Deliver***" or "***Delivered***") means the transfer of Eligible Assets to one or more Blockchain Addresses controlled by the receiving Party and provided by the receiving Party to the sending Party for such transfer. Eligible Assets shall be considered Delivered to the Custodian after the prevailing number of network confirmations as required by the Custodian from time to time have occurred on the blockchain used for the transaction transferring the Eligible Assets.

"***Digital Asset***" means a digital asset (also called a "cryptocurrency," "virtual currency," "digital currency," or "digital commodity"), such as bitcoin, which is based on the cryptographic protocol of a computer network that may be (i) centralized or decentralized, (ii) closed or open-source, and (iii) used as a medium of exchange and/or store of value.

*"**Digital Asset Credit Request**"* has the meaning set forth in Section 3.A.

*"**Digital Asset Debit Request**"* has the meaning set forth in Section 3.B.

"***Digital Asset Custody Account***" has the meaning set forth in Section 2.A.i.

"***Eligible Assets***" mean Digital Assets that are supported by the Custodian in its sole discretion on any given date in accordance with Section 2.C.

"***Fee Schedule***" means the schedule referred to in Section 12.D.i, as annexed hereto.

"***Force MaJeure Event***" means any event due directly or indirectly to any cause or condition beyond the reasonable control of the Custodian that materially affects its ability to perform its obligations hereunder, such as, but not limited to: changes in the functioning or features of Eligible Assets or the software protocols that govern their operation; sabotage or fraudulent manipulation of the protocols or network that govern Eligible Assets; changes in applicable Law; cybersecurity attacks, hacks or other intrusions; unavailability or malfunction of wire, communications or other technological systems; suspension or disruption of trading markets; requisitions; involuntary transfers; failure of utility services; fire; flooding; adverse weather or events of nature; explosions; acts of God, civil commotion, strikes or industrial action of any kind; riots, insurrection, terrorist acts; war (whether declared or undeclared); or acts of government or government agencies (U.S. or foreign).

"***Fork***" means a change in the consensus rules of a network for a Digital Asset, as further described in Schedule 3.

"***Forked Digital Asset***" means the resulting branches of a Digital Asset that has undergone a Fork.

"***Governmental Authority***" means any governmental body at the supranational, national, state, county, province, city, municipal, local or any other level, any agency, authority, instrumentality, regulatory body, quasi-regulatory authority, administrative tribunal, central bank, public office, court, arbitration or mediation panel, or other entity or subdivision exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of government, securities exchange or self-regulatory organization, in each case in any jurisdiction, having authority over a party.

"***Ineligibility Determination***" has the meaning set forth in Section 2.C.

"***Instructions***" mean communications received by the Custodian through an on-line communication system, by e-mail, or other method or system, as specified by the Custodian from time to time as available for use in connection with the services hereunder.

"***Law***" means each of the following, including any updates thereto throughout the Term, to the extent applicable to a party: any and all supranational, national, state, provincial or local laws, treaties, rules, regulations, regulatory guidance, directives, policies, orders or determinations of (or agreements with), and mandatory written direction from (or agreements with), any Governmental Authority or other regulatory authority, including export laws, sanctions regulations, and all federal and state statutes or regulations relating to banking, stored value, money transmission, unclaimed property, payment processing, telecommunications, unfair or deceptive trade practices or acts, anti-corruption, trade compliance, anti-money laundering, terrorist financing, "know your customer," securities, commodities, derivatives, other financial products or services, privacy or data security.

*"**Non-U.S. Bank**"* has the meaning set forth in Section 11.B.xi.

*"**Omnibus Wallet**"* has the meaning set forth in Section 2.B.i.

"***Person***" means any natural person, corporation, general partnership, limited partnership, limited liability company, joint venture, trust, proprietorship, governmental body or other entity, association or organization of any nature. Any reference herein to any Person shall be construed to include such Person's successors and assigns.

"***Proper Instructions***" has the meaning set forth in Section 5.B.

*"**Sanctioned Party**"* has the meaning set forth in Section 11.B.viii. *"**Sanctions**"* has the meaning set forth in Section 11.B.viii.

*"**System Failure**"* means a failure of any computer hardware or software used by the Custodian or a service provider to the Custodian, or any telecommunications lines or devices used by the Custodian or a service provider to the Custodian.

"***Taxes***" means all federal, state, local, foreign, and other taxes, government fees or the like, including, without limitation, income taxes, estimated taxes, alternative minimum taxes, franchise taxes, capital stock taxes, sales taxes, use taxes, ad valorem, or value-added taxes, employment and payroll-related taxes, withholding taxes, and transfer taxes, whether or not measured in whole or in part by net income, and all deficiencies, or other additions to tax, interest thereon, and fines and penalties imposed in connection therewith.

*"**Term**"* has the meaning set forth in Section 20.

*"**Trade Order**"* has the meaning set forth in Section 4.A.

B. **Interpretation**. The words “hereof,” “herein” and “hereunder” and words of like import used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement. References to Sections, Exhibits, Appendices and Schedules are to Sections, Exhibits, Appendices and Schedules of this Agreement unless otherwise specified. All Exhibits, Appendices and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit, Appendix or Schedule but not otherwise defined therein, will have the meaning as defined in this Agreement. Any singular term in this Agreement will be deemed to include the plural, and any plural term the singular. Whenever the words “such as,” “include,” “includes” or “including” are used in this Agreement, they will be deemed to be followed by the words “without limitation,” whether or not they are in fact. The word “will” shall be construed to have the same meaning and effect as the word “shall.”

2. ESTABLISHMENT AND MAINTENANCE OF CUSTODY ACCOUNTS AND APPOINTMENT OF CUSTODIAN

A. **Custody Accounts.** The Client authorizes, approves and directs the Custodian to establish and maintain on its books, in the name of the Client, pursuant to the terms of this Agreement:

i. one or more custody accounts for the receipt, safekeeping and maintenance of Eligible Assets (each a "***Digital Asset Custody Account***"); and

ii. one or more U.S. dollar cash accounts (each a "***Cash Custody Account***", and, together with the Digital Asset Custody Accounts, the "***Custody Account***"), each corresponding to a Digital Asset Custody Account, to hold cash and monies received for deposit for the account of the Client ("***Cash***") in accordance with the terms of this Agreement. Cash held for the Client in Cash Custody Accounts may be held by the Custodian in an omnibus, non-interest bearing cash account, along with the Cash of other customers of the Custodian, at an unaffiliated depository in the name of the Custodian, specifically designated for the purpose of holding funds of the Custodian's customers. The Custodian may hold Cash in a Cash Custody Account subject to and in accordance with applicable local law, rules or practices. The establishment of the Custody Account in the name of the Client shall be subject to successful completion of the Custodian's screening procedures.

B. **Digital Asset Segregation.**

i. Digital Assets in the Digital Asset Custody Account will be held through an omnibus wallet structure along with the Digital Assets of other customers of the Custodian (an "***Omnibus Wallet***"). The Client agrees that the Digital Assets that are transferred by the Client to the Custodian or acquired by the Client through Trade Orders ("***Client Digital Assets***") will be treated as fungible with those Digital Assets of other clients of the Custodian that are based on the same cryptographic protocol or consensus rules of a computer network (subject to Schedule 3) that are also held in the Omnibus Wallet by the Custodian on behalf of such other clients. The Client acknowledges that the redelivery rights of the Client in respect of the Client Digital Assets are not necessarily for the same Digital Assets as the Client Digital Assets (or addresses or accounts that are associated with the Client Digital Asset), but rather will be in respect of an equal amount of Digital Assets that are based on the same cryptographic protocol or consensus rules of a computer network (subject to Schedule 3) as the Client Digital Asset. The Custodian will manage all associated private keys on behalf of the Client, subject to the terms of this Agreement.

ii. A portion of the Digital Assets held for clients in the Omnibus Wallet will be held within an offline storage system used by the Custodian in connection with the storage or maintenance of the Digital Assets.

C. Acceptance and Holding of Assets. The Custodian will determine in its sole discretion whether to accept Assets of any kind for custody in the Custody Account. If the Custodian determines in its sole discretion that, due to legal, regulatory, operational, security or reputational risk, an Asset currently held in custody is no longer an Eligible Asset ("***Ineligibility Determination***"), the Custodian shall (i) deliver the Client written notice of such Ineligibility Determination, (ii) provide no other services with respect to any such Asset, except for Digital Asset Debit Requests and the services described in this Section 2, following such Ineligibility Determination and (iii) within 60 Business Days, or if that is not reasonably practicable, as promptly as reasonably practicable, of the delivery of the Ineligibility Determination, Deliver Digital Assets that are of the same type as the Client Digital Assets (as set forth in Section 2.B.i) in the amount of the Digital Assets subject to the Ineligibility Determination.

D. Designation of Assets. The Custodian shall on its books and records segregate all Digital Assets from the proprietary property of the Custodian; provided that the Custodian may maintain in the Omnibus Wallet an amount of proprietary Digital Assets that are used for operational or other purposes. The ownership of all of the Client's Assets shall be clearly recorded in the Custodian's books and records as belonging to the Client. Without the consent of the Client, the Custodian will not lend, pledge or hypothecate any Client Digital Assets.

E. Status of Custodian. The Custodian is a limited liability company and its capacity under this Agreement shall be:

i. a bailee with respect to any Digital Asset Custody Account and any Digital Assets in such Digital Asset Custody Account;

ii. an agent for the exclusive benefit of the Client and other customers of the Custodian with respect to any Cash Custody Account and any cash deposits in such Cash Custody Account, subject to Section 12.C.vii; or

iii. agent or principal with respect to any actions taken by the Custodian with respect to the purchase and sale services pursuant to Section 4 of this Agreement, subject to Section 12.C.vii.

3. TRANSFER OF ASSETS

A. **Credits to the Digital Asset Custody Account.** Subject to the terms of this Agreement, the Client may transfer Eligible Assets from an external provider or other third parties to the Digital Asset Custody Account. In advance of any such transfer from an external provider or other third party, the Client shall send the Custodian the applicable Proper Instructions in accordance with Section 5.B (a "***Digital Asset Credit Request***") and the name of the owner(s) of the Digital Assets. The Custodian is not obligated to credit any Digital Assets to the Digital Asset Custody Account before the Custodian actually receives such Digital Assets by final settlement.

i. The Custodian, upon receiving the Digital Asset Credit Request and verifying that such request complies with Section 5.B, will generate and deliver to the Client a recipient address and complete any Delivery to the Digital Asset Custody Account within two (2) Business Days after receipt of the Digital Assets at the recipient address specified by the Custodian to the Client (or at an address previously specified by the Custodian to the Client and not subsequently identified to the Client as invalid), subject to successful completion of the Custodian's screening procedures. Delivery to the Digital Asset Custody Account is subject to the payment of the Custodian's fees as specified in the Fee Schedule.

ii. The Custodian shall monitor associated nodes, as determined to be necessary by the Custodian in its sole discretion, for incoming transactions. The Custodian shall advise the Client of Eligible Assets availability after Eligible Assets have been Delivered to the Digital Asset Custody Account.

B. **Debits to the Digital Asset Custody Account**. Subject to the terms of this Agreement, the Client may Deliver Eligible Assets from the Digital Asset Custody Account by sending the Custodian the applicable Proper Instructions in accordance with Section 5.B (a "***Digital Asset Debit Request***").

i. The Custodian, upon receiving the Digital Asset Debit Request and verifying that such request complies with Section 5.B, will initiate the transfer and broadcast the Digital Asset Debit Requests to the blockchain supporting the relevant Eligible Asset within two (2) Business Days after the Custodian receives such Digital Asset Debit Request, subject to successful completion of the Custodian's screening procedures.

ii. The Custodian shall provide the Client with a confirmation of a pending debit transaction. Within the three (3) hours immediately following receipt of such confirmation, the Client may notify the Custodian to query or halt the transaction.

iii. If the Custodian has received a Digital Asset Debit Request that would result in the transfer of Assets from the Custody Account exceeding the credit to the Custody Account for that Asset, the Custodian may, in its sole and absolute discretion, reject such Instructions or decide which deliveries it will make (in whole or in part and in the order it selects).

C. **Request for Additional Information.** The Client shall promptly provide to the Custodian such additional information as the Custodian may request regarding the source or ownership of the Eligible Assets that are subject to a Digital Asset Credit Request or the recipient of Eligible Assets (and any associated financial institution) that are the subject of a Digital Asset Debit Request.

D. **Credits to the Cash Custody Account**. Subject to the terms of this Agreement, the Client may transfer Cash into the Client's Cash Custody Account from a third-party bank account or a third party by sending the Custodian the applicable Proper Instructions in accordance with Section 5.B (a "***Cash Credit Request***").

i. The Custodian, upon receiving the Cash Credit Request and verifying that such request complies with Section 5.B, will complete any transfer to the Cash Custody Account within the time period specified by the Custodian. Transfers to the Cash Custody Account are subject to fees specified in the Fee Schedule.

E. **Debits to the Cash Custody Account**. Subject to the terms of this Agreement, the Client may transfer Cash from the Cash Custody Account to an account at a third-party bank established and maintained in the name of the Client or in the name of a third party in connection with the Client's purchase of Digital Assets by sending the Custodian the applicable Proper Instructions in accordance with Section 5.B (a "***Cash Debit Request***").

i. The Custodian, upon receiving the Cash Debit Request and verifying that such request complies with Section 5.B, will complete any transfer from the Cash Custody Account within the time period specified by the Custodian. Transfers from the Cash Custody Account are subject to fees specified in the Fee Schedule.

ii. Such transfer may only be effected via wire transfer.

F. **Purpose of Transfer of Cash**. Any transfer of Cash to or from the Client's Cash Custody Account requested by the Client pursuant to this Agreement shall be solely for the purpose of the settlement of transactions that are the subject of the Client's Digital Asset Credit Request or Digital Asset Debit Request, to transfer Cash to an account at a third-party bank established and maintained in the name of the Client or to pay fees or expenses of the Custodian.

G. **Investment in and Transfer of Assets**. The Client shall bear the sole risk and expense associated with investing, transferring or otherwise transacting in respect of Digital Assets (except to the extent otherwise specifically provided in this Agreement).

H. **Transaction Limits**. The Custodian may, for risk management or other reasons, impose reasonable limits on the number or size, or both, of transactions processed for the Client under this Section 3.

4. PURCHASE AND SALE OF DIGITAL ASSETS

A. **Role of Custodian**. The Custodian may purchase any Digital Assets constituting Eligible Assets from the Client or sell any such Digital Assets to the Client upon receipt of a sale or purchase order in the form of Proper Instructions from the Client ("***Trade Orders***").

B. **Execution and Order Fulfillment**. The Custodian will execute and fulfill the Client's Trade Orders in accordance with the terms set forth in Schedule 2 attached hereto, as such terms and procedures may be modified by the Custodian from time to time. THE CUSTODIAN'S EXECUTION AND SETTLEMENT OF TRADE ORDERS IS SUBJECT TO AVAILABLE LIQUIDITY AND MARKET CONDITIONS GENERALLY. THE CUSTODIAN RESERVES THE RIGHT TO CANCEL OR REJECT ANY TRADE ORDER, IN WHOLE OR IN PART, FOR ANY REASON.

5. INSTRUCTIONS

A. **Authorized Persons and Authorized Agents**. The Persons identified as "Authorized Persons" on the Firm Authorized User Form(s) completed by the Client or the Authorized Agent shall, subject to approval by the Custodian, be authorized to act on behalf of the Client in the performance of those acts or duties specified for each such person from time to time in the Firm Authorized User Form(s) ("***Authorized Persons***"). The Client, or Authorized Agent acting on behalf of the Client, may, from time to time, add to or remove names from the list of Authorized Persons maintained by the Custodian, or change the authorizations granted to any Authorized Person, by delivery of a new or revised Firm Authorized User Form to the Custodian. If at any time there are no Authorized Persons designated by the Client or the Authorized Agent, the president/chief executive officer and chief financial officer of the Client shall be deemed Authorized Persons hereunder.

B. **Proper Instructions**.

i. "Proper Instructions" mean:

a) With respect to Digital Assets Debit Requests or Cash Debit Requests, an Authenticated Instruction delivered by an Authorized Person (or Person that the Custodian believes in good faith to be an Authorized Person after following Custodian's procedures) that is confirmed by an Authenticated Instruction from at least one additional Authorized Person (or Person that the Custodian believes in good faith to be an Authorized Person after following Custodian's procedures);

b) With respect to Digital Assets Credit Requests or Cash Credit Requests, an Authenticated Instruction delivered by an Authorized Person (or Person that the Custodian believes in good faith to be an Authorized Person after following Custodian's procedures);

c) With respect to Trade Orders, an Instruction delivered by an Authorized Person (or Person that the Custodian believes in good faith to be an Authorized Person after following Custodian's procedures) through the user interface specified by the Custodian to submit Trade Orders; and

d) With respect to requests not involving the transfer of Assets from or to the Custody Account, an Instruction delivered by an Authorized Person (or Person that the Custodian believes in good faith to be an Authorized Person after following Custodian's procedures).

ii. The Custodian may act upon and rely upon any Proper Instruction received from, or believed in good faith by the Custodian to be received from, an Authorized Person, that have been validated in accordance with procedures in place from time to time, unless or until the Custodian has (i) received written notice of any change thereto from the Client and (ii) had a reasonable time to note and implement such change. Validation procedures used by the Custodian are designed only to verify the source of the Instruction and not to detect errors in the content of that Instruction or to prevent duplicate Instructions. The Client agrees that the Custodian shall have no obligation to act in accordance with purported Instructions to the extent that they conflict with applicable Law. The Custodian shall not be liable for any loss resulting from a delay while it obtains clarification of any Proper Instructions. The Client agrees that the Custodian is not responsible for any errors made by the Client, any errors resulting, directly or indirectly, from fraud or the duplication of any Instruction by or on behalf of the Client, or any losses resulting from the malfunctioning of any devices used by the Client or any Authorized Person or loss or compromise of credentials used by the Client or any Authorized Person to deliver Instructions.

C. **Rejection of Instruction**. The Custodian may reject or decide, in its sole and absolute discretion, not to act on any Instruction to transfer Eligible Assets (i) based on the Custodian's applicable policies and procedures, including the results of the Custodian's transaction monitoring and screening procedures, (ii) where it reasonably doubts such Instruction's contents, authorization, origination or compliance with the Custodian's policies and procedures, (iii) where it reasonably believes that acting on the Instruction could (a) require it to register or qualify as a regulated entity, (b) violate or facilitate the violation of any Law or (c) subject the Custodian to any financial or other liability for which it has not been provided adequate indemnification, and, in each case, the Custodian covenants to promptly notify the Client of its decision in such instance if permitted to do so by Law, or (iv) in order to give effect to transaction limits imposed in accordance with Section 3.H. In the event the Custodian shall receive conflicting Instructions from the Client or any Authorized Person, the Custodian shall be entitled, at its option, to refrain from taking action until such conflicting Instructions are reconciled to its reasonable satisfaction.

D. Responsibility for Instructions. The Client is responsible for any Instructions actually given to the Custodian or on which the Custodian is entitled to rely hereunder, whether or not properly authorized by the Client after following Custodian's procedures. The Custodian shall have no duty or responsibility to inquire into, make recommendations, or determine the suitability of any Instructions or transactions affecting the Custody Account after following Custodian's procedures.

E. Acknowledgment of Risk. The Client expressly acknowledges and agrees that the use of electronic communication systems to convey Instructions does not eliminate the risk of error and fraudulent activities or security and privacy issues.

F. English. Instructions are to be given in the English language only.

G. Cut-Off Times. The Custodian may act on Instructions only within applicable cut-off times specified by the Custodian from time to time on Business Days when the Custodian is open for business in the ordinary course (a "***Cut-Off Time***").

6. PERFORMANCE BY THE CUSTODIAN

A. **Custodial Duties Requiring Instructions.** The Custodian shall carry out any of the following actions only upon receipt of specific Instructions, delivered in accordance with Section 5, authorizing and requesting same:

i. Receive or deliver any Assets, except as otherwise specifically provided for in this Agreement;

ii. Carry out any action affecting Assets and the Custody Account, other than those specified in Section 6.B below; provided, however, that each instance shall be subject to the prior approval and agreement of the Custodian; provided further, that all Instructions regarding Forked Digital Assets are subject to Section 8 of this Agreement; and

iii. Transfer Assets in connection with the services described in Section 3.

B. **Non-Discretionary Custodial Duties**. Absent a contrary Instruction, the Custodian shall be permitted, and is hereby authorized and directed by Client to, and may authorize subcustodians or depositories to, carry out any of the following actions without any further Instructions or approval by or on behalf of Client:

i. In the Client's name or on its behalf, sign any affidavits, certificates of ownership and other certificates and documents relating to Assets which may be required (a) to obtain any Assets, or (b) by any tax or regulatory authority having jurisdiction over the Assets or the Custody Account;

ii. Notify the Client of notices, circulars, reports and announcements that require discretionary action, in each case, which the Custodian has received in the course of acting in the capacity of custodian of any Assets held on the Client's behalf; and

iii. Attend to all non-discretionary matters in connection with anything provided in this Section 6.B or any Instruction.

C. Use of Third Parties.

The Custodian may perform any of its duties or obligations under this Agreement through depositories, subcustodians, subcontractors or agents (including its affiliates), whenever and on such terms and conditions as it deems necessary or advisable to perform such duties or obligations or liabilities.

The Custodian shall act in good faith and use reasonable care in the selection and continued appointment of unaffiliated depositories, subcustodians, subcontractors or agents.

D. **Reporting**. The Custodian will provide to Client monthly account statements identifying the Digital Assets in the Custody Account on a monthly basis and setting forth all transactions in the Custody Account during such month. Upon written request from the Authorized Agent, the Custodian will also provide copies of monthly account statements to the Authorized Agent.

E. **Security of Assets**. The Custodian may take such steps that it determines, in its sole discretion, may be necessary or advisable to inspect and protect the security of the Assets, the Custody Account or the Omnibus Wallet or enhance the Custodian’s ability to secure the Assets or the Omnibus Wallet, including cancelling, interrupting, terminating or suspending any or all of the Custodian's services and operations hereunder and the Client's access to the Custodian's services and operations, to any Assets or to the Custody Accounts. The Custodian may from time to time review and amend its policies and procedures or impose such additional policies and procedures as the Custodian, in its sole discretion, considers necessary or advisable to enhance the Custodian's ability to secure the Assets or the Omnibus Wallet.

7. TAXATION

A. **Client’s Tax Obligations**. The Client shall, for all tax purposes, be treated as the owner of all Assets held by the Custodian pursuant to this Agreement. It is the Client’s sole responsibility to determine whether and to what extent Taxes and Tax reporting obligations may apply to the Client with respect to its Assets, Custody Accounts, and transactions, and the Client shall timely pay all such Taxes and shall file all returns, reports, and disclosures required by applicable Law.

B. **Tax Information**. Upon execution of this Agreement, as well as upon request of the Custodian, the Client will promptly provide the Custodian with all forms, certifications, documentation, representations and warranties and any other information as the Custodian may request (“***Account Tax Documentation***”), including a duly completed and executed W-9 or W-8 (both available at www.irs.gov), as applicable, as to the Client’s and/or the Client’s underlying beneficial owners’ tax status and/or residence. The Client warrants that, when given, such Account Tax Documentation is true, complete and correct. If any such Account Tax Documentation becomes inaccurate, incorrect or obsolete, the Client will notify the Custodian immediately and promptly provide updated Account Tax Documentation. The Client understands that the Custodian may disclose any information with respect to Client Assets, Custody Accounts and transactions required or requested by any applicable taxing authority or other governmental entity.

C. **Payments; Indemnity.** Custodian is authorized to deduct and/or withhold Taxes, including Taxes arising as a result of the Client's failure to provide Account Tax Documentation pursuant to Section 7.B above, from Client's Assets, Custody Account or cash or other property of the Client and remit such amounts to the relevant taxing authority. If any Taxes become payable with respect to any prior payment made to the Client by the Custodian, the Custodian may withhold any cash or other property of the Client held or received with respect to Client's Assets, Custody Accounts or cash or other property in satisfaction of such prior Taxes. The Client shall remain liable for any Tax deficiency. If Taxes are required to be deducted or withheld from any payments made by the Client to Custodian, the Client will pay such additional amounts as are necessary so that Custodian receives a net amount equal to the amount Custodian would have received absent such withholding or deduction. Without limiting Section 13 hereof, the Client shall indemnify and hold the Custodian harmless from and against any and all liabilities, penalties, interest or additions to tax with respect to, or resulting from, any delay in, or failure by, the Custodian to pay, withhold or report any Taxes imposed on Client's Assets, cash or other property.

8. DIGITAL ASSET FORKS

The Custodian is not responsible for any Fork of a Digital Asset, including any Eligible Assets, and is not liable for any loss in value of the Assets held by the Custodian on the Client's behalf as a result of any Fork or otherwise. It is the responsibility of the Client to make itself aware of anticipated or upcoming operational or systemic changes in a Digital Asset and the Client must carefully consider publicly available information as well as information provided by the Custodian, if any, in determining whether to continue to use an account with the Custodian in connection with a Forked Digital Asset. In the event of a Fork of an Eligible Asset, the Custodian will use reasonable efforts to investigate the technical and operational feasibility of providing services with respect to Forked Digital Assets and will act in accordance with its Policy Statement on Forks as set forth in Schedule 3 attached hereto, which may be supplemented or modified by the Custodian from time to time in its sole discretion; provided that the Custodian retains the right, in its sole discretion, to determine whether or not to support (or cease supporting) each Forked Digital Asset.

9. VALUE AND SUPPLY OF DIGITAL ASSETS; INSURANCE

A. VALUE FLUCTUATION. THE CLIENT UNDERSTANDS THAT THE VALUE OF DIGITAL ASSETS AND ANY UNSUPPORTED FORKED DIGITAL ASSET CAN FLUCTUATE SUBSTANTIALLY, WHICH MAY RESULT IN A SIGNIFICANT OR TOTAL LOSS OF THE VALUE OF THE ASSETS HELD BY THE CUSTODIAN ON THE CLIENT'S BEHALF OR ANY UNSUPPORTED FORKED DIGITAL ASSET. THE CLIENT AGREES THAT THE CUSTODIAN WILL NOT BE LIABLE FOR ANY LOSS IN VALUE OF THE ASSETS OR UNSUPPORTED FORKED DIGITAL ASSET AT ANY TIME.

B. SUPPLY OF DIGITAL ASSETS. THE SUPPLY OF DIGITAL ASSETS AVAILABLE TO THE CUSTODIAN TO PROVIDE TO THE CLIENT THROUGH TRADE ORDERS AND THE ABILITY OF THE CUSTODIAN TO DELIVER DIGITAL ASSETS DEPENDS ON THIRD PARTY PROVIDERS THAT ARE OUTSIDE OF THE CUSTODIAN'S CONTROL. THE CUSTODIAN DOES NOT OWN OR CONTROL ANY OF THE PROTOCOLS THAT ARE USED IN CONNECTION WITH DIGITAL ASSETS AND THEIR RELATED NETWORKS, INCLUDING THOSE RESULTING FROM A FORK. ACCORDINGLY, THE CUSTODIAN DISCLAIMS ALL LIABILITY RELATING TO SUCH PROTOCOLS AND ANY CHANGE IN THE VALUE OF ANY DIGITAL ASSETS (WHETHER FORKED DIGITAL ASSETS OR NOT), ANY ELIGIBLE ASSETS, OR ANY ASSETS, AND MAKES NO GUARANTEES REGARDING THE SECURITY, FUNCTIONALITY, OR AVAILABILITY OF SUCH PROTOCOLS OR NETWORKS. THE CLIENT ACCEPTS ALL RISKS ASSOCIATED WITH THE USE OF THE SERVICES TO CONDUCT TRANSACTIONS, INCLUDING, BUT NOT LIMITED TO, RISKS IN CONNECTION WITH THE FAILURE OF HARDWARE, SOFTWARE AND INTERNET CONNECTIONS.

C. **INSURANCE**. THE CLIENT ACCEPTS THAT DIGITAL ASSETS ARE NOT SUBJECT TO THE PROTECTIONS OR INSURANCE PROVIDED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR THE SECURITIES INVESTOR PROTECTION CORPORATION. IN ADDITION, ALTHOUGH THE CUSTODIAN MAY MAINTAIN INSURANCE FOR ITS OWN BENEFIT IN CONNECTION WITH ITS BUSINESS, THIS INSURANCE, IF MAINTAINED, IS SOLELY FOR THE BENEFIT OF THE CUSTODIAN AND DOES NOT GUARANTEE OR INSURE THE CLIENT IN ANY WAY.

10. ACKNOWLEDGMENT OF DIGITAL ASSET RISKS

A. **General Risks.** The Client understands and acknowledges that investing in, buying, and selling Digital Assets presents a variety of risks that are not presented by investing in, buying, and selling products in other, more traditional asset classes. These risks include, but are not limited to, the following:

i. Digital Assets are not legal tender, operate without central authority or banks, and are not backed by any government.

ii. Digital Assets are a new technological innovation with a limited history and are a highly speculative asset class, and as such, have in the past experienced, and are likely in the future to continue to experience, high volatility, including periods of extreme volatility.

iii. Digital Assets could become subject to Forks, and various types of cyberattacks, including but not limited to a "51% Attack" or a "Replay Attack," as described in the Policy Statement on Forks attached to this Agreement as Schedule 3.

iv. Trading platforms on which Digital Assets are traded, including exchanges that may be used by the Custodian to fill Trade Orders, may stop operating or shut down due to fraud, technical problems, hackers or malware, and these trading platforms may be more susceptible to fraud and security breaches than established, regulated exchanges for other products.

v. The decentralized, open source protocol of the peer-to-peer computer network supporting a Digital Asset could be affected by internet disruptions, fraud or cybersecurity attacks, and such network may not be adequately maintained and protected by its participants.

vi. Regulatory actions or policies may limit the ability to exchange a Digital Asset or utilize it for payments, and federal, state or foreign governments may restrict the use and exchange of Digital Assets.

vii. It may be or in the future become illegal to acquire, own, sell, or use a Digital Asset in one or more countries, and the regulation of Digital Assets within and outside of the United States is still developing.

viii. A Digital Asset could decline in popularity, acceptance or use, thereby impairing its price and liquidity.

B. **Acknowledgement.** The risks described in this Section 10 are just some of the risks presented by investing in, buying and selling Digital Assets, and the Client acknowledges that the Client is solely responsible for understanding and accepting the risks involved in investing in, buying, and selling Digital Assets, acknowledges that, subject to the other provisions of this Agreement, the Custodian has no control or influence over such risks, and acknowledges that the Custodian shall not be liable for any loss in value of Digital Assets that occurs in connection, directly or indirectly, with these risks.

11. REPRESENTATIONS AND WARRANTIES

A. **General.** Each Party hereto represents and warrants to the other Party, as of the date this Agreement, that:

i. It is duly organized and in good standing in its jurisdiction of formation;

ii. It has the requisite power and authority to execute this Agreement and to perform its obligations hereunder;

iii. It has taken all necessary action to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

iv. This Agreement, when executed and delivered, will be its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy or other similar laws;

v. Any consent, authorization or Instruction required in connection with its execution and performance of this Agreement has been provided by any relevant third party;

vi. Any act reasonably required by any relevant governmental or other authority to be done in connection with its execution and performance of this Agreement has been or will be done (and will be renewed if necessary); and

vii. Neither the execution nor performance of this Agreement by such Party will materially breach any applicable Law, contract or other requirement to which such Party is bound.

B. **Client.** In addition to the general representations set forth in Section 11(A) hereof, the Client also represents, warrants and covenants to the Custodian that:

i. Its principal place of business is in Florida, and it will notify the Custodian before changing its principal place of business to another State or foreign country;

ii. It has the requisite power and authority to deposit the Assets in the Custody Account;

iii. Any factual information heretofore or contemporaneously furnished by or on behalf of the Client in writing to the Custodian for purposes of or in connection with the services contemplated by this Agreement is true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information not misleading in any material respect at such time; provided that, with respect to forecasts or projections, the Client represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time;

iv. There is no claim pending, or to the Client's knowledge, threatened, and no encumbrance or other lien, in each case, that may adversely affect any delivery of Assets made in accordance with this Agreement;

v. It has not relied on any oral or written representation or warranty made by the Custodian or any other person on the Custodian's behalf, other than those explicitly set forth in Section 11.A. hereof;

vi. It owns the Assets in the Custody Account free and clear of all liens, claims, security interests and encumbrances (except those granted herein) and it has all rights, title and interest in and to the Assets in the Custody Account as necessary for the Custodian to perform its obligations under this Agreement;

vii. It acknowledges that Digital Assets are new forms of assets, that the law regarding their ownership, custody and transfer is developing and uncertain, and that custody of such assets poses certain risks that are not present in the case of more traditional asset classes, including the risks of fraud and theft; and it understands that it will bear such risks and the potential loss or diminution in value of Digital Assets due to (a) changes or developments in the Law or conditions under existing Law in which its rights in and to such Digital Assets are not adequately protected, (b) changes in the Custodian's policies or procedures made in the Custodian's sole discretion in light of legal, regulatory, operational, security or reputational risks, (c) an Ineligibility Determination or (d) fraud and theft;

viii. It is not, and no transferee of Assets pursuant to any Digital Asset Debit Request is, (a) the target of any economic, financial or trade sanctions or embargoes, export controls or other restrictive measures imposed by the United States of America (including those administered by the United States Department of the Treasury's Office of Foreign Assets Control), the European Union, any member state of the European Union, the United Kingdom or the United Nations (the "***Sanctions***"), or (b) located, organized or resident in a country or territory with which dealings are broadly restricted or prohibited by any Sanctions (as of the date hereof, Crimea, Cuba, Iran, North Korea and Syria)(any such country, territory, entity or individual described in this clause (ix), a "***Sanctioned Party***");

ix. The Client does not know or have any reason to suspect that (a) any part of the Assets are or will be derived from, held for the benefit of, or related in any way to transactions with or on behalf of, any Sanctioned Party, and (b) any Sanctioned Party has or will have any legal or beneficial interest in the Client or any of the Assets;

x. The Client does not know or have any reason to suspect that (a) any part of the Assets was derived from unlawful activities, or (b) any part of the Assets or proceeds of the Assets will be used to finance any unlawful activities;

xi. If the Client is a non-U.S. banking institution (a "***Non-U.S. Bank***") or is holding the Assets directly or indirectly on behalf of or for the benefit of a Non-U.S. Bank, such Non- U.S. Bank (a) maintains a place of business at a fixed address, other than solely a post office box or an electronic address, in a country where the Non-U.S. Bank is authorized to conduct banking activities; (b) at such location, employs one or more individuals on a full-time basis; (c) maintains operating records related to its banking activities; (d) is subject to inspection by the banking authority that licensed the Non-U.S. Bank; and (e) does not provide banking services to any other Non-U.S. Bank that does not have a physical presence in any country and that is not a registered affiliate of such Non-U.S. Bank;

xii. If the Client is an entity holding the Assets on behalf of any of its own customers, whether or not expressly identified to the Custodian from time to time, any such customers of the Client shall not be customers or indirect customers of the Custodian by virtue of the services provided hereunder;

xiii. If the Client is an entity holding the Assets on behalf of third parties, (a) the Client is in compliance in all material respects with Sanctions and, as applicable to the Client, the U.S. Bank Secrecy Act, as amended, the U.S. Money Laundering Control Act of 1986, as amended, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended, or any similar U.S. federal, state or foreign law or regulation, (b) the Client has anti-money laundering policies and procedures in place reasonably designed to verify the identity of its customers and investors and their sources of funds, and (c) the Client has established the identities of and conducted thorough due diligence with respect to all of its customers or investors who beneficially own or will beneficially own, directly or indirectly, any of the Assets;

xiv. It acknowledges that the Custodian may, with or without prior notice to the Client, "freeze" the Client's Custody Account, or any other Assets of the Client in the Custodian's possession or control, including, but not limited to, prohibiting transfers, declining any Cash Debit Request, Cash Credit Request, Digital Asset Debit Request or Digital Asset Credit Request, and/or segregating Assets or property, if the Custodian determines, suspects, or is advised that such actions are necessary or advisable to comply with any applicable anti-money laundering, OFAC or other laws or regulations in any relevant jurisdiction. The Client acknowledges that the Custodian may be required to report transactions that raise suspicions of money laundering or OFAC violations and to disclose the identity of the Client and any related parties to appropriate government authorities;

xv. It does conduct and intends to continue to conduct its business in material compliance with all applicable Laws, and has obtained all regulatory licenses, approvals and consents necessary to carry on its business as now conducted; without limiting the generality of the foregoing, it will not use the services provided by Custodian hereunder in any manner that is, or would result in, a violation of any applicable Law;

xvi. It is aware of and familiar with, and has been fully informed of, the risks associated with giving Proper Instructions, and is willing to accept such risks, and it shall (and shall cause each Authorized Person to) safeguard and treat with extreme care any devices or credentials related to Proper Instructions, understands that there may be alternative methods of giving or delivering the same than the methods selected by the Custodian, agrees that the security procedures (if any) to be followed in connection therewith provide a commercially reasonable degree of protection in light of its particular needs and circumstances, and acknowledges and agrees that a deposit or withdrawal request may conclusively be presumed by the Custodian to have been given by Authorized Person(s) duly authorized to do so, and may be acted upon as given; and

xvii. It has determined, and agrees that it is solely responsible for ensuring, that the services offered by the Custodian under this Agreement are sufficient for all legal, regulatory, contractual, operational and other requirements and obligations of the Client, and that such services are appropriate and desirable for the Client, including, but not limited to, determining whether the services provided by the Custodian hereunder are sufficient for satisfying any obligation of the Client to arrange for a qualified custodian to maintain Client funds and securities under the Investment Advisers Act of 1940, as amended. The Custodian makes no express or implied warranty, guarantee, or representation that the services offered by the Custodian under this Agreement satisfy any legal or regulatory requirements applicable to the custody of Client Assets. The Custodian shall have no liability whatsoever for, and the Client shall indemnify and hold the Custodian harmless against, any loss in value of the Assets held by the Custodian on the Client's behalf and any other loss, expense, cost or liability of any kind incurred by the Custodian arising directly or indirectly out of the Client's failure or alleged failure to comply with any Law, contract or operational requirements applicable to the Client, including, but not limited to, any Law applicable to the custody of Client Assets.

C. **Custodian**. The Custodian represents to the Client that the Custodian is (A) a New York State limited liability trust company authorized pursuant to Section 102-a of the New York Banking Law to engage in all activities described in Sections 96 and 100 of the New York Banking Law, with the exception of accepting deposits and making loans, and (B) a "bank" as defined in Section 202(a) of the Investment Advisers Act of 1940, as amended.

12. SCOPE OF RESPONSIBILITY

A. **Standard of Care.** The Custodian shall exercise the reasonable care of a professional custodian for hire.

B. **Limitations on Liability and Losses.**

i. In no event will the Custodian be responsible or liable for any loss, claim or damage suffered by the Client, except to the extent of a final, non-appealable judicial determination that such loss, claim or damage directly resulted from the gross negligence, willful misconduct or fraud of the Custodian. In the event of such final, non-appealable judicial determination, the liability of the Custodian will not exceed the lesser of (a) the replacement cost of any Assets and (b) the market value of the Assets (as determined by the Custodian) to which such loss or damage relates at the time the Client reasonably should have been aware of such gross negligence, willful misconduct or fraud. In the event of any loss sustained by the Client for which the Custodian is liable hereunder, the liability of the Custodian shall be reduced to the extent that the Client's own conduct contributed to such loss.

ii. The Custodian shall not be liable for any loss caused, directly or indirectly, by (a) the failure of the Client to adhere to the Custodian's policies and procedures that have been disclosed to the Client, (b) a Force Majeure Event or (c) any action taken pursuant to Section 6.E.

iii. Under no circumstances will the Custodian be liable to the Client for (a) acting in accordance with or conclusively relying upon any Instruction that it believes in good faith to have been authorized by the Client or any Person acting on behalf of the Client, or (b) any indirect, consequential, incidental, special or punitive loss or damage, even if the Custodian has been advised of or otherwise might have anticipated the possibility of such loss or damage.

iv. The Custodian shall not be responsible or liable to the Client for any loss caused, directly or indirectly, by (a) any failure or delay to act by any service provider to the Custodian or (b) any System Failure (other than a System Failure caused by the gross negligence, willful misconduct or fraud of the Custodian or the Custodian's affiliates), that prevents the Custodian from fulfilling its obligations under this Agreement.

C. **Limitations on the Custodian's Responsibility**

i. General. The Custodian shall only be responsible for the performance of those duties as are expressly set forth herein, including acting in accordance with any Proper Instructions given in accordance with this Agreement. The Custodian shall have no implied duties or other obligations whatsoever. The Custodian shall not be subject to, nor required to comply with, any other agreement to which the Client is a party.

ii. No Liability for Third Parties. The Custodian, provided that the Custodian shall have acted in good faith and used reasonable care in the selection and continued appointment of the third party and subject to clause iii below, is not responsible or liable for the acts, omissions, defaults, insolvency, negligence, gross negligence, misconduct or fraud of any third party selected by the Custodian to perform any of its duties or obligations under this Agreement, other than any Affiliated Agent. In addition, and subject to clause iii below, in no event shall the Custodian be liable for the acts, omissions, defaults, insolvency, negligence, gross negligence, misconduct or fraud of any other third party.

iii. Sole Obligations of the Custodian. The Client understands and agrees that notwithstanding any delegation by the Custodian of any of its obligations and duties to any affiliate of the Custodian (defined as an "***Affiliated Agent***"), no such agreement with any Affiliated Agent shall discharge the Custodian from its obligations hereunder, and the rights of the Client with respect to the Custodian extend only to the Custodian and do not extend to any Affiliated Agent of the Custodian. The Client shall have no direct or indirect rights or causes of action against any Affiliated Agent, nor shall any Affiliated Agent have any responsibility or liability to any Client of the Custodian.

iv. Performance Subject to Laws. The Client understands and agrees that the Custodian's performance of this Agreement may be subject to relevant Laws and any rules, operating procedures, practices, and protocols related to Digital Assets, all of which may be subject to change. The Custodian may from time to time review and amend its policies and procedures or impose such additional policies and procedures as the Custodian, in its discretion, considers necessary or advisable due to change in any Law, including any Law related to Digital Assets.

v. Preventing of Performance. The Custodian will not be responsible for any failure to perform any of its obligations if such performance is prevented, hindered or delayed by a Force Majeure Event, by changes in the Custodian's policies or procedures made in the Custodian's sole discretion in light of legal, regulatory, operational, security or reputational risks or after an Ineligibility Determination. In such case, the Custodian's obligations will be suspended for so long as the Force Majeure Event continues or any change in the Custodian's policies or procedures or Ineligibility Determination remains in effect.

vi. **Validity of Assets.** The Custodian does not warrant or guarantee the form, authenticity, value or validity of any Asset received by the Custodian.

vii. **No Fiduciary Duties.** The Custodian has no fiduciary duty to the Client in any respect, including with respect to the Assets held in the Custody Account under this Agreement (irrespective of whether an affiliate of the Custodian has provided other services or is currently providing other services to the Client on other matters).

viii. **Capacity of Custodian.** For the avoidance of doubt, the Custodian is not acting as an investment manager or as a broker or dealer (as respectively defined in the Securities Exchange Act of 1934, as amended), nor is it acting as an investment, financial, legal or tax adviser to the Client. This Agreement is an arm's length, commercial transaction between the Client and the Custodian. The Custodian is not recommending that the Client take any investment or other action with respect to the Assets held in the Custody Account under this Agreement.

ix. **Forwarded Information; Contents of Documents.** The Custodian is not responsible for the form, accuracy or content of any notice, circular, report, announcement or other material provided under Section 6.B.ii of this Agreement not prepared by the Custodian and the Custodian shall not be required to make any investigation into the facts or matters stated in any certificate, report, or other document.

x. **Security of Assets**. The Custodian shall not be liable to the Client for any loss resulting from actions taken by the Custodian to inspect, protect or improve the security of the Client's Assets pursuant to Section 6.E.

xi. **Conflicting Claims**. In the event of any dispute or conflicting claims by any person or persons with respect to the Assets, the Custodian shall be entitled to refuse to act until either (a) such dispute or conflicting claim shall have been finally determined by a court of competent jurisdiction or settled by agreement between conflicting parties, and the Custodian shall have received written evidence satisfactory to it of such determination or agreement or (b) the Custodian shall have received an indemnity, security or both, satisfactory to it and sufficient to hold it harmless from and against any and all loss, liability and expense that the Custodian may incur as a result of its actions.

xii. **Legal and Regulatory Compliance**. The Custodian shall have no obligation to review, monitor or otherwise ensure compliance by the Client or the Authorized Agent with (a) any Law applicable to the Client or the Authorized Agent or (b) any term or condition of any agreement between the Client and any third party, including the Authorized Agent.

xiii. **Reliance on Written Items**. The Custodian may rely on and shall be protected in acting or refraining from acting upon any written notice, instruction, statement, certificate, request, waiver, consent, opinion, report, receipt or other paper or document furnished to it in accordance with this Agreement, not only as to its due execution and validity, but also as to the truth and accuracy of any information therein contained, which it in good faith believes to be genuine and signed or presented by an Authorized Person. The Custodian shall be entitled to presume the genuineness and due authority of any signature appearing thereon. The Custodian shall not be bound to make any independent investigation into the facts or matters stated in any such notice, instruction, statement, certificate, request, waiver, consent, opinion, report, receipt or other paper or document.

D. **Client Obligations**.

i. The Client agrees to pay all fees, expenses, charges and obligations incurred from time to time for any services pursuant to this Agreement as determined in accordance with the terms of the Fee Schedule attached hereto, which may be changed from time to time by the Custodian upon prior written notice to the Client or the Authorized Agent, together with any other amounts payable to the Custodian under the Agreement. The Client authorizes the Authorized Agent to acknowledge receipt of any changes to the Fee Schedule on behalf of the Client without providing prior notice to, or obtaining prior consent from, the Client. Unless otherwise agreed, all fees and expenses paid to the Custodian shall be paid in U.S. Dollars.

ii. The Client hereby acknowledges that the Custodian is subject to various laws including those verifying the identities of customers, pursuant to which the Custodian will obtain, verify and record information that allows the Custodian to identify each Client. Accordingly, prior to entering into this Agreement, the Custodian will ask the Client to provide certain information including, but not limited to, the Client's name, physical address, tax identification number and other information that will help the Custodian to identify and verify the Client's identity, such as organizational documents, certificate of good standing, license to do business or other pertinent identifying information. The Custodian may obtain and verify comparable information for any Authorized Person. The Client shall provide the Custodian with documentation to allow for obtaining and verifying the beneficial owners and control persons of customers that are legal entities. The Client acknowledges that the Custodian cannot provide services under this Agreement until the Custodian verifies the identity of the Client (and, if applicable, Authorized Persons and/or beneficial owners) in accordance with its customer identification and verification procedures. The Client's Custody Account may be restricted or closed if the Custodian cannot obtain and verify this information. The Custodian will not be responsible for any losses or damages (including, but not limited to, lost opportunities) that may result if a Client's Custody Account is restricted or closed.

iii. The Client will promptly provide the Custodian with such additional information and documentation (including, as applicable, by executing additional documentation) as the Custodian may request to identify the owner(s) of Assets, for the Custodian to comply with applicable Law and its policies and procedures, and to enable the Custodian to perform its duties and obligations under this Agreement.

iv. The Client shall promptly inform the Custodian if (a) the Client is or becomes a Sanctioned Person, (b) the Client is or becomes located, organized, or resident in, or begins to conduct business in or with a country or territory with which dealings are broadly restricted or prohibited by any Sanctions (including, as of the date hereof, Crimea, Cuba, Iran, North Korea and Syria) or (c) the Client becomes aware that the Client or any Asset, or any transaction involving an Asset, is or becomes the target of any Sanctions or investigation (including the reasonable details thereof).

v. The Client shall not grant any other Person a lien, security interest, charge or similar rights or claims against the Assets without the Custodian's prior consent.

vi. In giving any Instructions which purport to be Proper Instructions under this Agreement, the Client will act, and will cause the Authorized Agent to act, in accordance with the provisions of any and all constitutional documents of the Client, any and all documents governing the Assets and any related laws and regulations.

vii. The Client and its Authorized Persons are responsible for creating a strong password and maintaining adequate security and control of any and all IDs, passwords, hints, personal identification numbers, or any other codes that the Client and any Authorized Person uses to access the services provided by the Custodian under this Agreement. Any loss or compromise of the foregoing information and/or the Client's personal information may result in unauthorized access to the Custody Account by third-parties and the loss or theft of any Digital Assets or Assets held in the Custody Account and any associated accounts. The Client is responsible for keeping the Client's contact information, including email address and telephone number, up to date in order to receive any notices or alerts that the Custodian may send to the Client. The Custodian assumes no responsibility for any loss that the Client may sustain due to compromise of account login credentials not due to fault of the Custodian, or due to any failure by the Client, any Authorized Person or the Authorized Agent to follow or act on any notices or alerts that the Custodian may send to the Client, an Authorized Person or the Authorized Agent.

viii. At any time, the Custodian may request Instructions from any Authorized Person or Authorized Agent (or Person that the Custodian believes in good faith to be an Authorized Person or Authorized Agent), and may consult with its own legal counsel or outside legal counsel for the Client with respect to any matter arising in connection with the services to be performed by the Custodian under this Agreement.

13. INDEMNITY

A. **Indemnity to the Custodian.** The Client agrees to indemnify, defend and hold harmless the Custodian, its parent companies, subsidiaries and affiliates, and its and their directors, officers, agents and employees, against any and all claims, costs, causes of action, losses, liabilities, lawsuits, demands and damages, fines, penalties and expenses, including without limitation, any and all court costs and reasonable attorney's fees, in any way related to or arising out of or in connection with this Agreement or any action taken or not taken pursuant hereto, except to the extent that the Custodian would be liable under Section 12.B hereunder. The foregoing indemnifications shall survive any termination of this Agreement.

B. **Client's Direct Liability.** The disclosure by the Client to the Custodian that the Client has entered into this Agreement as the agent or representative of another person shall not relieve the Client of any of its obligations under this Agreement, including those described in Section 13.A above.

14. CLIENT FINAL DISTRIBUTION OF ASSETS

The Client agrees that the Assets will be finally distributed, transferred and delivered to the Client only upon the Client's indefeasible payment in full of any amounts due and owing to the Custodian hereunder.

15. REMEDIES UPON NONPAYMENT

If the Client, upon demand, fails to pay the Custodian any required amount in respect of any Asset subject to this Agreement, the Custodian may, after reasonable notice and at least three (3) days to cure such failure to the Client (except as required by Law) and at any time appropriate, sell such Asset and/or exercise in respect of each such Asset any and all the rights and remedies of a secured party on default under applicable Law.

16. LIEN AND SET OFF

In addition to all rights and remedies available to the Custodian under applicable Law, the Custodian shall have, and the Client hereby grants, a continuing lien on and valid and perfected first-priority security interest in all Assets in the Custody Account until the satisfaction of all liabilities of the Client to the Custodian arising under this Agreement, including without limitation liabilities in respect of any fees and expenses or credit exposures in relation to the Custody Account incurred in the performance of services under this Agreement. Custodian shall have all the remedies of a secured party under the Uniform Commercial Code in effect in the Commonwealth of Massachusetts. The Client shall not grant any other Person a lien, security interest, charge or similar rights or claims against the Assets without the Custodian's prior written consent.

Without limiting any other rights and remedies of the Custodian under this Agreement or applicable Law, to the extent permitted by applicable Law, the Custodian may, with at least three (3) days' (or otherwise, as soon as reasonably practicable) prior notice to the Client, set off any certain and final payment obligation owed to the Custodian by the Client against any payment obligations owed by the Custodian to the Client, regardless of the place of payment, delivery and/or currency of any obligation (and for such purposes may make any necessary conversions of currencies or Digital Assets)..

17. RECORDS

The Client shall examine each statement provided by the Custodian and notify the Custodian in writing within five (5) Business Days of the date of such statement of (A) any discrepancy between Instructions given by the Client and the position shown on the statement and (B) any other errors known to the Client. Absent such timely notification, the Custodian's liability for any loss or damage in regards to such discrepancy shall not accrue beyond such five (5) Business Day period.

18. CONFIDENTIAL INFORMATION

Each of the Custodian and the Client agrees that it will maintain any confidential and proprietary information disclosed to it by the other Party hereto ("***Confidential Information***") in a confidential manner using the same care it uses to protect the confidentiality of its own confidential information, and will not use for its own benefit or otherwise the Confidential Information of the other Party except (x) as expressly authorized by this Agreement and to the extent necessary for performance of this Agreement or (y) upon the prior written consent of the other Party; provided, however, that each of the Custodian and the Client may disclose any such confidential or proprietary information of the other Party to those of its affiliates and its and their officers, directors, employees, agents (including attorneys and financial advisors), and contractors, in each case, who need to know such information for purposes of this Agreement and who are bound by confidentiality obligations consistent with the terms hereof. Notwithstanding the foregoing, Confidential Information shall not include information that was (a) publicly available prior to disclosure by such disclosing party; (b) already in the receiving party's possession and not subject to an obligation of confidentiality; (c) obtained by the receiving party from a third party without restriction on disclosure; (d) entirely independently developed by the receiving party without reference to any Confidential Information of the disclosing party; (e) the tax treatment and any facts that may be relevant to the income tax consequences of the transactions contemplated by this Agreement. The Client shall treat the terms of this Agreement, including the fees set forth on Schedule 1 hereto, as Confidential Information.

If, at any time, the receiving party is required by law or regulation to make any disclosure of any of the Confidential Information, by summons, subpoena, judicial or administrative order or otherwise, the receiving party shall (to the extent permissible and practicable under the circumstances) give prompt prior written notice of such requirement to the disclosing party and permit the disclosing party to intervene in any relevant proceedings to protect its interests in the Confidential Information, and provide reasonable cooperation and assistance to the disclosing party in lawful efforts to resist, limit or delay disclosure at the disclosing party's sole expense. Notwithstanding the foregoing, the Custodian may disclose the Client's Confidential Information to the Custodian's regulators without any notice thereof.

The receiving party shall promptly notify the disclosing party in writing of any loss, or use, access or disclosure of Confidential Information of the disclosing party in violation of this Agreement promptly following recipient's discovery and shall promptly take measures to minimize the effect and prevent its recurrence. The receiving party shall be liable under this Agreement to the disclosing party for any loss, or access, use, or disclosure in violation of this Agreement by itself or its representatives.

19. TRADE NAMES

The Client acknowledges that the names and logos of the Custodian and its affiliates including, but not limited to, "Fidelity", "Fidelity Investments®" and "Fidelity Digital Assets" (collectively, "***Names***") are proprietary trademarks and trade names and are of significant value and importance. Client will not undertake any written or oral sales, advertising, press release, marketing, promotional or solicitational activities which identify, make reference to or otherwise use these Names, or suggest either orally or in writing that Client is an agent or partner of, affiliated with or in any way part of the Fidelity organization, except as otherwise approved in writing by the Custodian. No reference to the Custodian or Fidelity companies may be made in such a way as to potentially mislead customers of the Client.

Notwithstanding the preceding paragraph, during the term of this Agreement, Client shall have permission to use the Custodian's full legal entity name, Fidelity Digital Asset Services, LLC, or its associated trade name, Fidelity Digital Assets, in the marketing of the Client's services when referring to the Custodian as providing custody, trade execution or other applicable services, as the case may be, as a simple statement of fact, without providing notice to, or receiving prior written consent from, the Custodian.

20. TERMINATION

A. **Term.** The term of this Agreement shall commence on the Effective Date and terminate when terminated pursuant to this Section 20 (the "***Term***").

B. **Termination**. Either Party may terminate this Agreement in whole or in part, with or without cause, by giving not less than thirty (30) days' prior written notice to the other Party.

C. **Immediate Termination by Either Party**. Without prejudice to any accrued rights and remedies under this Agreement, either Party may terminate this Agreement immediately by giving written notice to the other Party upon the occurrence of any of the following events (provided such notice to terminate is given within three (3) months following the occurrence of the event):

i. if the other Party commits any material breach of any of its obligations under this Agreement and, in the case of any breach which is capable of remedy, fails to remedy such breach within seven (7) days of delivery of a written notice to the other Party specifying such breach (or such longer period as the notice may specify); or

ii. if the other Party becomes insolvent, enters into liquidation (apart from solvent liquidation for the purposes of amalgamation or reconstruction) or is dissolved or declared bankrupt or has a receiver, administrator or administrative receiver appointed over all or a substantial part of its assets or enters into an arrangement with its creditors or takes or suffers similar action.

D. **Immediate Termination by Custodian**. Without prejudice to any accrued rights and remedies under this Agreement, the Custodian may terminate this Agreement immediately by giving written notice to the Client if in its sole discretion it has determined that (i) continuing to provide services under this Agreement would result in violation of any Law, (ii) any of the representations or warranties made by the Client under this Agreement cease to be true in any material respect on a continuing basis, or (iii) the Client has conducted or participated in any activity, transaction or conduct that will cause a material adverse impact or reflection on the Custodian's reputation.

E. **Effect on Assets.** Upon termination of this Agreement and subject to Section 14 hereof, the Custodian shall deliver the Client's Assets as instructed by the Client in writing. If by the termination date the Client has not given instructions to the Custodian regarding where to deliver any Assets, the Custodian will continue to maintain the Custody Account until the Client provides such Proper Instructions to effect a free delivery of such Assets, and the Client shall be liable to pay monthly storage fees in the amount determined by the Custodian until all Assets are removed. However, the Custodian will provide no other services with respect to any such Assets following termination. Notwithstanding termination of this Agreement or any Proper Instruction, the Custodian may retain sufficient Assets to close out or complete any transaction that was in process prior to such termination or to pay any fees of the Custodian or amounts otherwise outstanding hereunder.

F. **Surviving Terms**. The rights and obligations contained in Sections 7, 11, 13, 15, 16, 18 and 19 of this Agreement shall survive the termination of this Agreement.

21. GOVERNING LAW AND JURISDICTION

A. Governing Law. This Agreement is solely and exclusively governed, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to conflict of law rules or principles that would cause the application of the laws of any other jurisdiction.

B. Jurisdiction. Both Parties submit to personal jurisdiction in the federal and state courts located in Commonwealth of Massachusetts, and further agree that any and all claims and controversies arising out of this Agreement that cannot be amicably resolved by the Parties shall be brought solely and exclusively in a court in the Commonwealth of Massachusetts.

C. Venue. Each Party hereto waives any objection it may have at any time, to the laying of venue of any actions or proceedings brought in an inconvenient forum and further waives the rights to object that such court does not have jurisdiction over such parties

D. Negotiated Agreement. Each Party acknowledges that it has had the opportunity to negotiate the terms of this Agreement, including the foregoing governing law and jurisdiction provisions, and that it has freely contracted to bind itself to such provisions.

22. MISCELLANEOUS

A. Entire Agreement; Amendments. This Agreement, including all exhibits and schedules, constitutes the entire Agreement and understanding between the Parties, and supersedes all previous communications, representations or agreements, whether written or oral, with respect to the subject matter hereof. In the event that this Agreement conflicts with any exhibit, schedule, or terms of use, the terms of this Agreement shall control and govern. Except as specified in this Agreement, this Agreement may be modified only by written agreement signed by both Parties.

B. Notices. For the purposes of any notices or other communications required to be delivered hereunder, the Custodian's address shall be 245 Summer Street, Boston, MA 02210 and the Client's address shall be as set forth in the account opening documentation provided by the Client to the Custodian, as updated from time to time. Either Party may provide such notice by sending written notice by registered or certified mail or by e-mail to the address designated by the other Party. Any notices provided under this provision shall be effective, upon receipt (in the case of registered or certified mail) or by the recipient acknowledging receipt (in the case of e-mail).

C. Third Parties. This Agreement is not intended to confer any rights or benefits to any third parties, including, but not limited to, the Client's affiliates, employees, customers, counterparties or investors.

D. Severability. If any provision of this Agreement is or becomes illegal, invalid, or unenforceable under any applicable Law, the remaining provisions shall remain in full force and effect (as shall that provision under any other law).

E. Waiver of Rights. No failure or delay of the Client or the Custodian in exercising any right or remedy under this Agreement shall constitute a waiver of that right. Any waiver of any right will be limited to the specific instance. The exclusion or omission of any provision or term from this Agreement shall not be deemed to be a waiver of any right or remedy the Client or the Custodian may have under applicable Law.

F. Recordings. The Client and the Custodian consent to telephonic or electronic recordings for security and quality of service purposes and agree that either may produce telephonic or electronic recordings or computer records as evidence in any proceedings brought in connection with this Agreement.

G. Assignment. The Custodian may assign this Agreement, delegate its duties hereunder, and transfer the Custody Account to any of its affiliates or to its successors and assigns, whether by merger, consolidation, or otherwise, in each case, so long as such entity is a similarly regulated and supervised entity, with at least three (3) days' notice to the Client. The Client may not assign or transfer any of its rights or obligations under this Agreement without the Custodian's prior written consent. Any attempted transfer or assignment in violation hereof shall be null and void.

H. No Agency. Nothing contained in this Agreement shall constitute the Client and/or the Custodian (and/or any other Person) as members of any partnership, joint venture, association, syndicate, unincorporated business or similar assignment as a result of or by virtue of the engagement or relationship established by this Agreement. Neither the Client nor the Custodian shall hold itself out as an agent, partner or joint venture partner of the other or any of the subsidiaries or companies controlled directly or indirectly by or affiliated with the other.

I. No Affiliate Obligations. The Client acknowledges and agrees that (i) the obligations and duties of the Custodian hereunder apply only to the Custodian and are not obligations or duties of any other member of the Fidelity organization; (ii) notwithstanding any affiliation of the Custodian with the Fidelity organization or any member thereof (including FMR LLC, the parent company of the Custodian), this Agreement is with the Custodian only, and the rights of the Client under this Agreement apply only to the Custodian and not to FMR LLC or any other affiliate of the Custodian; and (iii) the Custodian may in its sole and absolute discretion in the performance of its responsibilities hereunder make such arrangements as it sees fit with any affiliate to have access to and use the services and resources of its affiliates, and in such event, the Custodian alone shall remain solely responsible to the Client for the provision of services hereunder and any such affiliate shall have no duty, responsibility or liability whatsoever to any Client in connection herewith.

J. Other Business. Nothing herein shall prevent the Custodian or any of its affiliates from engaging in other business, or from entering into any other transaction or financial or other relationship with, or receiving fees from or from rendering services of any kind to, the Client or any other Person. The Custodian and its affiliates may own and trade Digital Assets and are not prohibited from engaging in other business or activities, including those that might be in direct competition with the Client. The Custodian and its affiliates (or funds or other accounts advised or managed by them) may have investments in, or other commercial arrangements with, counterparties that fill Trade Orders or other service providers to the Custodian. Affiliates of the Custodian (and funds or other accounts advised or managed by them) may themselves utilize the Custodian's trade execution service and submit Trade Orders that could be internally crossed with Trade Orders of the Client.

K. Headings. Titles to Sections of this Agreement are included for convenience of reference only and shall be disregarded in construing the language contained in this Agreement.

L. Counterparts; Electronic Signatures. This Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement. This Agreement may be accepted, executed, and agreed to through the use of electronic signatures and electronic transmission.

[*signature page follows*]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized.

IONIC DIGITAL TREASURY INC.

By:	/s/ John Penver
Name:	John Penver
Title:	Interim CEO

FIDELITY DIGITAL ASSET SERVICES, LLC

By:	/s/ Michael O’Reilly
Name:	Michael O’Reilly
Title:	President

Schedule 1

Fees

Schedule 2

Purchase and Sale Execution and Order Fulfillment

(as of June 27, 2022)

Clients may buy Digital Assets with U.S. dollars and sell Digital Assets for U.S. dollars in "spot" transactions through the Custodian's execution service in accordance with the following terms, as such terms and procedures may be modified by the Custodian from time to time. As further described below, the Custodian's trade execution service is comprised of (1) an internal matching engine with a "dark" order book, (2) a smart order router to facilitate execution of Trade Orders that do not match through the internal matching engine, and (3) external market reference data.

Business Hours

Trade Orders may be entered only within applicable 'trading session hours' specified by the Custodian on Business Days when the Custodian is open for business in the ordinary course. Open Trade Orders (or portions thereof) that are not fully executed by the close of trading session hours will be cancelled by the Custodian. Trading session hours, and the time in force for Trade Orders, may be modified by the Custodian from time to time.

Trading Accounts / Balances

Trade Orders may be submitted in amounts of Digital Assets or US Dollars (or portions thereof) that do not exceed the "XBT Balance" or "USD Balance" in the Client's Custody Account, as reflected in the trading interface. The executed U.S. dollar value of Trade Orders will be rounded up or down to the nearest cent. If one cent or less is remaining in a Trade Order that was submitted in U.S. dollars, the Custodian will treat that order as filled. Trade Orders entered in US Dollars will be converted to quantities of Digital Assets for execution; as a result, the actual amount of an executed Trade Order entered in US Dollars may be more or less than the US Dollar amount entered for the Trade Order.

The Custodian's trading interface can only be accessed via successful log-in to the Custodian's custody dashboard. The Custodian's custody dashboard will display, for each Custody Account, the "Available", "Unsettled" and "Total Value" amounts for both U.S. dollars and Digital Assets. Because the custody dashboard does not reflect open Trade Orders, the "Available" balances shown in the custody dashboard could be different than the "XBT Balance" and "USD Balance" shown in the trading interface.

Balance Available to Trade

When a Trade Order is entered, the notional U.S. dollar value of the purchase, or quantity of Digital Assets of the sale will be deducted from the Client's "Available" balance in the Custody Account. An additional reserve may be deducted for market orders to protect against market movement. Deducted value may be returned to the Client's Custody Account if the Trade Order expires, is cancelled, or the executed value is less than the amount deducted. "Available" balances are maintained in real-time to account for intraday activity.

Digital Asset and U.S. dollar balances related to executed Trade Orders must be settled in the Client's Custody Account (as reflected in the "Available" balance) before additional Trade Orders may be placed in respect of those Digital Asset and U.S. dollar balances. When open Trade Orders exist, the Client should refer to the "Available" balances as reflected in the trading interface to determine Digital Asset or U.S. dollar balances available for transfer.

Order Entry

All Trade Orders must be submitted through the Custodian's proprietary trading interface. Initially, the Custodian's system will support market, limit, and stop-limit orders.

The Custodian may, for risk management or other reasons, impose limits on the number or size, or both, of Trade Orders. Each Trade Order shall not exceed the maximum limit in notional U.S. dollar value established by the Custodian; multiple Trade Orders from the Client may have a cumulative value over the maximum limit if they are entered as separate Trade Orders that individually do not exceed the maximum limit. Each Trade Order must exceed a minimum amount in notional U.S. dollar value established by the Custodian. The Client is responsible for the accuracy, content, and submission of each Trade Order.

Execution Quality

The Custodian will attempt to provide Clients with the 'best' price for Trade Orders that is available from its internal order books or network of approved counterparties through its order handling process, as described in this Schedule 2. As used in this Schedule 2, 'best price' means the highest available price for "sells" and the lowest available price for "buys". The Custodian makes no representations as to how the execution price of any Trade Order compares to prices quoted by other trading platforms or market information generally, and makes no assurances that Client Trade Orders will be executed at prices more favorable to the Client than are available through other trading platforms. <u>The Custodian is not, and is not registered as, a broker-dealer or investment adviser and has no obligation to seek "best execution" for Client purchases or sales of Digital Assets</u>.

Order Handling

The Custodian's order handling process will first attempt to electronically match each Trade Order with a Trade Order from another client (on the opposite side) before routing a Trade Order externally. The Client will not know if an executed Trade Order was internally matched or routed away.

The internal matching engine prioritizes orders with the highest (buy) or lowest (sell) price over orders with a lower (buy) or higher (sell) price; orders are then ranked on the system by arrival time. Trade Orders are matched internally at the mid-point of prices that are derived from reference prices from external marketplaces, subject to the requirements of the applicable order type. Limit orders are matched internally if the Limit price is greater than or equal to the best ask for buy orders, or less than or equal to the best bid for sell orders. <u>The Client will not know the execution price of an order before the Trade Order is executed.</u>

If a Trade Order is not matched internally, it will be routed away to counterparties that have been previously approved by the Custodian. The composition of the network of approved counterparties available to the Custodian may change at any time. The Custodian does not provide economic incentives to counterparties to attract order flow. The Custodian is not able to honor Client requests or prohibitions about trading with certain counterparties. The identity of the approved counterparties to whom the Client's Trade Order has been externally routed will not be disclosed to the Client.

The routing algorithm prioritizes Trade Orders by price, as described in the second paragraph of this section. The Custodian's system requests the best prices that are available from approved counterparties; the Custodian's order handling process will choose the best price from among the prices that are quoted by approved counterparties within a narrow range and will execute the Client's Trade Order at that price as the execution price, subject to requirements of the applicable order type. <u>The Client will not know the execution price of an order before the Trade Order is executed</u>. Trade Orders are not aggregated, and buy and sell orders are not netted, when quotes are requested from approved counterparties.

The Custodian will only execute Trade Orders that have been internally matched with another Trade Order or that have been executed at a price received from an approved counterparty. The Custodian does not mark-up or mark-down any quotes received from approved counterparties. The Custodian may declare a Trade Order to be null and void, or may adjust the execution price or other components of a Trade Order, if it determines, in its sole discretion, that the execution price of the Trade Order was clearly erroneous.

With respect to each executed Trade Order that was routed away (or, with respect to partial executions of a Trade Order, that portion that is executed), the relevant deliver, receive and related payment obligations will be owed to and from the Client and the Custodian (and will be settled through corresponding credits or debits to the Client's Custody Account) and not to or from the Client and the counterparty that has provided the execution price of the related Trade Order. With respect to each executed Trade Order that was matched internally, the Custodian will settle the Trade Order through corresponding credits or debits to the Client's Custody Account, as applicable, without a requirement for any Delivery to occur.

Settlement

Proceeds from all Trade Orders will be made available to the Client, as reflected in the "Available" balance, promptly following execution of their Trade Order.

Trading Fees

Upon trade execution, Trade Orders will be assessed a per transaction fixed fee in basis points (based on notional value) in the amount specified in the Custodial Services Agreement, which may be updated from time to time. For purchases of Digital Assets, the U.S. dollar value of the Client's Cash Custody Account will be reduced at order entry by the amount of the transaction fee, and the full executed quantity of Digital Assets will be credited to the Client's Digital Assets Account, subject to the settlement procedures described above. For sales of Digital Assets, the U.S. dollar proceeds received by the Client will be reduced by the amount of the transaction fee.

Market Data / Best Bid Offer

The Custodian's custody dashboard will display external market reference data solely for the purpose of providing information to Clients about broader market conditions. Such external market reference data may include prices and other information about purchases or sales of Digital Assets on certain trading platforms that are not available for Client Trade Orders. Market data may appear with a time delay, and the Custodian is not responsible for the accuracy or completeness of pricing or trade information from external trading venues. <u>Prices of Digital Assets that are displayed in the Custodian's trading interface are for reference only and should not be relied upon by the Client as the expected execution price of any Trade Order.</u>

The Custodian's trading interface will display non-executable pricing that is derived from external reference data of the best bid and ask from select external marketplaces. Market data for Trade Orders facilitated by the Custodian is hidden from Client and public view.

Limitations of Order Entry

Trade Orders that include any of the following characteristics will not be accepted by the Custodian:

1. Trade Order for a Custody Account that is subject to a restriction imposed by the Custodian;
2. Notional value of Trade Order exceeds the maximum limit established by the Custodian;
3. Notional value of Trade Order is less than the minimum amount established by the Custodian;
4. Notional value of a "buy" order exceeds the "Available" U.S. dollar balance in Client's Cash Custody Account;
5. Quantity of Digital Assets subject to a "sell" order exceeds the "Available" Digital Assets balance in Client's Digital Asset Custody Account;
6. Limit Prices entered exceed a percentage (determined by the Custodian) above or below the prevailing market price; or
7. Any subsequent Trade Order deemed to be a duplicate of a previously accepted Trade Order.

Limitations of Execution

Trade Orders will not be executed under any of the following circumstances:

1. Trade Orders for a Client that are open when the Custodian imposes a restriction on the Client's Custody Account;
2. The Client successfully cancels a Trade Order prior to execution;
3. A Trade Order cannot match on the internal order book and no price quotes are received from approved counterparties, either due to market conditions, restrictions applicable to approved counterparties or for other reasons;
4. A Trade Order cannot match on the internal order book and the Custodian has disabled access to one or more approved counterparties due to trading limits, credit risk or for other reasons;
5. A Trade Order that remains open at the end of time in force limits specified by the Custodian; or
6. Trade Orders that the Custodian determines (in its sole discretion) to be clearly erroneous.

Schedule 3

Policy Statement on Forks

(as of November 29, 2019)

Introduction

Disagreements among developers of digital assets can result in non-backwards compatible changes to the consensus rules of a blockchain, which can cause two (or more) digital assets to appear that are essentially copies of one another, with balances on both chains. “Hard” forks and airdrops result in the creation of new digital assets, but do not necessarily create value. Digital assets that result from hard forks or airdrops may not be available to customers of Fidelity Digital Asset Services, LLC (“FDAS”).

Background

Set forth below are certain terms that are sometimes used when discussing forks.

A “hard fork” is a fork that changes the consensus rules of the network in a non-backwards compatible way. Hard forks, including those with widespread community support, require updates to software.

A “soft fork” is a fork that changes the consensus rules of the network in a backwards compatible way. These forks are voluntary; using the fork’s new features is an option, but not a requirement, that can be taken into account by users of the network.

A “51% attack” can occur when a fork does not change the “proof of work” function, and one of the resulting forks has a significantly higher hashrate than the other. In such circumstances, miners who switch their hashrate temporarily to the minority chain are able to reverse transactions, which can result in losses.

A “replay attack” occurs when the fork does not change the transaction format so that a transaction is valid on both chains. Some forks have chosen not to implement replay protection, and others have chosen to implement new transaction signing mechanisms that avoid movement of funds on both chains when a user intended to move them on only one chain.

An “airdrop” is a general term for a new coin or fork that imports addresses from another coin. It is a way to distribute assets to users of a network without conducting a sale.

The “address” on a blockchain is a “payment instruction” and generally contains a unique identifier that identifies the coin (e.g., starts with 1 or 3 for bitcoin addresses). Confusion and additional risks arise when a fork does not change the address format.

A "chain reorganization" can occur when a hard fork does not change its proof of work function, and one side has more hashrate than the other initially but that hashrate moves to another fork after the fork activates. This can reorganize the minority chain deposits received even before the fork, and is the reason why exchanges may pause operations for a period of time before a fork is deployed.

Policy

In light of the foregoing, a hard fork can be considered an attack on the user's key management policies and introduces additional risks. In connection with the occurrence or anticipated occurrence of a fork, FDAS may suspend operations (with or without advance notice) while it evaluates the consequences of a fork and determines which chain resulting from the fork it will support as an Eligible Asset under this Agreement.

FDAS is not responsible for hard forks or soft forks, any of which may result in material changes to the value or functioning of a digital asset.

FDAS may, but is not required to, implement the features of future soft forks of digital assets.

In the event of a hard fork of a digital asset, FDAS will determine in its sole discretion which branch of the blockchain it will support, and FDAS is under no obligation to support any other forks or versions of digital assets. FDAS will use reasonable efforts to notify its clients of hard forks that, in its sole discretion, may result in a material change to a network for the related digital asset; however, it remains the responsibility of the Client to make itself aware of hard forks and their consequences. In determining whether or not to support a fork and provide services with respect to the related digital asset as an Eligible Asset under this Agreement, FDAS will evaluate various technical and market considerations that it determines to be relevant at that time. Those considerations could include, but are not limited to, the following:

1. technical attributes of the fork (e.g., changes in proof of work function and/or address format; replay protection);
2. timing of the announcement and implementation of the fork;
3. support of the new asset from development teams;
4. treatment of new asset by leading trading venues;
5. price and trading volumes; and
6. regulatory and tax considerations.

However, a decision by FDAS is not required to be based on the factors set forth above and could include other considerations that FDAS determines to be relevant at the time. FDAS will use reasonable efforts to allow customers within a prescribed period of time to withdraw digital assets that are created as a result of a hard fork or airdrop and that FDAS determines not to support; however, it is not required to do so.

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andy Stewart certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ionic Digital Inc

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

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

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

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

   b. [Reserved];

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

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

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

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

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

IONIC DIGITAL INC.

Date: September 1, 2026

By: /s/ Andy Stewart
Andy Stewart
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Chris Hickman certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ionic Digital, Inc.

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

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

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

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

    b. [Reserved];

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

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

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

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

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

Date: September 1, 2026

By: /s/ Chris Hickman
Chris Hickman
Chief Financial Officer
(Principal Accounting and Financial Officer)

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Andy Stewart, Chief Executive Officer of Ionic Digital(the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2026 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

IONIC DIGITAL INC.

Date: September 1, 2026

By: /s/ Andy Stewart
Andy Stewart
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Chris Hickman, Chief Financial Officer of Ionic Digital (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: September 1, 2026

By: /s/ Chris Hickman
Chris Hickman
Chief Financial Officer
(Principal Accounting and Financial Officer)