# BSLA, LLC

Total Offering
$7,500,000

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Convertible Promissory Notes

BSLA LLC, ("BSLA" or the "Company"), a Texas Limited Liability Company is offering for sale to "accredited investors" (as hereinafter defined) $7,500,000 of Convertible Promissory Notes (the “Convertible Notes” or “Notes”). The Convertible Promissory Notes offered hereby are the “Securities” and the offering of the Securities hereunder is the “Offering”. The Company is offering the Securities through its officers and employees.

**Up to a Maximum of $7,500,000**

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**CONFIDENTIAL MEMORANDUM**

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The information contained in this Memorandum was obtained from BSLA, LLC. ("BSLA" or the "Company") and from other sources. Any estimates, projections or other forward-looking statements contained in this Memorandum or otherwise made available to potential investors have been prepared by the management of the Company in good faith on a basis it believes is reasonable. Such estimates, projections and other forward-looking statements involve significant elements of subjective judgment and analysis, and no representation can be made as to their attainability. The Company does not make any representation or warranty (express or implied) as to the accuracy or completeness of the information contained in this Memorandum, and nothing contained herein is, or shall be relied upon as a promise or representation, whether as to the past or the future performance of the Company. This Memorandum does not purport to contain all of the information that may be required to evaluate an investment in the Company, and any recipient hereof should conduct its own independent analysis of the Company and the data contained or referred to herein. The Company does not expect to update or otherwise revise this Memorandum or other materials supplied herewith.

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**December 8, 2025**

# BSLA, LLC

***Contact:***


**BSLA, LLC**

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Securities are being offered by the Company on a "best efforts" basis. The Company will be offering its Securities for sale through its officers and employees. See "Plan of Distribution." Pending delivery of the Securities, a prospective investor's payment accompanying the stock purchase agreement and investment representation (the "Stock Purchase Agreement") will be deposited in the company's bank account. Upon receipt of subscriptions for the Securities, a closing will take place and the net proceeds from such subscriptions will be paid to the Company. Subsequent closings ("Subsequent Closing(s)") may take place at the discretion of the Company, as long as all Securities have not been sold, prior to 180 days, unless extended for an additional period of time, to be determined at a later date, at the sole discretion of the Company, after which time this Offering will terminate (the "Termination Date"). Pending the Closing(s), subscriptions may be revoked, provided that the written notice of revocation is sent by certified or registered mail, return receipt requested, and is received by the Company at least two business days prior to the Closing or the applicable Subsequent Closing, as the case may be. Refunds shall then be promptly made without interest and without deduction. The Notes will be delivered promptly to subscribers after the Closing or the Subsequent Closing, as the case may be.

The reader (or "Prospective Investor") hereby acknowledges that the information contained in, or incorporated by reference into, are confidential and non-public and agrees that all such information shall be kept in confidence by the Prospective Investor and neither used by the Prospective Investor for the Perspective Investor's personal benefit (other than in connection with this Subscription) nor disclosed to any third party for any reason; provided, however, that this obligation shall not apply to any such information that (i) is part of the public knowledge or literature and readily accessible at the date hereof, (ii) becomes part of the public knowledge or literature and readily accessible by publication (except as a result of a breach of this provision), or (iii) is received from third parties (except third parties who disclose such information in violation of any confidentiality agreements or obligations, including, without limitation, any Stock Purchase Agreement entered into with the Company).

**AN INVESTMENT IN THE SECURITIES IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY THE INFORMATION SET FORTH UNDER "RISK FACTORS" BEFORE PURCHASING SUCH SECURITIES.**

| Price to Investors | Proceeds to Company [(1)] |
|---|---|
| $7,500,000 | $7,500,000 |

( 1 ) Proceeds to the Company are determined before deducting expenses related to the Offering that are payable by the Company. Such additional expenses are estimated to be approximately $75,000, including estimated legal and accounting fees, and other miscellaneous Offering expenses.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO UNITED STATES PERSONS UNLESS THE SECURITIES ARE REGISTERED UNDER THE SECURITIES ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. THESE SECURITIES ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. THESE SECURITIES MAY NOT BE TRANSFERRED OR SOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. HEDGING TRANSACTIONS INVOLVING THESE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE "MEMORANDUM"). ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES OFFERED HEREBY ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. NO INVESTMENT IN THE SECURITIES SHOULD BE MADE BY ANY PERSON WHO IS NOT IN A POSITION TO LOSE THE ENTIRE AMOUNT OF SUCH INVESTMENT. SEE "RISK FACTORS." SUBSCRIPTIONS WILL BE ACCEPTED ONLY FROM "ACCREDITED INVESTORS" AS DEFINED IN RULE 501 OF REGULATION D OF THE SECURITIES ACT (SEE "INVESTOR SUITABILITY STANDARDS").

(footnotes listed below)

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(1) The price of the Securities has been determined by the Company and bears no relationship to the Company's assets, book value or results of operations or any other generally accepted criteria of value. See "Plan of Distribution."

(2) The Company will offer the Securities through its members and management. See "Plan of Distribution."

(3) The Offering is being made by the Company for a maximum offering of up to $7,500,000. The Offering shall continue for 180 days from the date hereof (which period may be extended by the Company within its sole discretion for up to an additional 180 days) (the "Offering Period"). There will be no escrow in connection with the Offering. See "Plan of Distribution."

## CONFIDENTIALITY

By accepting delivery of this Memorandum, you acknowledge and agree that all of the information contained herein is of a confidential nature and that this Memorandum has been furnished to you for the sole purpose of enabling you to consider and evaluate an investment in the Company's Securities. You agree that you will treat such information in a confidential manner, will not use such information for any purpose other than evaluating an investment in the Securities and will not, directly or indirectly, disclose or permit your agents, representatives or affiliates to disclose any of such information without the prior written consent of the Company. You also agree to make your agents, affiliates and representatives aware of the confidential nature of the information contained herein and the terms of this section including your agreement to not disclose such information, and to be responsible for any disclosure or other improper use of such information by such agents, affiliates or representatives. Likewise, without the prior written consent of the Company, you agree that you will not, directly or indirectly, make any statements, public announcements or other release or provision of information in any form to any trade publication, to the press or to any other person or entity whose primary business is or includes the publication or dissemination of information related to the subject matter of this Memorandum. If you decide not to pursue further investigation of the Company or to not participate in the Offering, you agree to promptly return this Memorandum and any accompanying documentation to the Company.

Notwithstanding the foregoing confidentiality agreement, the recipient of this Memorandum, each prospective investor, and their representatives and agents, are authorized to disclose the tax treatment and tax structure of the transactions described herein to their respective advisors, without limitation of any kind. You may disclose information contained herein to the extent (but only to the extent) that it relates to the tax treatment or tax structure of the transactions described herein. This authorization is not intended to permit disclosure of any other information included herein or obtained by you in connection to this Offering to the extent not related to the tax treatment or the tax structure of such transactions including the identities or financial information of any kind of current, future or potential Noteholders of the Company.

Each investor will be required to execute a Stock Purchase Agreement that will set forth certain rights and restrictions on the Securities and that will require such investor to represent that such investor has been furnished with all information regarding the Company that is necessary to evaluate the merits and risks of investing in the Company and to make an informed investment decision to acquire the Securities. In addition, that such investor is purchasing the Securities for the investor's own account and not with a view toward distribution in violation of the Securities Act of 1933.

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**EXHIBITS**

**A. Subscription Agreement**

## NOTICES TO INVESTORS

**EACH PROSPECTIVE INVESTOR, BY ACCEPTING A COPY OF THIS MEMORANDUM, ACKNOWLEDGES THAT SUCH INVESTOR MAY RECEIVE CONFIDENTIAL INFORMATION FROM US, AND AGREES NOT TO DISCLOSE ANY SUCH CONFIDENTIAL INFORMATION TO OTHERS, AND TO USE SUCH CONFIDENTIAL INFORMATION ONLY TO EVALUATE AN INVESTMENT IN THE SECURITIES OFFERED HEREBY AND NOT FOR ANY OTHER PURPOSE.**

**INVESTORS ARE UNDER NO OBLIGATION TO PARTICIPATE IN THIS PRIVATE OFFERING. BY ACCEPTING A COPY OF THIS MEMORANDUM, INVESTORS DO NOT AGREE TO PARTICIPATE IN THIS PRIVATE OFFERING. INVESTORS ARE ENCOURAGED TO CAREFULLY REVIEW THIS MEMORANDUM AND ALL OF THE DOCUMENTS ATTACHED AS EXHIBITS HERETO BEFORE AGREEING TO PARTICIPATE IN THIS OFFERING.**

THIS MEMORANDUM HAS BEEN PREPARED IN CONNECTION WITH A PRIVATE OFFERING OF SECURITIES BY THE COMPANY. THE INFORMATION IN THIS MEMORANDUM IS PROVIDED ONLY TO ACCREDITED INVESTORS HAVING THE ABILITY TO ACCEPT THE RISKS AND LACK OF LIQUIDITY INHERENT IN THE PROPOSED INVESTMENT.

THIS OFFERING IS BEING MADE IN RELIANCE ON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND CERTAIN STATE SECURITIES LAWS AS AN OFFER AND SALE OF SECURITIES NOT INVOLVING A PUBLIC OFFERING. NO ASSURANCE CAN BE GIVEN THAT A PUBLIC MARKET WILL DEVELOP FOR THE SECURITIES. THE SECURITIES MAY NOT BE TRANSFERRED WITHOUT SATISFACTION OF CERTAIN CONDITIONS, INCLUDING REGISTRATION OR THE AVAILABILITY OF AN EXEMPTION UNDER THE SECURITIES ACT AND THE SECURITIES LAWS OF CERTAIN STATES. PROSPECTIVE INVESTORS SHOULD ASSUME THAT THEY MAY HAVE TO BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE SECURITIES FOR AN INDEFINITE PERIOD OF TIME.

THE SECURITIES ARE BEING OFFERED HEREBY WITHOUT REGISTRATION UNDER THE SECURITIES ACT BY REASON OF THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT SET FORTH IN SECTION 4(2) THEREOF AND RULE 506 OF REGULATION D PROMULGATED THEREUNDER ("RULE 506"). RULE 506 SETS FORTH CERTAIN RESTRICTIONS AS TO THE NUMBER AND NATURE OF PURCHASERS OF SECURITIES OFFERED PURSUANT THERETO. WE HAVE ELECTED TO SELL SECURITIES ONLY TO ACCREDITED INVESTORS, AS SUCH TERM IS DEFINED IN RULE 501(A) OF REGULATION D ("ACCREDITED INVESTORS"). EACH PROSPECTIVE INVESTOR WILL BE REQUIRED TO MAKE REPRESENTATIONS AS TO THE BASIS UPON WHICH IT QUALIFIES AS AN ACCREDITED INVESTOR.

THIS OFFERING IS MADE SUBJECT TO WITHDRAWAL, CANCELLATION OR MODIFICATION BY US. WE RESERVE THE RIGHT TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART OR TO ALLOT TO ANY PROSPECTIVE INVESTOR FEWER THAN THE NUMBER OF SECURITIES SUBSCRIBED FOR BY SUCH INVESTOR. THE SECURITIES WILL BE SOLD ONLY TO A LIMITED NUMBER OF INVESTORS MEETING CERTAIN STANDARDS.

THIS MEMORANDUM IS CONFIDENTIAL AND HAS BEEN PREPARED BY THE COMPANY SOLELY FOR USE IN CONNECTION WITH THE PROPOSED OFFERING DESCRIBED HEREIN. THIS MEMORANDUM IS PERSONAL TO EACH OFFEREE AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON OR TO THE PUBLIC GENERALLY TO SUBSCRIBE FOR OR OTHERWISE ACQUIRE THE SECURITIES. DISTRIBUTION OF THIS MEMORANDUM TO ANY PERSON OTHER THAN THE OFFEREE AND THOSE PERSONS, IF ANY, RETAINED TO ADVISE SUCH OFFEREE WITH RESPECT THERETO IS UNAUTHORIZED. ANY DISCLOSURE OF ANY OF ITS CONTENTS, WITHOUT PRIOR WRITTEN CONSENT OF US, IS PROHIBITED. EACH PROSPECTIVE INVESTOR, BY ACCEPTING A

COPY OF THIS MEMORANDUM, AGREES TO THE FOREGOING AND TO MAKE NO REPRODUCTION OF THIS MEMORANDUM OR ANY DOCUMENTS REFERRED TO HEREIN.

**BY ACCEPTING DELIVERY OF ANY OFFERING MATERIAL, THE OFFEREE AGREES (I) TO KEEP CONFIDENTIAL THE CONTENTS THEREOF AND NOT TO DISCLOSE THE SAME TO ANY THIRD PARTY OR OTHERWISE USE THE SAME FOR ANY PURPOSE OTHER THAN EVALUATION BY SUCH OFFEREE OF A POTENTIAL PRIVATE INVESTMENT IN THE COMPANY, AND (II) TO RETURN THE SAME TO THE COMPANY IF (A) THE OFFEREE DOES NOT SUBSCRIBE TO PURCHASE ANY SECURITIES, (B) THE OFFEREE'S SUBSCRIPTION IS NOT ACCEPTED, OR (C) THE OFFERING IS TERMINATED OR WITHDRAWN.**

CERTAIN PROVISIONS OF VARIOUS AGREEMENTS ARE SUMMARIZED IN THIS MEMORANDUM, BUT PROSPECTIVE INVESTORS SHOULD NOT ASSUME THAT THE SUMMARIES ARE COMPLETE. SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE TEXTS OF THE COMPLETE DOCUMENTS.

**IN DECIDING WHETHER TO PURCHASE SECURITIES, EACH INVESTOR MUST CONDUCT AND RELY ON ITS OWN EVALUATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION WITH RESPECT TO THE SECURITIES. PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE COMPANY, OR ANY PROFESSIONAL ASSOCIATED WITH THE OFFERING, AS LEGAL OR TAX ADVICE. THE OFFEREE AUTHORIZED TO RECEIVE THIS MEMORANDUM SHOULD CONSULT ITS OWN TAX COUNSEL, ACCOUNTANT OR BUSINESS ADVISOR, RESPECTIVELY, AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING ITS PURCHASE OF THE SECURITIES.**

**EXCEPT AS OTHERWISE INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE HEREOF. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY AFTER THE DATE HEREOF. THE COMPANY MAKES NO WARRANTY TO UPDATE THIS MEMORANDUM.**

WE WILL MAKE AVAILABLE TO ANY PROSPECTIVE INVESTOR, PRIOR TO EACH CLOSING, THE OPPORTUNITY TO ASK QUESTIONS OF AND TO RECEIVE ANSWERS FROM OUR REPRESENTATIVES CONCERNING US AND THE TERMS AND CONDITIONS OF THE OFFERING AND TO OBTAIN ANY ADDITIONAL RELEVANT INFORMATION TO THE EXTENT WE POSSESS SUCH INFORMATION OR CAN OBTAIN IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

THE SECURITIES DESCRIBED HEREIN MAY NOT BE SOLD NOR MAY ANY OFFERS TO PURCHASE BE ACCEPTED PRIOR TO THE DELIVERY TO PROSPECTIVE INVESTORS OF CERTAIN UNDERLYING DOCUMENTS INCLUDING, AMONG OTHER THINGS, A PROPOSED SUBSCRIPTION AGREEMENT REFLECTING THE DEFINITIVE TERMS AND CONDITIONS OF THE OFFERING. THE FULL TEXT OF SUCH PROPOSED SUBSCRIPTION AGREEMENT SHOULD BE REVIEWED CAREFULLY PRIOR TO PURCHASE.

WE RESERVE THE RIGHT, IN OUR SOLE DISCRETION AND FOR ANY REASON WHATSOEVER, TO MODIFY, AMEND AND/OR WITHDRAW ALL OR A PORTION OF THE OFFERING AND/OR TO ACCEPT OR REJECT IN WHOLE OR IN PART ANY PROSPECTIVE INVESTMENT IN THE SECURITIES OR TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE NUMBER OF SECURITIES SUCH INVESTOR DESIRES TO PURCHASE. WE SHALL HAVE NO LIABILITY WHATSOEVER TO ANY OFFEREE AND/OR INVESTOR IN THE EVENT THAT ANY OF THE FOREGOING SHALL OCCUR.

THIS MEMORANDUM (TOGETHER WITH ANY AMENDMENTS OR SUPPLEMENTS AND ANY OTHER INFORMATION THAT MAY BE FURNISHED TO PROSPECTIVE INVESTORS BY US) INCLUDES OR MAY INCLUDE CERTAIN STATEMENTS, ESTIMATES AND FORWARD-LOOKING PROJECTIONS

OF THE COMPANY WITH RESPECT TO THE ANTICIPATED FUTURE PERFORMANCE OF THE COMPANY. SUCH STATEMENTS, ESTIMATES AND FORWARD-LOOKING PROJECTIONS REFLECT VARIOUS ASSUMPTIONS OF MANAGEMENT THAT MAY OR MAY NOT PROVE TO BE CORRECT AND INVOLVE VARIOUS RISKS AND UNCERTAINTIES.

THIS MEMORANDUM DOES NOT PURPORT TO BE ALL-INCLUSIVE OR CONTAIN ALL INFORMATION THAT A PROSPECTIVE INVESTOR MAY DESIRE IN INVESTIGATING US. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS MEMORANDUM AND SUBSCRIPTION AGREEMENT CONTAINS ALL OF THE REPRESENTATIONS BY US CONCERNING THIS OFFERING, AND NO PERSON IS AUTHORIZED TO MAKE DIFFERENT OR BROADER STATEMENTS THAN THOSE CONTAINED HEREIN. INVESTORS ARE CAUTIONED NOT TO RELY UPON ANY INFORMATION NOT EXPRESSLY SET FORTH IN THIS MEMORANDUM.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY US.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THOSE OFFERED HEREBY, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY FROM ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE SUCH DATE.

**THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.**

**THIS MEMORANDUM IS SUBJECT TO AMENDMENT AND SUPPLEMENTATION AS APPROPRIATE.**

FOR RESIDENTS OF ALL STATES

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF OUR COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE ABLE TO WITHSTAND A TOTAL LOSS OF THEIR INVESTMENT.

FOR RESIDENTS OF CALIFORNIA

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THESE SECURITIES, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

FOR RESIDENTS OF CONNECTICUT

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 36-485 OF THE CONNECTICUT UNIFORM SECURITIES ACT AND, THEREFORE, CANNOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF CONNECTICUT, IF SUCH REGISTRATION IS REQUIRED, OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

FOR RESIDENTS OF MASSACHUSETTS

EACH NON-ACCREDITED MASSACHUSETTS PURCHASER OF THESE SECURITIES MUST HAVE A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS THEREIN AND AUTOMOBILES) EQUAL TO AT LEAST THREE (3) TIMES SUCH INVESTOR'S INVESTMENT HEREIN.

FOR RESIDENTS OF NEW JERSEY

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE BUREAU OF SECURITIES OF THE STATE OF NEW JERSEY, NOR HAS THE BUREAU PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. THIS OFFERING HAS NOT BEEN FILED WITH THE BUREAU OF SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR RESIDENTS OF NEW YORK

THIS MEMORANDUM HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR THE NEW YORK FRAUDULENT PRACTICES ("MARTIN") ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT, OR THE MARTIN ACT, IF SUCH REGISTRATION IS REQUIRED.

FOR RESIDENTS OF OHIO

THE INTERESTS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SECTION I707.03 (Q) OF THE OHIO SECURITIES ACT AND MAY NOT BE REOFFERED FOR SALE, TRANSFERRED OR RESOLD IN THE STATE OF OHIO EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

FOR RESIDENTS OF PENNSYLVANIA

UNDER PROVISIONS OF THE PENNSYLVANIA SECURITIES ACT OF 1972, EACH PENNSYLVANIA RESIDENT SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY, TO THE SELLER, UNDERWRITER (IF ANY) OR ANY PERSONS, WITHIN TWO (2) BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR IN THE CASE OF A TRANSACTION IN WHICH THERE IS NOT WRITTEN

BINDING CONTRACT OF PURCHASE, WITHIN (2) BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED.

EACH PENNSYLVANIA RESIDENT WHO SUBSCRIBES FOR THE SECURITIES BEING OFFERED HEREBY AGREES NOT TO SELL THESE SECURITIES FOR A PERIOD OF TWELVE MONTHS AFTER THE DATE OF PURCHASE.

TO WITHDRAW A SUBSCRIPTION TO PURCHASE SECURITIES, A SUBSCRIBER NEED ONLY SEND A LETTER OR TELEGRAM TO THE COMPANY AT THE ADDRESS SET FORTH IN THE TEXT OF THIS MEMORANDUM, INDICATING HIS OR HER INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME WHEN IT WAS MAILED. IF THE REQUEST IS MADE ORALLY (IN PERSON OR BY THE TELEPHONE TO THE COMPANY AT THE NUMBER LISTED IN THE TEXT OF THIS MEMORANDUM), A WRITTEN CONFIRMATION THAT THE REQUEST HAS BEEN RECEIVED SHOULD BE REQUESTED.

FOR RESIDENTS OF TEXAS

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE TEXAS SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE TEXAS SECURITIES ACT, IF SUCH REGISTRATION IS REQUIRED, OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

FOR RESIDENTS OF ALL OTHER STATES

IF YOU DO NOT LIVE IN ONE OF THE LISTED STATES, THE COMPANY MUST CONFIRM THAT YOUR STATE'S SECURITIES LAWS PERMIT US TO SELL THE SECURITIES TO YOU. ACCORDINGLY, PRIOR TO OBTAINING CLEARANCE IN YOUR STATE OF RESIDENCE, PLEASE DO NOT ATTEMPT TO SUBSCRIBE.

**NASAA UNIFORM LEGEND**

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO FLORIDA RESIDENTS

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR THE FLORIDA SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING.

WHEN SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, ANY SALE IN FLORIDA MADE PURSUANT TO THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT SECTION 517.061(11) IS VOIDABLE BY THE PURCHASER IN SUCH SALE EITHER WITHIN 3 DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER OR AN AGENT OF THE ISSUER WITHIN 3 DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER.

THE AVAILABILITY OF THE PRIVILEGE TO VOID SALES PURSUANT TO SECTION 517.061(11) IS HEREBY COMMUNICATED TO EACH FLORIDA OFFEREE. EACH PERSON IS ENTITLED TO EXERCISE THE PRIVILEGE TO VOID SALES GRANTED BY SECTION 517.061(11)(A)(5) AND ANY PERSON WHO WISHES TO EXERCISE SUCH RIGHT MUST, WITHIN THREE DAYS AFTER THE TENDER OF THE PURCHASE PRICE TO THE ISSUER OR AN AGENT OF THE ISSUER (INCLUDING ANY DEALER ON BEHALF OF THE COMPANY OR ANY SALES PERSON OF SUCH DEALER), CAUSE A WRITTEN NOTICE OR TELEGRAM TO BE SENT TO THE COMPANY AT THE ADDRESS PROVIDED IN THE MEMORANDUM—SUCH LETTER OR TELEGRAM MUST BE SENT AND, IF POSTMARKED, POSTMARKED ON OR PRIOR TO THE END OF THE AFOREMENTIONED THIRD DAY. IF A PERSON IS SENDING A LETTER IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ASSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE DATE IT WAS MAILED. PERSONS WHO MAKE THIS REQUEST ORALLY MUST ASK FOR WRITTEN CONFIRMATION THAT THIS REQUEST HAS BEEN RECEIVED.

NOTICE TO FOREIGN INVESTORS

IF YOU LIVE OUTSIDE THE UNITED STATES, IT IS YOUR RESPONSIBILITY TO FULLY OBSERVE THE LAWS OF ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY PURCHASE, INCLUDING OBTAINING REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER REQUIRED LEGAL OR OTHER FORMALITIES.

## IMPORTANT FACTORS REGARDING FORWARD-LOOKING STATEMENTS:

Certain of the statements set forth in this Memorandum and in the documents otherwise made available to potential investors constitute "Forward Looking Statements." Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance or achievements, and may contain the words "estimate," "project," "intend," "forecast," "anticipate," "plan," "planning," "expect," "believe," "will," "will likely," "should," "could," "would," "may" or words or expressions of similar meaning.

All such forward-looking statements involve risks and uncertainties that will affect the ability to achieve stated objectives of the Company and to develop a successful business including, but are not limited to statements regarding:

- the development of BSLA, LLC, proposed business plan for acquiring various land assets with access to inexpensive power suitable for the Cryptocurrency Mining and Data Center Industries.
- the availability of additional financing and access to capital.
- the management team's experience with real estate; and
- the period of time for which the proceeds of the Offering will enable the Company to fund its operations.

Prospective investors are cautioned that there also can be no assurance that the forward-looking statements included in this Memorandum or in the documents otherwise made available to prospective investors will prove to be accurate. In light of the significant uncertainties inherent to the forward-looking statements included herein and therein, the inclusion of such information should not be regarded as a representation or warranty by the Company or any other person that the objectives and plans of the Company will be achieved in any specified time frame, if at all. Except to the extent required by applicable laws or rules, the Company does not undertake any obligation to update any forward-looking statements or to announce revisions to any of the forward-looking statements. Moreover, we are unable at this time to provide projections regarding potential future revenue, expenses and net income.

## OFFERING SUMMARY

*The following summary is qualified in its entirety by the more detailed information appearing elsewhere herein, including the Subscription Agreement in the form attached hereto as Exhibit A to be executed and delivered in connection with this Offering. You should read the entire Memorandum and carefully consider, among other things, the matters set forth under the caption "Risk Factors". You are encouraged to seek the advice of your attorney, tax consultant, and business advisor with respect to the legal, tax, and business aspects of an investment in the Company. Unless otherwise indicated, the terms "Company", "we", "us" and "our" refer to BSLA LLC*

Structure of the Offering

This Offering consists of the issuance of Convertible Promissory Notes (the "Notes") by BSLA, LLC (the "Company"). The Notes constitute indebtedness of the Company and do not represent equity ownership, membership interests, or voting rights in the Company or its parent, Big Star Blockchain Inc., prior to conversion.

Holders of the Notes are entitled to receive contractual profit participation payments derived from qualifying land sale transactions conducted by the Company. Profit participation payments are not guaranteed, are independent of the Notes, and do not reduce the principal amount of the Notes or the amount eligible for conversion.

The Notes will automatically convert into equity upon the occurrence of defined "Sunset Events," including the receipt by the Holder of aggregate cash proceeds equal to 120% of the original principal amount, a public listing of the parent company's securities, or the passage of thirty-six (36) months from issuance. Upon conversion, the Holder will receive

shares of common stock of the parent company, Big Star Blockchain Inc., based on 100% of the original principal amount at a fixed conversion price of $1.50 per share, regardless of any interest or profit participation payments previously received.

General Overview

BSLA LLC., a wholly owned subsidiary of Big Star Blockchain Inc, was incorporated December 5, 2025, in the state of Texas. The Company was formed to identify, secure, and de-risk land parcels with substantial power potential suitable for data centers and Bitcoin mining operations. The company's core objective is to create value through comprehensive power analysis, infrastructure feasibility studies, and site optimization rather than long-term ownership or operation of land assets.

BSLA focuses on properties with access to low-cost, scalable energy and works to advance each site through detailed power studies, utility coordination, and development readiness. Upon completion of these de-risking activities, BSLA intends to monetize its investments through the sale of fully vetted, power-ready land assets to strategic buyers, developers, and operators seeking accelerated deployment timelines.

By targeting inexpensive power and reducing early-stage development risk, BSLA provides investors with exposure to the growing demand for energy-intensive digital infrastructure while maintaining a capital-efficient, asset-light exit strategy.

All funds hereafter paid by investors will immediately be remitted to us without any restriction on its use. We may expend some or all of the funds raised immediately upon receipt. Therefore, there can be no assurance that the amounts we actually receive will be sufficient for its intended purposes and the risk to investors of the loss of their investment, if the entire amount of the Offering is not raised, is substantially greater as a result of this uncertainty.

Persons who acquire the Convertible Promissory Notes must be accredited investors, i.e., meet certain standards of high income or high net worth, and must agree to acquire the Securities for investment only and not with a view to resell.

## TERMS OF THE OFFERING
### *For Accredited Investors Only*

| | |
|---|---|
| **Issuer:** | BSLA LLC ("BSLA" or the "Company") |
| **Issue:** | Convertible Promissory Notes (the "Convertible Notes" or "Notes") |
| **Amount of Issue:** | $7,500,000 |
| **Capitalization BSLA LLC:** | The Company is a wholly owned subsidiary of Big Star Blockchain, Inc. |
| **Use of Proceeds:** | For an estimated breakdown and allocation of the $7,500,000 see "Use of Proceeds". The net proceeds from the issuance of the Securities will be used to acquire land, complete power studies, market and sell the acquired assets, and for the parent company Big Star Blockchains operations. The exact breakdown on the use of funds will be at the discretion of the Big Star Blockchain CEO |
| **Closing Date:** | The date of issuance of the Securities. Expected to be on or before 180 days from the date of the memorandum. |
| **Distributions:** | Distributions will be made quarterly by the Company from the net profits from the sale of acquired assets. The distributions will be made in cash. See "Management" and "Distributions to Noteholders". Distributions are not guaranteed and will be made solely from net profits, See Plan of Distribution. |
| **Effect of Conversion on Pending Transactions** | Notwithstanding the occurrence of a conversion event or Sunset Event, if, prior to such event, the Company has entered into a binding purchase and sale agreement or other definitive agreement for the sale or disposition of a land asset, holders of the Convertible Promissory Notes will remain entitled to receive any profit participation payments attributable to such transaction in accordance with the terms of the Notes. The occurrence of a conversion event shall not eliminate, reduce, or otherwise affect |

| | |
|---|---|
| | the economic participation applicable to any land transaction that was under contract prior to conversion. |
| **Profit Split** | 25% of the net profits of the Company will be distributed among the Noteholders as profit sharing. The distributions do not reduce the principal of the Notes. |
| **Conversion Event (Sunset Clause)** | The Sunset Clause will be triggered upon the occurrence of any of the following events (each, a "Sunset Event"). Upon the occurrence of a Sunset Event, 100% of the original principal amount of the Notes will automatically convert into shares of the parent company, Big Star Blockchain Inc., at a fixed conversion price of $1.50 per share, regardless of any interest or profit participation payments previously received.<br><br>A Sunset Event shall occur upon the earliest to occur of:<br><br>The Noteholder receiving aggregate cash proceeds equal to 120% of the original principal amount, from any source;<br><br>The date that is three (3) years from the date of issuance of the Notes; or<br><br>The listing of the securities of Big Star Blockchain Inc. on a national securities exchange approved by the Board of Directors of the parent company. |
| **Expenses:** | The Company will pay all reasonable fees and expenses relating to the sale and purchase of the Securities, including the reasonable fees and disbursements. |
| **Private Placement:** | The Convertible Promissory Notes underlying the Securities will not be immediately registered under the Securities Act of 1933, as amended (the "Act") and may not be resold without such registration or an exemption under the provisions of the Act. |
| **Conditions to Closing:** | The closing is subject to customary conditions including completion of business, technical and financial due diligence, the accuracy in all material respects on the individual party's warranties and representations, and full performance by each party of its material obligations. |
| **Information Rights:** | (1) Once the Company becomes a Fully Reporting Company with the SEC, the Company will make available to the holders of the Securities audited annual financial statements within 90 days of the close of each fiscal year and unaudited quarterly financial statements within 45 days of the end of each fiscal quarter. The Company will provide the holders of the Securities or their representatives with access to the books, records and properties of the Company and officers of the Company so long as such access does not violate any Federal or applicable state law, and is done within business hours. The holders will agree to maintain the confidentiality of all non-public information received from the Company. |

## RISK FACTORS

**POTENTIAL INVESTORS SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS AND ALL OTHER INFORMATION CONTAINED IN THIS MEMORANDUM AND THE EXHIBITS ATTACHED HERETO BEFORE INVESTING IN THE SECURITIES. INVESTING IN THE COMPANY'S SECURITIES INVOLVES A HIGH DEGREE OF RISK. ANY OF THE FOLLOWING RISKS COULD ADVERSELY AFFECT THE COMPANY'S BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS AND COULD RESULT IN A COMPLETE LOSS OF YOUR INVESTMENT. THE RISKS AND UNCERTAINTIES DESCRIBED BELOW ARE NOT THE ONLY RISKS AND UNCERTAINTIES FACED BY THE COMPANY. EACH PROSPECTIVE PURCHASER SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS AND SPECULATIVE FACTORS ASSOCIATED WITH THIS OFFERING, AS WELL AS OTHERS DESCRIBED ELSEWHERE IN THIS MEMORANDUM, BEFORE MAKING ANY INVESTMENT IN THE COMPANY.**

## RISK FACTORS

*You should consider carefully the risks described below before making an investment decision. You should also refer to the other information included in this prospectus. The risk disclosure may include risks of the Company, the parent company, and any of its subsidiaries.*

**Risks Related to the Purchase and Sale of Land**

***Real Estate Acquisition Risk***

The Company may engage in purchasing land for the purpose of developing, improving, or reselling such property to third-party data-center operators, Bitcoin mining companies, AI/HPC clients, or other buyers. Real estate acquisitions involve inherent risks, including:

- the inability to identify suitable properties;
- the inability to acquire land on commercially reasonable terms;
- undisclosed or unknown title defects;
- zoning or land-use restrictions;
- delays in required approvals or permits; and
- unexpected environmental, geological, or regulatory issues.

Any of these factors may increase acquisition costs or delay the Company's development timelines.

***Real Estate Market Risk***

The value of land purchased by the Company may fluctuate due to market conditions, including:
changes in demand for industrial, energy-adjacent, or data-center property;

- shifts in regional economic activity;
- interest rate increases;
- availability of power infrastructure; and
- macroeconomic volatility.

If market conditions deteriorate, the Company may be unable to sell the land at an expected premium or on acceptable terms, which could negatively affect the Company's financial condition.

***Permitting, Zoning, and Regulatory Risk***

The success of the Company's land strategy relies heavily on obtaining permits, zoning approvals, environmental clearances, and other governmental authorizations.
Regulatory bodies may:

- deny required approvals,
- impose unexpected conditions,
- delay the permitting process,
- require costly redesigns or environmental studies.

Any such developments could delay or prevent land development or resale.

***Infrastructure and Power Availability Risk***

Land acquired for data-center or mining development is typically dependent on access to reliable power infrastructure. Risks include:

- delays in interconnection studies,
- changes in utility pricing,
- inadequate substation capacity,
- increased transformer or switchgear costs,
- shifting energy policies or regulations.
- If adequate power cannot be secured, the Company's ability to resell or develop the property may be impaired.

***Construction, EPC, and Development Risk***

If the Company engages in site development or EPC work on acquired land, the Company may be exposed to:

- construction delays;
- cost overruns;
- contractor disputes;
- supply chain disruptions (transformers, switchgear, cooling equipment, steel, etc.);
- inflation of materials or labor;
- failure of subcontractors to perform.

These risks could materially increase costs and reduce profitability on site development or resale activities.

***Environmental and Site Condition Risk***

Land may contain environmental hazards, contamination, endangered species habitats, or unfavorable geotechnical conditions. Such issues may require remediation, engineering modifications, or abandonment of the project entirely. Environmental liabilities may be costly and may reduce or eliminate the profitability of the land transaction.

***Liquidity Risk Related to Land Holdings***

Unlike bitcoin or digital assets that may be sold quickly, land is an **illiquid asset**.
The Company may be unable to sell land on favorable terms — or at all — during periods of reduced demand. Holding costs such as:

- property taxes,
- insurance,
- maintenance, and
- interest on any associated financing
- may further reduce profitability.

***Reliance on Third-Party Buyers and Market Timing***

The Company's strategy involves reselling land to buyers seeking access to low-cost power and specialized data-center infrastructure.
There is no guarantee:

- that adequate buyers will emerge,
- that buyers will be able to obtain financing,
- that market conditions will support premium resale pricing, or
- that competition from other land developers will not reduce margins.

If expected buyers fail to materialize, the Company may be required to hold land longer than anticipated or dispose of the property at a loss.

***Partner and Counterparty Risk***

Some transactions may involve partners who assist with land sourcing, negotiations, or local engagement. Counterparty

risks include:

- failure to perform contractual obligations,
- misrepresentation of land conditions or ownership contacts,
- disputes over revenue sharing or commissions,
- conflicts of interest or undisclosed relationships with landowners or utilities.

Such issues could impair the Company's ability to close land transactions or increase legal and operational costs.

***Recent Market Developments (2025):***

As of 2025, Bitcoin mining industry dynamics have materially shifted following the April 2024 halving event, with hash price compression, power economics sensitivity, and rapid advances in ASIC efficiency (e.g., Bitmain S21 and MicroBT M60 generation). In parallel, the AI / HPC data center sector is aggressively expanding demand for high-density immersion-based infrastructure. These shifts present both risk and opportunity to the Company and may materially impact capital allocation efficiency, deployment timelines, and total return potential for mining and infrastructure project operations.

**Risk Factors Related to the Bitcoin Network and Bitcoins**

*The loss or destruction of a private key required to access a bitcoin may be irreversible. The Company's loss of access to its private keys or its experience of a data loss relating to the Company's bitcoins could adversely affect an investment in the Securities.*

Bitcoins are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet in which the bitcoins are held. While the Bitcoin Network requires a public key relating to a digital wallet to be published when used in a spending transaction, private keys must be safeguarded and kept private in order to prevent a third party from accessing the bitcoins held in such wallet. To the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Company will be unable to access the bitcoins held in the related digital wallet and the private key will not be capable of being restored by the Bitcoin Network. Any loss of private keys relating to digital wallets used to store the Company's bitcoins could adversely affect an investment in the securities.

***The further development and acceptance of the Bitcoin Network and other cryptographic and algorithmic protocols governing the issuance of transactions in bitcoins and other digital currencies, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of the Bitcoin Network may adversely affect an investment in the Securities.***

The use of digital currencies such as bitcoins to, among other things, buy and sell goods and services, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. Bitcoin is a prominent, but not a unique part of this industry. The growth of this industry in general, and the Bitcoin Network in particular, is subject to a high degree of uncertainty. The factors affecting the further development of this industry, include, but are not limited to:

• continued worldwide growth in the adoption and use of bitcoins and other digital currencies;
• government and quasi-government regulation of bitcoins and other digital assets and their use, or restrictions on or regulation of access to and operation of the Bitcoin Network or similar digital asset systems;
• changes in consumer demographics and public tastes and preferences;
• the maintenance and development of the open-source software protocol of the Bitcoin Network;
• the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
• general economic conditions and the regulatory environment relating to digital assets; and
• negative consumer perception of bitcoins specifically and cryptocurrencies generally.

The Company will not have any strategy relating to the development of the Bitcoin Network. A decline in the popularity or acceptance of the Bitcoin Network would harm the price of the Securities.

***Currently, there is relatively small use of bitcoins in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect an investment in the Securities.***

Bitcoins and the Bitcoin Network have only recently become accepted as a means of payment for goods and services by certain

major retail and commercial outlets and use of bitcoins by consumers to pay such retail and commercial outlets remains limited. Conversely, a significant portion of bitcoin demand is generated by speculators and investors seeking to profit from the short- or long-term holding of bitcoins. A lack of expansion by bitcoins into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in the Bitcoin Index Price, either of which could adversely affect an investment in the Securities.

***The Core Developers or other programmers could propose amendments to the Bitcoin Network's protocols and software that, if accepted and authorized by the Bitcoin Network community, could adversely affect an investment in the Securities.***

The Bitcoin Network uses a cryptographic protocol to govern the peer-to-peer interactions between computers connected to the Bitcoin Network. The code that sets forth the protocol is informally managed by a development team known as the Core Developers that was initially appointed informally by the Bitcoin Network's purported creator, Satoshi Nakamoto. The members of the Core Developers evolve over time, largely based on self-determined participation in the resource section dedicated to Bitcoin on Github.com. The Core Developers can propose amendments to the Bitcoin Network's source code through software upgrades that alter the protocols and software of the Bitcoin Network and the properties of bitcoins, including the irreversibility of transactions and limitations on the mining of new bitcoins. Proposals for upgrades and related discussions take place on online forums including GitHub.com and Bitcointalk.org. To the extent that a significant majority of the users and miners on the Bitcoin Network install such software upgrade(s), the Bitcoin Network would be subject to new protocols and software that may adversely affect an investment in the Securities.

***If a malicious actor or botnet obtains control of more than 50% of the processing power on the Bitcoin Network, such actor or botnet could manipulate the Blockchain to adversely affect an investment in the Securities or the ability of the Company to operate***.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on the Bitcoin Network, it may be able to alter the Blockchain on which the Bitcoin Network and most bitcoin transactions rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new bitcoins or transactions using such control. The malicious actor could "double-spend" its own bitcoins (i.e., spend the same bitcoins in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the Bitcoin Network or the bitcoin community did not reject the fraudulent blocks as malicious, reversing any changes made to the Blockchain may not be possible.

Although there are no known reports of malicious activity or control of the Blockchain achieved through controlling over 50% of the processing power on the network, it is believed that certain mining pools may have exceeded the 50% threshold. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of bitcoin transactions. To the extent that the bitcoin ecosystem, including the Core Developers and the administrators of mining pools, do not act to ensure greater decentralization of bitcoin mining processing power, the feasibility of a malicious actor obtaining control of the processing power on the Bitcoin Network will increase, which may adversely affect an investment in the Securities.

***If the award of bitcoins for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power to solve blocks and confirmations of transactions on the Blockchain could be slowed temporarily. A reduction in the processing power expended by miners on the Bitcoin Network could increase the likelihood of a malicious actor or botnet obtaining control.***

If the award of new bitcoins for solving blocks declines and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce the collective processing power on the Bitcoin Network, which would adversely affect the confirmation process for

transactions (i.e., temporarily decreasing the speed at which blocks are added to the Blockchain until the next scheduled adjustment in difficulty for block solutions) and make the Bitcoin Network more vulnerable to a malicious actor or botnet obtaining control in excess of 50% of the processing power on the Bitcoin Network, which would allow such actor or botnet to manipulate the Blockchain and hinder transactions. Any reduction in confidence in the confirmation process or processing power of the Bitcoin Network may adversely affect an investment in the Securities.

***If fees increase for recording transactions in the Blockchain, demand for bitcoins may be reduced and prevent the expansion of the Bitcoin Network to retail merchants and commercial businesses, resulting in a reduction in the price of bitcoins that could adversely affect an investment in the Securities.***

As the number of bitcoins awarded for solving a block in the Blockchain decreases, the incentive for miners to contribute

processing power to the Bitcoin Network will transition from a set reward to transaction fees. In order to incentivize miners to continue to contribute processing power to the Bitcoin Network, the Bitcoin Network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. If miners demand higher transaction fees to recording transactions in the Blockchain or a software upgrade automatically charges fees for all transactions, the cost of using bitcoins may increase and the marketplace may be reluctant to accept bitcoins as a means of payment. Existing users may be motivated to switch from bitcoins to another digital currency or back to fiat currency. Decreased use and demand for bitcoins may adversely affect their value and result in a reduction in the Bitcoin Index Price and the price of the Securities.

***To the extent that the profit margins of Bitcoin mining operations are not high, Bitcoin miners are more likely to immediately sell bitcoins earned by mining in the Bitcoin Exchange Market, resulting in a reduction in the price of bitcoins that could adversely affect an investment in the Securities.***

Over the past twelve years, Bitcoin mining has evolved dramatically—from individual users mining with computer processors and graphics cards to first-generation ASIC (application-specific integrated circuit) machines. Today, virtually all new hash rate added to the Bitcoin Network comes from incorporated and unincorporated professionalized mining operators. These operators deploy proprietary hardware or high-performance ASIC systems sourced from major manufacturers, requiring substantial capital commitments for equipment, data-center or warehouse infrastructure, electricity, cooling, and qualified technicians.

Because of these higher and more predictable operating expenses, professional mining organizations tend to liquidate a portion of their freshly mined bitcoin more frequently to cover ongoing costs. Historically, individual miners were more likely to hold newly mined bitcoin for extended periods. The increased immediacy of selling activity by professional miners can result in greater near-term supply on the Bitcoin exchange market, which may place downward pressure on market prices.

The extent to which the value of bitcoins mined by a professionalized mining operation exceeds the allocable capital and operating costs determines the profit margin of such operation. A professionalized mining operation may be more likely to sell a higher percentage of its newly mined bitcoins rapidly if it is operating at a low profit margin, and it may partially or completely cease operations if its profit margin is negative. In a low profit margin environment, a higher percentage of the 900 new bitcoins mined each day will be sold into the Bitcoin Exchange Market more rapidly, thereby reducing bitcoin prices. Further, in July 2016, the reward for mining bitcoins was reduced from 25 bitcoins to 12.5 bitcoins, thereby further reducing the profit margin. In May of 2020, the reward was reduced again from 12.6 bitcoins to 6.25 bitcoins. On April 19, 2024, the reward for mining was reduced from 6.25 bitcoins to 3.125 bitcoins. Lower bitcoin prices will result in further tightening of profit margins, particularly for professionalized mining operations with higher costs and more limited capital reserves, creating a network effect that may further reduce the price of bitcoins until mining operations with higher operating costs become unprofitable and remove mining power from the Bitcoin Network. The network effect of reduced profit margins resulting in greater sales of newly mined bitcoins could result in a reduction in the price of bitcoins that could adversely affect an investment in the Securities.

***To the extent that any miners cease to record transactions in solved blocks, transactions that do not include the payment of a transaction fee will not be recorded on the Blockchain until a block is solved by a miner who does not require the payment of transaction fees. Any widespread delays in the recording of transactions could result in a loss of confidence in the Bitcoin Network, which could adversely impact an investment in the Securities.***

To the extent that any miners cease to record transactions in solved blocks, such transactions will not be recorded on the Blockchain until a block is solved by a miner who does not require the payment of transaction fees. Currently, there are no known incentives for miners to elect to exclude the recording of transactions in solved blocks. However, to the extent that any such incentives arise (for example, a collective movement among miners or one or more mining pools forcing Bitcoin users to pay transaction fees as a substitute for, or in addition to, the award of new bitcoins upon the solving of a block), miners could delay the recording and confirmation of a significant number of transactions on the Blockchain. If such delays became systemic, it could result in greater exposure to double-spending transactions and a loss of confidence in the Bitcoin Network, which could adversely affect an investment in the Securities.

***The acceptance of Bitcoin Network software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in the Bitcoin Network could result in a "fork" in the Blockchain, resulting in the operation of two separate networks.***

There is no official developer or group of developers that formally controls the Bitcoin Network. Any individual can download the Bitcoin Network software and make any desired modifications, which are proposed to users and miners on the Bitcoin Network through software downloads and upgrades, typically posted to the Bitcoin development forum on GitHub.com. A substantial majority of miners and Bitcoin users must consent to such software modifications by downloading the altered software or upgrade; otherwise, the modifications do not become a part of the Bitcoin Network. Since the Bitcoin Network's inception, modifications to the Bitcoin Network have been accepted by the vast majority of users and miners, ensuring that the Bitcoin Network remains a coherent economic system.

If, however, a proposed modification is not accepted by a vast majority of miners and users, but is nonetheless accepted by a substantial population of participants in the Bitcoin Network, a "fork" in the Blockchain could develop, resulting in two separate Bitcoin Networks. Such a fork in the Blockchain typically would be addressed by community-led efforts to merge the forked Blockchains, and several prior forks have been so merged.

However, if a permanent fork were to occur, there is a remote possibility that bitcoin would evolve into two slightly different versions. For example, in 2016, Ethereum, a digital currency, experienced a permanent fork in its blockchain that resulted in two slightly different versions of the digital currency. Community-led efforts to merge the blockchains were not successful and a small minority of Ethereum holders continued to support the old blockchain. This led to the development of two distinct blockchains that produced two slightly different versions of Ethereum: Ethereum and Ethereum Classic. Therefore holders of Ethereum Classic were given an equal number of the new Ethereum currency and therefore held equal numbers of Ethereum Classic and Ethereum when the fork became permanent.

If a permanent fork, similar to Ethereum, were to occur to bitcoin, the Company would hold equal amounts of the original and the new bitcoin as a result. In consultation with the Index Provider, the Company would select a Bitcoin Network (and therefore a single version of bitcoin). The Company would simultaneously isolate the bitcoin on the Bitcoin Network that it did not select to segregate it from the Company's Bitcoin Holdings. The Company's intention would be to distribute to its Shareholders the bitcoin on the Bitcoin Network that it did not select. Therefore, the Company would only hold one version of bitcoin. It is uncertain whether the value of the distribution of the bitcoin on the Bitcoin Network that the Company did not select would equal the change in the value of the Securities. Consequently, a permanent fork could materially and adversely affect the value of the Securities.

***Intellectual property rights claims may adversely affect the operation of the Bitcoin Network and could cause the termination of the Company.***

Third parties may assert intellectual property rights claims relating to the operation of digital currencies and their source code relating to the holding and transfer of such assets. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the Bitcoin Network's long-term viability or the ability of end-users to hold and transfer bitcoins may adversely affect an investment in the Securities. Additionally, a meritorious intellectual property rights claim could prevent the Company and other end-users from accessing the Bitcoin Network or holding or transferring their bitcoins, which could force the Company to terminate the Company and liquidate the Company's bitcoins (if such liquidation of the Company's bitcoins is possible). As a result, an intellectual property rights claim against the Company or other large Bitcoin Network participants could adversely affect an investment in the Securities.

***The open-source structure of the Bitcoin Network protocol means that the Core Developers and other contributors are generally not directly compensated for their contributions in maintaining and developing the Bitcoin Network protocol. A failure to properly monitor and upgrade the Bitcoin Network protocol could damage the Bitcoin Network and an investment in the Securities.***

The Bitcoin Network operates based on an open-source protocol maintained by the Core Developers and other contributors, largely on the GitHub resource section dedicated to Bitcoin development. As the Bitcoin Network protocol is not sold and its use does not generate revenues for its development team, the Core Developers are generally not compensated for maintaining and updating the Bitcoin Network protocol. Consequently, there is a lack of financial incentive for developers to maintain or develop the Bitcoin Network and the Core Developers may lack the resources to adequately address emerging issues with the Bitcoin Network protocol. Although the Bitcoin Network is currently supported by the Core Developers, there can be no guarantee that such support will continue or be sufficient in the future. To the extent that material issues arise with the Bitcoin Network protocol and the Core Developers and open-source contributors are unable to

address the issues adequately or in a timely manner, the Bitcoin Network and an investment in the Securities may be adversely affected.

**Risk Factors Related to the Bitcoin Exchange Market and the Index**

***The value of the Shares relates directly to the value of the bitcoins held by the Company and fluctuations in the price of bitcoins could materially and adversely affect an investment in the Securities.***

The value of the Shares relates directly to the value of the bitcoins held by the Company, less the Company's liabilities (including estimated accrued but unpaid fees and expenses). Using a composite reference rate of volume-weighted trading data, the Index is derived from the transaction prices on electronic market places where exchange participants may first use fiat currency to trade, buy and sell bitcoins based on bid-ask trading (a "Bitcoin Exchange"). The Index uses U.S. Dollar- denominated trading data from the Bitcoin Exchanges to determine the Bitcoin Index Price. Whether a Bitcoin Exchange is considered eligible to be included in the Index's calculation depends on considerations such as depth of liquidity, compliance with applicable legal and regulatory requirements, data availability, U.S. domicile and acceptance of U.S. Dollar deposits. The price of bitcoins has fluctuated widely over the past four years and may continue to experience significant price fluctuations. Several factors may affect the Bitcoin Index Price, including, but not limited to:

• Total bitcoins in existence (estimated at approximately 19.9 million as of October 20, 2025);
• Global bitcoin demand, which is influenced by the growth of retail merchants' and commercial businesses' acceptance of bitcoins as payment for goods and services, the security of online Bitcoin Exchanges and digital wallets that hold bitcoins, the perception that the use and holding of bitcoins is safe and secure, the lack of regulatory restrictions on their use and the reputation of bitcoins for illicit use;
• Global bitcoin supply, which is influenced by similar factors as global bitcoin demand, in addition to fiat currency needs by miners (for example, to invest in equipment or pay electricity bills) and taxpayers who may liquidate bitcoin holdings around tax deadlines to meet tax obligations;
• Investors' expectations with respect to the rate of inflation of fiat currencies;
• Investors' expectations with respect to the rate of deflation of bitcoin;
• Interest rates;
• Currency exchange rates, including the rates at which bitcoins may be exchanged for fiat currencies;
• Fiat currency withdrawal and deposit policies of Bitcoin Exchanges and liquidity of such Bitcoin Exchanges;
• Interruptions in service from or failures of major Bitcoin Exchanges;
• Cyber theft of bitcoins from online bitcoin wallet providers, or news of such theft from such providers, or from individuals' bitcoin wallets;
• Investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in bitcoins;
• Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
• Regulatory measures, if any, that restrict the use of bitcoins as a form of payment or the purchase of bitcoins on the Bitcoin Market;
• The availability and popularity of businesses that provide bitcoin-related services;

• The maintenance and development of the open-source software protocol of the Bitcoin Network;
• Increased competition from other forms of cryptocurrency or payments services;
• Global or regional political, economic or financial events and situations;
• Expectations among Bitcoin economy participants that the value of bitcoins will soon change; and
• Fees associated with processing a bitcoin transaction.

Investors should be aware that there is no assurance that bitcoins will maintain their long-term value in terms of future purchasing power or that the acceptance of bitcoin payments by mainstream retail merchants and commercial businesses will continue to grow.

***The value of bitcoins as represented by the Bitcoin Index Price may be subject to momentum pricing due to speculation regarding future appreciation in value, leading to greater volatility which could adversely affect an investment in the Securities.***

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. The Bitcoin Index Price is determined using data from various Bitcoin Exchanges, over-the-counter markets and derivative platforms. The Company believes that momentum pricing of bitcoins has resulted, and may continue to result, in speculation regarding future appreciation in the value of bitcoins, inflating and making the Bitcoin Index Price more volatile. As a result, bitcoins may be more likely to fluctuate in

value due to changing investor confidence in future appreciation or depreciation in the Bitcoin Index Price, which could adversely affect an investment in the Shares.

***The Index is an average composite reference rate calculated using volume-weighted trading price data from various Bitcoin Exchanges chosen by the Index Provider. Pricing on any Bitcoin Exchange in the Bitcoin Exchange Market can be volatile and can adversely affect an investment in the Securities.***

The Index has a limited history and is an average composite reference rate that is based on volume-weighted trading price data from various Bitcoin Exchanges chosen by the Index Provider. The data inputs are drawn from the application programming interface of various Bitcoin Exchanges and includes trade time, price and volume. The Index Provider selects which Bitcoin Exchanges to include in the Index based on currency-denomination, liquidity and such other factors as the Index Provider may deem material (for example, availability of data). The Index Provider reviews the eligibility of Bitcoin Exchanges periodically, and not less frequently than quarterly. As of the date of this prospectus, the eligible Bitcoin Exchanges selected by the Index Provider include Bitfinex, Bitstamp, GDAX (formerly known as Coinbase Exchange), itBit and OKCoin. The calculation of the Index at 4:00 p.m., New York time on each business day will be used as the Bitcoin Index Price for the calculation of the Company's Bitcoin Holdings. See "Overview of the Bitcoin Industry and Market— Bitcoin Value."

The price of bitcoins on public Bitcoin Exchanges has a limited, fourteen-year history. During such history, bitcoin prices on the Bitcoin Exchange Market as a whole, and on Bitcoin Exchanges individually, have been volatile and subject to influence by many factors including the levels of liquidity on Bitcoin Exchanges. Even the largest Bitcoin Exchanges have been subject to operational interruption, limiting the liquidity of bitcoins on the Bitcoin Exchange Market and resulting in volatile prices and a reduction in confidence in the Bitcoin Network and the Bitcoin Exchange Market.

The Index is designed to have limited exposure to Bitcoin Exchange interruption by utilizing transaction data from the highest volume Bitcoin Exchanges, measured over the prior 24-hour period. The Index is also designed to limit exposure to trading or price distortion on Bitcoin Exchanges experiencing periods of unusual activity or limited liquidity by discounting, in real-time, anomalous price movement at individual exchanges. The Company believes the Index calculation methodology provides a more accurate picture of bitcoin price movements than a simple average of Bitcoin Exchange prices, and that the inclusion of only the highest volume Bitcoin Exchanges during the calculation period limits the likelihood that included data is influenced by temporary price dislocations that may result from technical problems or limited liquidity on otherwise eligible exchanges. The Index Provider periodically reviews which Bitcoin Exchanges are used to calculate the Bitcoin Index Price using considerations such as depth of liquidity, compliance with applicable legal and regulatory requirements, data availability, U.S. domicile and acceptance of U.S. Dollar deposits.

The price of bitcoins on public Bitcoin Exchanges may also be impacted by policies on or interruptions in the deposit or withdrawal of fiat currency into or out of larger Bitcoin Exchanges. On large Bitcoin Exchanges, users may buy or sell bitcoins for fiat currency or transfer bitcoins to other wallets. Operational limits (including regulatory, exchange policy or technical or operational limits) on the size or settlement speed of fiat currency deposits by users into Bitcoin Exchanges may reduce demand on such Bitcoin Exchanges, resulting in a reduction in the bitcoin price on such Bitcoin Exchange. Operational limits (including regulatory, exchange policy or technical or operational limits) on the size or settlement speed of fiat currency withdrawals by users into Bitcoin Exchanges may reduce supply on such Bitcoin Exchanges, resulting in an increase in the bitcoin price on such Bitcoin Exchange. To the extent that fees for the transfer of bitcoins either directly or indirectly occur between Bitcoin Exchanges, the impact on bitcoin prices of operation limits on fiat currency deposits and withdrawals may be reduced by "exchange shopping" among Bitcoin Exchange users. For example, a delay in U.S. Dollar withdrawals on one site may temporarily increase the price on such site by reducing supply (i.e., sellers transferring bitcoins to another exchange without operational limits in order to settle sales more rapidly), but the resulting increase in price will also reduce demand because bidders on bitcoins will follow increased supply on other Bitcoin Exchanges not experiencing operational limits. To the extent that users are able or willing to utilize or arbitrage prices between more than one Bitcoin Exchange, exchange shopping may mitigate the short-term impact on and volatility of bitcoin prices due to operational limits on the deposit or withdrawal of fiat currency into or out of larger Bitcoin Exchanges.

Despite efforts to ensure accurate pricing on a volume-weighted basis, the Bitcoin Index Price, and the price of bitcoins generally, remains subject to volatility experienced by the Bitcoin Exchanges. Such volatility can adversely affect an investment in the Securities.

***Due to the unregulated nature and lack of transparency surrounding the operations of Bitcoin Exchanges, the marketplace may lose confidence in Bitcoin Exchanges, upon which the Company is dependent.***

While regulatory oversight of Bitcoin Exchanges has improved in recent years, especially in jurisdictions such as the United States, the European Union, the United Kingdom, and Japan, many Bitcoin Exchanges operating in other jurisdictions remain lightly regulated or unregulated. Additionally, the degree of transparency regarding ownership, management, corporate governance, financial condition, and compliance practices varies significantly among exchanges. As a result, the marketplace may lose confidence in certain Bitcoin Exchanges, including those that facilitate substantial trading volumes, if concerns arise regarding their operational integrity, regulatory standing, or financial stability. Such events could adversely affect the broader Bitcoin Exchange Market.

***The Bitcoin Index Price may be affected by the sale of other digital currency financial vehicles that invest in and track the price of bitcoins.***

To the extent digital currency financial vehicles other than the Company tracking the price of bitcoins are formed and represent a significant proportion of the demand for bitcoins, large redemptions of the securities of these digital currency financial vehicles, or private funds holding bitcoins, could negatively affect the Bitcoin Index Price, the Company's Bitcoin Holdings and the price of the Shares.

***The impact of geopolitical or economic events on the supply and demand for bitcoins is uncertain, but could motivate large-scale sales of bitcoins, which could result in a reduction in the Bitcoin Index Price and adversely affect an investment in the Securities.***

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

Demand for bitcoin is influenced, in part, by its position as the most established, secure, and widely recognized digital asset. It is possible, however, that another digital asset could develop technical features or economic characteristics that a material number of users view as superior to those of bitcoin. If that occurred, demand for bitcoin could decline, which may adversely affect its market price and negatively impact an investment in the Securities.

Bitcoin benefits from a substantial first-mover advantage, including the largest user base, the deepest liquidity, and the highest level of combined network hash power securing its blockchain. This scale contributes to greater confidence in the long-term stability and security of the Bitcoin Network. The resulting network effects reinforce bitcoin's position relative to competing digital assets and make it more difficult for alternative networks to gain comparable adoption.

Although thousands of alternative digital assets exist, bitcoin continues to represent a significant portion of the total market capitalization of the digital asset ecosystem and remains the most widely held, traded, and institutionally integrated digital asset. Nevertheless, certain alternative digital assets may introduce features—such as different consensus mechanisms, enhanced programmability, privacy attributes, or transaction throughput—that some users and developers may find advantageous. If one or more alternative digital assets were to achieve significant adoption—whether measured by market capitalization, transaction volume, merchant acceptance, or network security—bitcoin's relative market position could weaken. Such developments could reduce demand for bitcoin and adversely affect its price.

**Risk Related to our Infrastructure Business**

**Risks Related to Manufacturing in China**

***Dependence on Chinese Manufacturing Partners***

The Company relies heavily on third-party manufacturers in China for the production of data center racks, DLC liquid-cooled racks, hydro-cooled mining infrastructure, and immersion-cooling systems. Any deterioration in relationships with these suppliers—or production issues such as quality failures, capacity constraints, increased minimum order quantities, or inconsistent delivery performance—may hinder the Company's ability to meet customer requirements.

***Tariffs, Trade Restrictions, and Geopolitical Uncertainty***

Changes in U.S.–China trade policy, tariffs, sanctions, export controls, or import regulations may increase the cost of goods or impair the Company's ability to import essential products and components. Escalating geopolitical tensions could lead to delays, seized shipments, increased customs enforcement, or complete supply chain disruptions.

***Regulatory Risks in the PRC***

Manufacturing partners in China operate within a regulatory landscape that can shift unpredictably. Environmental restrictions, power-use limitations, labor policy changes, COVID-style shutdowns, and other government interventions may negatively affect production schedules or costs. The Company has limited ability to predict or influence such changes.

**Technical Product Risks**

***Complexity of Liquid Cooling Technologies***

Products such as DLC racks, hydro-cooled Bitcoin mining systems, and immersion-cooled racks involve sophisticated fluid dynamics, thermal management, and safety considerations. Manufacturing defects, improper assembly, or inadequate component quality can result in coolant leaks, equipment failures, thermal runaway, or other operational hazards that may expose the Company to warranty claims, liability, or reputational harm.

***Performance Risks in High-Density Compute Environments***

The Company's products are frequently deployed in high-power-density environments, including blockchain mining operations and hyperscale data centers. Failure of racks or cooling systems to perform at rated capacities—or under unique customer configurations—may result in equipment damage, operational downtime, contractual penalties, or customer loss.

***Material and Component Availability***

Many critical components (pumps, cold plates, heat exchangers, immersion fluids, tubing, sensors, electronics) are sourced globally. Shortages, quality deviations, or rapid component obsolescence may disrupt production or require expensive redesigns.

***Technology Obsolescence***

Cooling and rack technologies evolve rapidly due to variability in server designs, chip power density, and data center infrastructure demands. A shift toward alternative cooling technologies or architectural standards could render certain Company products less competitive or obsolete.

**Risks Specific to Cryptocurrency and Mining Infrastructure**

***Volatility in Bitcoin and Digital Asset Markets***

Demand for hydro-cooled racks and immersion systems for Bitcoin mining customers is directly tied to cryptocurrency market conditions, mining economics, and network difficulty. Declines in Bitcoin prices or increases in network difficulty may significantly reduce customer demand, delay orders, or lead to project cancellations.

***Regulatory Uncertainty in Mining Operations***

Bitcoin mining is subject to evolving regulation in many jurisdictions, including restrictions on power usage, environmental impact standards, taxation, zoning, or outright bans. Changes in mining policy could reduce demand for the Company's specialized racks.

***Customer Concentration in Mining Sector***

If a significant portion of the Company's revenue is derived from crypto-mining clients, adverse developments in the mining industry may disproportionately impact the business.

**Quality, Safety, and Liability Risks**

***Limited Direct Control Over Production Quality***

Because manufacturing is outsourced, the Company cannot directly oversee day-to-day production processes. Misalignment with quality standards, insufficient testing, or undiscovered deviations in manufacturing may lead to failures in the field.

***Product Liability and Safety Hazards***

Liquid-cooled and immersion systems introduce safety risks, including coolant leaks, corrosion, pump failures, electrical shorts, and thermal damage. The Company may face product liability claims even if defects originate with third-party manufacturers.

***Certification and Compliance Requirements***

Products may require compliance with standards from bodies such as UL, CE, ISO, ASHRAE, or local jurisdictional authorities. Failure to meet these standards, or delays in obtaining certification for new technologies, may prevent or slow commercial deployment.

**Supply Chain and Logistics Risks**

***Vulnerability to International Logistics Disruptions***

The Company relies on global shipping networks for transportation of racks and components. Port congestion, freight cost volatility, container shortages, customs inspections, or global events (pandemics, natural disasters, geopolitical conflicts) can delay deliveries and increase costs.

***Foreign Currency Risk***

Although many transactions are denominated in U.S. dollars, suppliers may adjust pricing due to RMB fluctuations or inflationary pressures in China. Currency volatility may indirectly affect the cost of goods.

**Market and Competitive Risks**

***Intense Competition in Rack and Cooling Solutions***

The market for data center infrastructure—including liquid cooling—is highly competitive, with established manufacturers, OEMs, and emerging international competitors. Competitors may offer lower pricing, faster lead times, higher-performance systems, or integrated solutions that diminish the Company's ability to win contracts.

***Customer Procurement Cycles***

Data centers and mining operators often have long, unpredictable procurement cycles. Delays in customer purchasing decisions, project cancellations, or shifts in strategic direction may reduce the Company's ability to forecast revenue.

**Risk Factors Related to the Company and the Securities**

***Management's Experience in Scaling Global Infrastructure and Operating in International Markets May Present Certain Risks***

While the Company's management team has extensive experience in digital asset infrastructure, international business operations, capital formation, and corporate leadership, the Company's current strategy involves activities—such as overseas sourcing, cross-border logistics, international regulatory compliance, and large-scale infrastructure deployment—that may introduce complexities not present in prior endeavors. Operating across multiple jurisdictions, navigating evolving regulatory environments, and coordinating international supply chains can expose the Company to risks related to delays, cost variability, compliance obligations, and reliance on foreign partners.

Although management possesses significant executive, operational, and industry expertise, challenges associated with international expansion or infrastructure execution could adversely affect the Company's operations if such risks are not effectively managed.

***Technological and Cybersecurity Risks***

The Company relies on security controls, infrastructure protections, and operational procedures designed to meet industry best practices, including SOC 2–type controls, to safeguard its systems and digital asset–related operations. However, cybersecurity threats continue to evolve, and new attack vectors may emerge that traditional controls are not specifically designed to address. As with any technology-dependent business, the Company may be exposed to risks arising from system vulnerabilities, third-party service providers, unauthorized access, data breaches, or other cyber incidents. While the Company believes its security measures are reasonably designed to mitigate these risks, no security framework can fully eliminate the possibility of theft, loss, or operational disruption. Any such event could adversely affect the Company's operations or financial condition.

***Digital Asset Custody and Cybersecurity Risks Related to the Company's Bitcoin Treasury and Revenue***

The Company expects to receive bitcoin as consideration for certain products or services, and may hold bitcoin as part of its treasury strategy. Any digital assets held by the Company are subject to risks associated with cybersecurity,

technological vulnerabilities, system failures, or operational errors. Threats may arise from unauthorized access, malware, ransomware, supply-chain compromises, vulnerabilities in third-party service providers, or other cyber incidents that could affect the Company's ability to securely store or access its digital assets.

The Company utilizes security controls and operational practices designed to meet industry standards, including SOC 2–type procedures, and may use reputable third-party custodians or institutional-grade wallet solutions to safeguard digital assets. However, no security system is infallible. Cybersecurity threats continue to evolve, and new attack methods may emerge that existing controls are not specifically designed to address.

A significant security breach, compromise of private keys, or operational failure related to the Company's digital asset storage systems or those of its custodial partners could result in the loss, theft, or inaccessible status of bitcoin held by the Company. Such an event could adversely affect the Company's financial condition or reputation.

***Bitcoin Treasury Volatility and Liquidity Risk***

The Company may hold bitcoin as part of its treasury management strategy. If the Company requires liquidity to fund operating costs, capital expenditures, or other obligations, it may convert a portion of its bitcoin holdings into U.S. dollars. Bitcoin prices can be volatile, and any required conversion during periods of market weakness may result in realizing lower proceeds than anticipated. A material decline in bitcoin prices could adversely affect the value of the Company's treasury assets, liquidity position, or financial condition.

***Intellectual Property Risks***

The Company relies on internally developed technologies, proprietary processes, and third-party components across its infrastructure, hardware, and software operations. Although the Company is not aware of any existing intellectual property claims affecting its business, third parties may allege that certain aspects of the Company's technologies, products, or processes infringe on their intellectual property rights.
Regardless of merit, responding to such claims may require significant legal expenses, divert management attention, or result in settlements, licensing fees, or operational changes. Any such claim could adversely affect the Company's operations, financial condition, or growth plans.

***Concentration of Treasury Assets in Bitcoin May Create Liquidity or Credit Risk***

To the extent the Company holds a meaningful portion of its treasury assets in bitcoin, declines in the market value of bitcoin may reduce the Company's liquidity, collateral capacity, or ability to service existing or future indebtedness. Unlike a diversified portfolio of traditional treasury assets, bitcoin represents a single asset class with significant historical volatility.
If bitcoin prices decline materially and the Company requires liquidity to meet financial or operational obligations, the Company may be required to liquidate bitcoin holdings at unfavorable prices or seek alternative financing on disadvantageous terms. Any such circumstances could adversely affect the Company's liquidity, access to capital, or overall financial condition.

***Risks Related to Our Technology, Firmware, and Software Platforms***

The markets for our firmware, software solutions, and infrastructure technologies are characterized by rapid innovation, frequent hardware and software advancements, evolving customer requirements, and shifts in industry standards. New technologies can quickly render existing products less competitive or obsolete. Our ability to maintain and grow our business depends on our capacity to enhance existing offerings, introduce new capabilities, and support new hardware architectures, mining equipment, data-center environments, and emerging AI/HPC workloads.

Developing new firmware and software features—particularly those requiring deep hardware integration, optimization across diverse ASIC or GPU architectures, or deployment in mission-critical data-center environments—can be complex, time-consuming, and costly. We may experience delays or unexpected challenges in development, testing, certification, or deployment. Customers may also delay purchases or deployments in anticipation of upcoming releases or due to concerns about migration complexity, performance stability, or compatibility with their existing infrastructure.

There is no assurance that new or enhanced products will achieve market acceptance, meet customer expectations, or generate sufficient incremental revenue to offset declines in older offerings. Even if new products are successful, sales of existing products may decline at a rate that exceeds adoption of new solutions, resulting in temporary or sustained revenue shortfalls. Any failure to effectively anticipate technological change, adapt our offerings, or meet evolving customer needs could materially adversely affect our business, operating results, and financial condition.

***Dependence on Third-Party Hardware, Firmware, and System Standards***

Our firmware and software solutions must interoperate with a wide range of third-party hardware platforms, operating systems, control boards, data-center environments, and cloud-based management systems. Many of these components are designed, manufactured, or updated by third parties over whom we have no control. Changes to ASIC architectures, OEM firmware, power-management interfaces, networking protocols, API standards, or data-center software could require us to modify, re-engineer, or re-certify our offerings to maintain compatibility and performance.

When third-party vendors release new hardware generations, update embedded firmware, alter communication protocols, or adopt new security or interoperability standards, our products may require significant updates or redesigns. These development efforts can be complex, costly, and time-consuming, particularly when they involve deep hardware integration or mission-critical environments. If we are unable to update or adapt our offerings in a timely or cost-effective manner, our solutions may experience reduced functionality, diminished performance, or compatibility issues.

Failure to maintain interoperability with third-party hardware or systems could impair key product features, negatively affect customer satisfaction, expose us to warranty or performance claims, or reduce demand for our offerings. Any such issues could materially adversely affect our business, operating results, and financial condition.

***Intellectual Property Risks***

As we expand our firmware, software, hardware integrations, and branding, we may become subject to claims that certain aspects of our technologies, processes, or product names infringe the intellectual property rights of third parties. The risk of such claims may increase as our product portfolio grows, industry competition intensifies, and technological overlap among market participants expands. The number of issued patents, pending applications, and proprietary standards in the fields of firmware, ASIC optimization, data-center systems, and infrastructure software also continues to increase, which may further elevate the likelihood of IP-related disputes.
Responding to any infringement claim—regardless of merit—could:

- be time-consuming, costly, and/or result in litigation;
- divert management attention from operations and growth;
- require us to pay damages, royalties, or licensing fees that we would not otherwise deem commercially acceptable;
- require us to discontinue use of certain technologies, features, or brand names;
- require us to redesign or re-engineer offerings to avoid infringement, potentially at significant cost or with reduced performance;
- require us to rename products or business units; or
- trigger indemnification obligations to customers, partners, OEMs, or channel providers.

We also rely on third-party software components, including open-source libraries and vendor-provided code. Although we maintain processes to monitor the use of such software, these safeguards may not be fully effective. Inadvertent misuse of open-source software, failure to comply with its licensing terms, or reliance on third-party software later found to infringe the IP rights of others could expose us to liability and require us to re-engineer products, discontinue offerings, or in certain cases make portions of our proprietary code publicly available.
If a successful infringement claim is made against the Company, and we are unable to develop or license substitute technology or alternative branding on commercially reasonable terms, our business, operating results, financial condition, or cash flows could be materially adversely affected.

***Regulatory Risks Related to Digital Assets, Treasury Holdings, and the Company's Operations***

The regulatory environment governing digital assets, including bitcoin, continues to evolve at the federal, state, and international levels. Although the Company does not operate as a digital asset exchange, broker-dealer, investment company, custodian, or money transmitter, changes in applicable laws, regulations, or governmental interpretations could

affect the Company's ability to receive bitcoin as payment, hold bitcoin as part of its treasury strategy, or conduct certain aspects of its business.

U.S. federal and state regulators—including the SEC, CFTC, FinCEN, IRS, Department of the Treasury, and state financial regulators—have issued guidance and taken enforcement actions relating to the use, transfer, taxation, and classification of digital assets. Future actions by these or other government agencies may impose new compliance obligations, reporting requirements, operational restrictions, licensing requirements, or limitations on the Company's ability to use or hold bitcoin. Regulatory developments affecting the classification of digital assets, including whether certain digital assets are deemed securities or commodity interests, could also impact how the Company accounts for, transacts in, or holds bitcoin.

International jurisdictions continue to adopt varying approaches to digital asset regulation. Certain countries have implemented licensing requirements, restrictions on digital asset transfers, limitations on exchange operations, or outright prohibitions on digital asset usage. Divergent international regulatory regimes may impact the ability of the Company's customers, suppliers, or partners to transact in bitcoin or participate in the broader digital asset ecosystem. Such developments may indirectly affect demand for the Company's products or services, or the liquidity and usability of bitcoin held by the Company.

Changes in taxation, anti-money-laundering regulations, cybersecurity requirements, data-protection standards, or cross-border transfer rules could also affect the Company's operations. Any regulatory change—whether in the United States or abroad—could increase compliance costs, restrict certain business practices, reduce customer adoption of bitcoin for payments, or otherwise adversely affect the Company's operations, financial condition, or ability to execute its strategic objectives.

***Banking, Payment Processing, and Financial Services Access Risk***

The Company may rely on banks, payment processors, and other financial institutions to support certain aspects of its operations, including the receipt of customer payments, the conversion of bitcoin into fiat currency, the custody of fiat assets, and the facilitation of international transactions. Financial institutions may, at times, restrict, limit, or terminate banking or payment services to companies that engage in digital-asset-related activities due to perceived regulatory, compliance, or reputational risks.

If banks or payment providers were to restrict or discontinue servic
es to the Company, it could impact the Company's ability to process transactions, receive payments in fiat currency, convert bitcoin revenue to U.S. dollars, or conduct ordinary-course business operations. Such limitations could increase operational costs, delay customer payments, disrupt business activities, or require the Company to seek alternative providers on less favorable terms.

Additionally, future changes in U.S. or international regulations—including anti-money-laundering, sanctions, reporting, licensing, or know-your-customer requirements—may affect how financial institutions evaluate and service companies that accept or hold bitcoin. Any material reduction in the availability of banking or payment services to digital-asset-exposed businesses could adversely affect the Company's operations, liquidity, or financial condition.
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***Regulatory Restrictions on the Use, Transfer, or Ownership of Bitcoin Could Affect the Company's Operations***

Certain foreign jurisdictions have imposed restrictions or prohibitions on the acquisition, ownership, use, or transfer of digital assets such as bitcoin. Future regulatory actions—whether in the United States or abroad—may limit the ability of individuals or businesses to transact in bitcoin, use bitcoin as a form of payment, or convert bitcoin into local currency. Such restrictions could reduce customer demand for bitcoin-denominated transactions, impair the Company's ability to receive bitcoin as payment, or limit the Company's ability to convert bitcoin held in its treasury strategy into fiat currency.

The regulatory treatment of digital assets continues to evolve across jurisdictions, and governments may adopt new laws or regulations that affect digital asset usage, taxation, custody, or reporting. Divergent or restrictive international regimes may impact the Company's customers, suppliers, or partners, particularly in regions where digital asset usage is limited or subject to heightened scrutiny. Any such changes could adversely affect the Company's business, international operations, or financial condition.

***Potential Applicability of Money Transmission or Money Services Business Regulation***

The Company does **not** engage in digital asset exchange services, custodial activities for customers, or other activities that would traditionally require licensure as a money services business ("MSB") under FinCEN regulations or money transmitter ("MTL") licensure under state laws. However, future changes in the Company's activities, products, or service offerings—or changes in regulatory interpretations—could result in certain aspects of the Company's operations falling within the scope of MSB, MTL, or digital asset–specific licensing frameworks.

If the Company were required to obtain licensing or registration as an MSB, money transmitter, or virtual currency business under federal or state law, the Company could be required to implement enhanced compliance programs, reporting systems, cybersecurity controls, capital requirements, or other obligations. These requirements could involve significant cost, complexity, or operational burden. Failure to comply could result in penalties, restrictions on certain business activities, or limitations on the Company's ability to transact with customers or partners in certain jurisdictions.

***Regulatory Changes Could Increase Compliance Costs or Limit Certain Business Activities***

Regulatory actions relating to digital assets—including restrictions on digital asset usage, new licensing regimes, changes in AML/KYC standards, taxation rules, or cross-border transfer requirements—could require the Company to modify its business practices, restrict certain activities, or incur additional compliance costs. Such actions could also affect customer adoption of bitcoin or reduce the practicality of receiving or holding bitcoin as part of the Company's operations.

Any material regulatory change affecting bitcoin or digital asset–related activity could adversely affect the Company's operations, strategic plans, or financial condition.

***U.S. Federal Income Tax Risks Related to Digital Asset Holdings***

The Company is treated as a U.S. corporation for U.S. federal income tax purposes and is subject to corporate income tax on its taxable income. The Company may hold bitcoin as part of its treasury strategy or receive bitcoin as payment for products or services. The tax treatment of digital assets under U.S. federal income tax law continues to evolve, and future guidance, legislative changes, or regulatory interpretations could affect how the Company accounts for, values, or reports transactions involving bitcoin.

Although current IRS guidance provides that digital assets such as bitcoin are treated as "property" for U.S. federal income tax purposes, this guidance is limited and does not address all aspects of digital asset taxation. Future developments could affect the recognition of income, timing of gain or loss, character of gain or loss, tax basis calculations, valuation methodologies, or reporting requirements associated with the Company's digital asset activities.

Uncertainties in the tax treatment of digital assets, including rules applicable to dispositions, forks, airdrops, impairment, cost-basis identification, and income recognition, could increase tax compliance complexity or result in unanticipated tax liabilities. Additionally, legislative proposals and regulatory actions relating to digital assets could alter their classification, reporting requirements, or treatment for tax purposes.
Any changes in U.S. federal, state, or foreign tax laws applicable to digital assets could adversely affect the Company's financial results, tax position, or effective tax rate.

***Risks Related to Hardware Availability, Supply Chain Constraints, and Technological Obsolescence***

The Company's infrastructure offerings—including transformers, switchgear, immersion and hydro racks, power distribution systems, and firmware-integrated hardware—depend on access to specialized components and manufacturing partners. The markets for data-center infrastructure, high-density power systems, and ASIC- or GPU-based computing equipment evolve rapidly, with new standards, hardware generations, and efficiency requirements emerging on a frequent basis.

Advancements in semiconductor design, thermal management, power delivery, or data-center architecture may reduce the competitiveness of certain products or require the Company to redesign or upgrade hardware platforms. Lead times for critical components, including ASIC chips, control boards, transformers, and specialized metals, may fluctuate due to

global supply chain disruptions, geopolitical conditions, regulatory restrictions, or vendor capacity constraints.

If the Company is unable to procure required components, scale manufacturing capacity, or update its hardware offerings to meet evolving industry standards, customer requirements, or technological trends, the Company may experience delays, increased costs, reduced margins, or lost sales opportunities. Rapid technological shifts or supply shortages could materially adversely affect the Company's operations, financial performance, or competitive position.

***Risks Related to Insurance Coverage for the Company's Operations***

The Company maintains insurance policies intended to cover operational, property, liability, cyber, and other business risks. However, certain aspects of the Company's activities—including digital asset holdings, emerging-technology development, international supply chain operations, hardware manufacturing, and limited mining operations used for research, testing, and product validation—may be difficult or costly to insure, may be subject to coverage limitations, or may not be insurable on commercially reasonable terms.

Insurance markets for digital-asset-related activities and high-density data-center infrastructure continue to evolve. Certain coverage types—particularly those relating to mining operations, digital asset custody, or specialized equipment—may not be available or may require premiums that are not economically feasible. Further, insurance policies typically include deductibles, exclusions, sublimits, and other restrictions that may limit recovery in the event of a claim.

If the Company were to experience a material loss that is uninsured, underinsured, or subject to exclusions—including losses related to mining equipment, data-center operations, cyber incidents, supply chain disruptions, or digital asset theft—the Company's operations, financial condition, or results of operations could be adversely affected. Digital assets held by the Company may not be insured against loss.

***Risks Related to the Use, Storage, and Protection of Personal Information and Compliance With Privacy Laws***

The Company may receive, store, and process personal information and business data from customers, employees, vendors, and partners, including contact information, account details, technical usage data, device identifiers, and information associated with customer interactions with the Company's products, services, and firmware platforms. As a result, the Company is subject to numerous U.S. federal, state, and international laws governing the collection, use, disclosure, retention, and protection of personal information and other sensitive data.

Privacy and data-protection laws—including the General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA), the California Privacy Rights Act (CPRA), and similar laws in other jurisdictions—impose significant compliance obligations and may require ongoing updates to the Company's policies, systems, and processes. These requirements may increase operational complexity and compliance costs, particularly as the Company expands its international footprint or introduces new products and services.
Any actual or perceived failure by the Company to comply with applicable privacy laws, contractual obligations, or its own privacy policies—or any security incident that results in the unauthorized access, loss, disclosure, or misuse of personal information or other sensitive data—could result in regulatory investigations, fines, penalties, litigation, operational disruptions, or reputational harm. Such events could materially adversely affect the Company's business, operations, or financial condition.

***Risks Related to the Company's SOC 2–Compliant Software Subsidiary***

The Company's software subsidiary develops and operates SOC 2–compliant cloud platforms, monitoring systems, firmware tools, and security technologies used internally and by external customers. While SOC 2 compliance demonstrates strong controls over security, availability, processing integrity, confidentiality, and privacy, it does not eliminate operational or cybersecurity risks.

The software subsidiary remains exposed to potential cybersecurity incidents, cloud-service outages, third-party API failures, zero-day vulnerabilities, and human error. Misconfigurations or disruptions in cloud infrastructure could impair product functionality, compromise sensitive information, or interrupt customer operations. Maintaining SOC 2 compliance requires continuous testing, documentation, monitoring, and periodic audits. Failure to maintain compliance—or failure to adhere to evolving data-protection and privacy requirements such as GDPR, CPRA, or other international regulations—

could lead to penalties, contract losses, or reputational harm.

In addition, the rapid pace of technological change in data-center infrastructure, ASIC and GPU platforms, and cybersecurity environments requires ongoing research and development investment. Inadequate resourcing, delayed product updates, or inability to meet customer performance expectations could negatively affect the subsidiary's competitive position, growth prospects, or contribution to the Company's overall business.

***Risks Related to the Company's Equipment and Infrastructure Subsidiary***

The Company's equipment subsidiary designs, manufactures, and services specialized hardware used in digital-asset mining, immersion and hydro-cooling systems, high-density data-center infrastructure, power-distribution systems, and related industrial applications. This business is subject to material supply-chain risks, including dependence on semiconductor availability, advanced control boards, specialized metals, transformers, and other long-lead-time components.

Global logistics constraints, geopolitical tensions, tariffs, export-control restrictions, transportation bottlenecks, and vendor capacity limitations may delay shipments, increase costs, or disrupt production schedules. Hardware markets evolve rapidly; advances in ASIC chip design, cooling technologies, thermal-management systems, and data-center standards may render certain products less competitive or obsolete, requiring ongoing capital investment, redesign, and engineering resources.

The subsidiary may also face warranty claims, unexpected equipment failures, component defects, or integration challenges with third-party systems. Limited supplier diversification can amplify these risks. Any defects or performance issues—particularly with mission-critical power distribution equipment or high-density racks—could increase costs, reduce margins, or harm customer relationships. Delays in innovation cycles or inability to bring updated hardware to market in a timely manner could negatively impact the subsidiary's financial performance and competitive position.

***Tariff and Trade Policy Risk***

A significant portion of our products are manufactured in the People's Republic of China. Changes in U.S. or international trade policies, including the imposition or expansion of tariffs, duties, or other trade restrictions, could materially affect our cost structure, pricing, and profitability.

The United States and China have, in recent years, engaged in trade disputes that have resulted in tariffs on certain categories of goods imported from China, some of which may apply to our products or components. While some tariffs have been suspended or modified, there is no assurance that existing tariffs will not be increased or that new tariffs will not be imposed in the future.

Additionally, because we sell certain products on a Delivered Duty Paid ("DDP") basis, we bear the responsibility for import duties, tariffs, and taxes in the destination market. Any escalation in tariff rates or expansion of product categories subject to tariffs could increase our landed cost of goods, reduce margins, or require price adjustments that could negatively impact demand.

We may attempt to mitigate these risks through supplier diversification, negotiation of alternative shipping terms, or restructuring of our supply chain. However, there can be no assurance that such measures will be successful or that they can be implemented without disruption or additional cost. Adverse changes in tariff policies or trade relations between the United States and China could have a material adverse effect on our business, financial condition, and results of operations.

***Risks related to profitability.***

There is no assurance that the Company will earn profits in the future, or that profitability will be sustained.
There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's operations, business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to scale back or shutdown its operations, reduce its sales and marketing efforts or forego certain business opportunities, which could adversely affect an investment in the Company.

***Interruptions or delays in service from the Company's facilities could impair the delivery of the Company's services and harm its business.***

The facilities may be vulnerable to damage or interruption due to floods, fires, power loss, telecommunications failures, and similar events. The facilities may also be subject to destruction, break-ins, sabotage, intentional acts of vandalism and similar misconduct. Any damage to, or failure of, the Company's systems generally could result in stoppage interruptions in its service. Interruptions in its service may reduce its revenue, cause the Company to issue credits or pay penalties, cause customers to terminate their contracts and adversely affect the Company's renewal rate and its ability to attract new customers. The Company's business will also be harmed if its customers and potential customers believe the Company's service is unreliable. Despite precautions taken such as disaster recovery plans at these facilities, the occurrence of a natural disaster, an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in the Company's services. Even with the disaster recovery arrangements and precautions taken at its facilities, the Company's services could be interrupted. Further, as the Company continues to grow and scale its business to meet the needs of its customers, additional burdens may be placed on its hosting facilities. These interruptions, stoppages and burdens could adversely affect an investment in the Company.

**Risk Factors Related to Potential Conflicts of Interest**

The Company's executives, directors, subsidiaries, and affiliates may have business interests or responsibilities apart from those of the Company, and situations may arise in which their respective interests conflict. The Company's officers and directors may hold positions in, or provide services to, subsidiaries, joint ventures, or other affiliated entities, and may manage or engage in other businesses that could compete, directly or indirectly, with certain aspects of the Company's operations.

Because the Company's management team oversees multiple business lines—including software development, infrastructure manufacturing, hardware integration, limited mining operations, and international partnerships—decisions relating to resource allocation, subsidiary governance, intercompany transactions, or strategic priorities may create actual or potential conflicts of interest. These decisions may not always be the result of arm's-length negotiations and may favor one subsidiary or affiliate over another.

The Company has entered into, and may continue to enter into, related-party transactions involving its subsidiaries, affiliates, or entities controlled by members of management or the Company's shareholders. Although the Company seeks to implement policies and procedures designed to identify and mitigate conflicts of interest, such measures may not prevent all conflicts from arising or ensure that any such conflicts are resolved in the Company's favor.

Additionally:

- Management and affiliates may engage in other business ventures, including those that compete with the Company's products or services.
- Officers and directors may allocate time between multiple roles, which may limit the time available to dedicate to the Company.
- The Company may choose to retain legal, accounting, or consulting services from related parties, which may not be negotiated on an arm's-length basis.
- Intercompany arrangements—including licensing, cost-sharing, or service agreements—may involve terms that differ from those that would be obtained from an unrelated third party.

Any of these conflicts of interest, or the perception of such conflicts, could negatively affect the Company's business, strategic decision-making, or relationships with customers and investors. There can be no assurance that conflicts of interest will always be resolved in a manner that is favorable to the Company.

***Risks Related to Potential Conflicts Arising From Insider Digital Asset Holdings***

Certain officers, directors, employees, and affiliates of the Company may personally own or trade digital assets, including bitcoin, for their own account. These personal investments are made independently of the Company's business operations and treasury strategy and are not subject to Company oversight. Decisions by insiders to acquire, hold, or sell digital assets may create the appearance of a conflict of interest, even when no actual conflict exists.

Because digital asset markets are global and volatile, personal trading activity by Company affiliates may occur at times

when the Company is making strategic decisions involving digital assets, including accepting bitcoin as revenue, holding bitcoin as part of its treasury strategy, or conducting limited mining activities. Although the Company maintains policies designed to mitigate conflicts of interest, such measures may not prevent all perceived or actual conflicts.

Personal digital asset holdings of insiders do not obligate such individuals to act in the Company's interest with respect to their private investments. Any perception of misalignment could affect investor confidence or create reputational risk.

***Risks Related to Management Continuity***

The Company's success depends on the continued service of its key executives and technical personnel. The loss of one or more members of senior management or critical engineering, firmware, or infrastructure staff could disrupt operations, delay product development, impede strategic initiatives, or adversely affect customer relationships. The Company may face challenges identifying and recruiting qualified replacements due to competition for talent, industry specialization, and the technical expertise required for its software, firmware, and data-center infrastructure businesses.While the Company seeks to retain and incentivize key personnel, there is no assurance that all members of management will remain with the Company for any specific period of time.

***Risks Related to Investor Representation and Due Diligence***

Prospective investors are responsible for conducting their own investigation and evaluation of the Company, including the suitability of an investment in the Company's securities relative to their financial objectives, risk tolerance, and legal or tax circumstances. Although the Company has consulted external counsel, accountants, and advisors regarding its corporate structure and operations, no advisor has been engaged specifically to represent the interests of prospective investors. Investors should consult their own legal, tax, accounting, and financial advisors before making an investment decision.

***Risk Related to Corporate Governance and Voting Rights***

Ownership of the Company's securities entitles investors to the voting rights and governance protections established under the Company's corporate charter, bylaws, and applicable law. However, certain matters may be determined exclusively by the Board of Directors, and investors may have limited ability to influence corporate policies, strategic decisions, or operational direction. Concentrated ownership among founders, executives, or early investors may also limit the ability of other shareholders to affect corporate outcomes.

**Conflicts of Interest – General**

Members of the Company's management team and certain existing shareholders hold a significant percentage of the Company's outstanding equity. As a result, these individuals may be able to influence or control decisions requiring shareholder approval, including the election of directors, amendments to governing documents, and the approval of corporate transactions.

Although the Company's principals intend to act in the best interests of the Company and all shareholders, their ownership concentration may create actual or perceived conflicts of interest. Decisions involving related-party transactions, strategic direction, subsidiary governance, or allocation of resources among the Company's business units may not always reflect the terms that could have been obtained through arm's-length negotiations with unrelated third parties.

There can be no assurance that any such conflicts of interest will always be resolved in a manner favorable to all shareholders.

***Risks Related to Our Securities***

There is currently no public market for the Company's securities, and there can be no assurance that a market will develop in the future. Any securities issued in a private placement or exempt offering will be "restricted securities" under federal securities laws and will be subject to limitations on transfer, resale, or pledge unless they are subsequently registered under the Securities Act of 1933 or qualify for an available exemption.

Transfers of restricted securities may require compliance with Rule 144 or another exemption from registration, each of which imposes conditions relating to holding periods, availability of current public information, volume limitations, and manner-of-sale requirements. Compliance with these rules can be complex, may limit liquidity, and may restrict

shareholders' ability to sell their securities when desired.

The Company may elect to pursue a future registered offering, uplisting, reverse merger, or other capital markets transaction. However, there is no assurance that the Company will pursue or successfully complete any such transaction or that a trading market will develop thereafter. Even if a public market develops, it may be limited, illiquid, or volatile.Investors should be prepared to hold their securities for an extended period and should not view the investment as liquid.

**We Have Never Paid Dividends**
The Company has never declared or paid dividends on its securities. Any future decision to pay dividends will depend on the Company's results of operations, financial condition, capital requirements, contractual obligations, growth strategy, and other factors deemed relevant by the Board of Directors. There is no assurance that the Company will pay dividends in the future, and investors should not rely on dividend income as a return on investment.

***Offering Price Determined by the Company***

The price at which the securities are being offered has been determined by the Company and does not necessarily reflect the Company's asset value, book value, historical financial performance, or any recognized valuation methodology. As a result, the offering price may not represent the market value of the Company or the value of the securities after the offering.

***Speculative Investment; Risk of Total Loss***

An investment in the Company involves a high degree of risk. The Company is in a growth and expansion stage, and its future financial results are uncertain. Investors may lose part or all of their investment. There is no guarantee that the Company's business strategy will be successful, that revenue will meet expectations, or that investors will receive any return on their investment.

***Management Discretion Over Use of Proceeds***

The Company expects to use the net proceeds from this offering to purchase land assets and to expand and commercialize products offered by its subsidiaries, including BixBit USA, Inc., to develop infrastructure and equipment capabilities, and for general corporate purposes. Management will have broad discretion in allocating the proceeds, and actual expenditures may differ substantially from the anticipated use of funds. Unexpected costs, changes in market conditions, or strategic opportunities may cause management to reallocate capital. There is no assurance that the use of proceeds will improve the Company's financial performance or result in increased revenue or profitability. Investors should consult their legal, tax, accounting, and financial advisors before making an investment decision. The Company may transfer proceeds to or from the Parent or affiliates through intercompany loans, advances, or capital contributions in the ordinary course, and such transfers will not be deemed a distribution to Noteholders.

***"Best Efforts" Offering; No Minimum Raise***

The securities are being offered on a "best efforts" basis, and there is no minimum amount that must be raised before the Company may accept subscriptions. As a result, the Company may complete one or more closings for less than the maximum amount sought. If the Company raises less than the anticipated amount, it may have limited capital available to execute its business plan, scale operations, or pursue growth initiatives, which could adversely affect the Company's financial condition and prospects.

## COMPLIANCE WITH SECURITIES LAWS

The Securities described in this Memorandum are being offered to Accredited Investors pursuant to exemptions under Rule 501 of Regulation D of the Securities Act which concerns transactions involving limited offers and sales without registration. The exemptions are based, in part, on the representations and warranties made by each Investor. However, there can be no assurance that the Company currently qualifies or will continue to qualify under such exemption provisions. If the Company should fail to comply with each and every one of the requirements of the available exemptions from registration, the holders may have the right to rescind their purchase of the Securities.

Compliance therewith is highly technical. There can be no assurance that the Company will be able to secure the funds to repurchase the Securities if any holder(s) should obtain rescission of the investments therein. If, and to the extent claims or suits for rescission are brought and successfully concluded, such an event would have a material, adverse impact on the Company for which no reserve has been established.

In addition, failure to comply with any of the requirements for exemption under state securities laws could occasion the same results as a failure to comply with the abovementioned federal rule exemptions. The terms of this Offering do not provide the holder of the Securities with demand rights of registration. Accordingly, without an effective registration statement, Securities thereof may be sold or otherwise transferred, pledged, assigned or hypothecated in such jurisdiction unless an exemption is available for such sale or transfer. Further, except as allowable by federal and state securities exemptions regarding resale, the Company does not comply with and has no present intention of complying with any additional regulations necessary to permit resale in any jurisdiction.

## USE OF PROCEEDS

The proceeds of the $7,500,000 will be used for the purchase of land assets, power studies, sales and marketing efforts, and the parent Company's planned expansion and product launches of its infrastructure, software, and firmware business including its subsidiary Bixbit USA, Inc., and for general working capital. Undeployed Proceeds may be held in Bitcoin as the Company intends to adopt a Bitcoin treasury standard.

Land Purchases-$4,000,000
Power Infrastructure Equipment $1,000,000
Working Capital / General Corporate Purposes-$1,000,000
Marketing and broker Compensation-$1,000,000
Legal, Accounting, Compliance- $500,000

## DETERMINATION OF OFFERING PRICE

We have arbitrarily determined the offering price of the Securities, which price does not necessarily bear any relationship to established valuation criteria such as earnings, book value or assets. Rather, the offering price per the Securities was derived from a subjective consideration by management of various factors including:

- prevailing market conditions, including the history and prospects for the cryptocurrency mining industry in which we compete;
- our future prospects; and
- our capital structure.

Due to the arbitrary nature of the offering price of the Securities, such valuation may not be indicative of prices that may prevail for our Securities at any time or from time to time in the future.

## BUSINESS OVERVIEW

## THE COMPANY

Overview BSLA

BSLA LLC., a wholly owned subsidiary of Big Star Blockchain Inc, was incorporated December 5, 2025, in the state of Texas. The Company was formed to identify, secure, and de-risk land parcels with substantial power potential suitable for data centers and Bitcoin mining operations. The company's core objective is to create value through comprehensive power analysis, infrastructure feasibility studies, and site optimization rather than long-term ownership or operation of land

assets.

BSLA focuses on properties with access to low-cost, scalable energy and works to advance each site through detailed power studies, utility coordination, and development readiness. Upon completion of these de-risking activities, BSLA intends to monetize its investments through the sale of fully vetted, power-ready land assets to strategic buyers, developers, and operators seeking accelerated deployment timelines.

By targeting inexpensive power and reducing early-stage development risk, BSLA provides investors with exposure to the growing demand for energy-intensive digital infrastructure while maintaining a capital-efficient, asset-light exit strategy.

We will not seek Noteholder approval before we effect additional business transactions unless the business transactions would require Noteholder approval under applicable state law. We will proceed with the consummation of a business transaction only if our management approves such a business transaction. Accordingly, unless we are otherwise required by law to submit proxy materials in connection with our business transactions, our Noteholders will not be afforded an opportunity to vote on our proposed business transactions, and you may not approve of the business transactions we consummate.

Overview parent company Big Star Blockchain

Big Star Blockchain, Inc. was incorporated on July 23, 2021, in the State of Nevada. The Company owns and operates assets across the digital infrastructure ecosystem, with business lines spanning Bitcoin mining, immersion and hydro-cooling equipment, mobile data centers, custom firmware, management software, and infrastructure services. While the Company has extensive history and operational expertise in Bitcoin mining and immersion-based data center architecture, its current strategic focus prioritizes higher-margin, scalable revenue streams in infrastructure services, immersion/hydro equipment manufacturing, and ASIC firmware/software development, serving both Bitcoin mining operators and the fast-emerging AI/HPC data center market.

Our Current Business

Since inception, the Company has designed, built, owned, and operated cryptocurrency mining facilities. Today, mining remains an important — but smaller — part of the Company's diversified business model. The Company maintains mining operations to support continuous R&D, firmware testing, and hardware development.
The Company's growth strategy over the next 12–24 months centers on expanding its U.S.-based infrastructure footprint, scaling its equipment manufacturing and mobile data-center product lines, and accelerating adoption of its proprietary firmware/software solutions.

Custom ASIC Firmware & Software
The Company has developed proprietary firmware for ASIC mining servers operating in immersion environments. This software dynamically tunes each ASIC chip, enabling significant efficiency gains and hash-rate performance improvements. The firmware is commercialized through a built-in development fee ("Dev Fee") paid automatically in Bitcoin from customer units running the software, creating an attractive, recurring revenue stream.

The Company also offers a miner-management software suite (AMS – Automated Monitoring System) that provides performance analytics, automation, and fleet-level oversight for operators.
Immersion & Hydro-Cooling Equipment

The Company utilizes and distributes immersion-cooling technology originally developed by BiXBit. Immersion cooling submerges mining or compute servers in dielectric fluid, which is circulated through heat-exchange loops that dissipate heat more effectively than air. This method reduces energy costs, increases equipment lifespan, and enables ASICs and HPC servers to run at higher performance profiles.

Technology Licensing and BixBit USA

In October 2022, the Company entered into a technology licensing arrangement with ICS Engineering, acquiring U.S.

rights to technology marketed under the BiXBit name. Following this agreement, the parties formed BixBit USA, Inc., of which Big Star Blockchain is the U.S. operating partner.
BixBit USA owns the U.S. intellectual property rights to the following products:
Immersion racks and immersion containers for ASIC deployment
Hydro-cooled racks and water-loop containers for next-generation ASICs
Direct-liquid-cooled racks and containers for AI/HPC workloads
Custom ASIC firmware
Mining-fleet management software (AMS)
Smart PDUs for intelligent ASIC connectivity and power management
The BixBit USA product line is exclusive to the U.S. market.

The Company may pursue strategic acquisitions, joint ventures, mergers, or other business combinations to accelerate growth. Unless required under Nevada law or applicable regulations, the Company does not intend to seek shareholder approval for additional business transactions. Management will proceed with transactions it deems beneficial to the Company's strategic direction, and shareholders may not have the opportunity to vote on transactions completed during the Company's expansion.

## OVERVIEW OF THE BITCOIN MINE AND DATA CENTER LAND AND POWER MARKET

Bitcoin mining and data center development are increasingly driven by land attributes tied to power availability rather than traditional real estate fundamentals. In these asset classes, the primary determinant of site value is the ability to secure timely, scalable, and cost-efficient electrical power, including proximity to transmission or distribution infrastructure, available substation capacity, interconnection feasibility, upgrade requirements, and regulatory certainty. Developers evaluate land first through the lens of energization risk and timeline, often prioritizing sites where electrical studies, queue position, or existing infrastructure reduce uncertainty. While physical acreage and building improvements remain relevant, they are secondary to the probability that a site can be reliably energized and expanded within an acceptable timeframe and budget.

Access to inexpensive power underpins project economics but is defined differently across use cases. Bitcoin mining operations are uniquely positioned to monetize volatile or intermittent power due to their ability to curtail load rapidly and operate flexibly in response to pricing signals, grid congestion, or renewable oversupply. This flexibility allows mining projects to locate in areas with lower land costs but favorable wholesale energy dynamics, including regions with high renewable penetration or frequent curtailment. By contrast, large-scale data centers typically require firm, highly reliable power and therefore place a premium on sites with contracted capacity, redundancy, and clearly defined upgrade pathways. As a result, data center developers often accept higher land and power costs in exchange for deliverability, uptime, and long-term certainty.

Land value in both sectors is increasingly a function of "time-to-power" rather than acreage alone. Interconnection queues, transmission constraints, and equipment lead times have become material barriers to development, elevating the importance of sites with credible and near-term paths to energization. Properties that embed electrical progress—such as completed studies, permitted substations, existing transformers, or established utility relationships—can command significant premiums relative to undeveloped land with similar physical characteristics. Conversely, sites without a clear electrical pathway face heightened execution risk regardless of purchase price.

Bitcoin mining can also create strategic option value in locations with imperfect or underutilized power infrastructure. Mining loads can serve as an initial use case for energizing a site, supporting early infrastructure investment while maintaining the flexibility to curtail or relocate equipment as conditions change. In certain circumstances, this can position a site for future conversion to higher-value compute or data center uses once grid upgrades, permitting, or market conditions allow. As power markets become more constrained and regulated, the underlying value of land in this space increasingly reflects embedded energy infrastructure, regulatory progress, and expansion potential rather than traditional real estate metrics alone.

## OVERVIEW OF THE BITCOIN INDUSTRY AND MARKET

### Introduction to Bitcoins and the Bitcoin Network

A bitcoin is a decentralized digital currency that is issued by, and transmitted through, an open source, digital protocol platform using cryptographic security that is known as the Bitcoin Network. The Bitcoin Network is an online, peer-to-peer user network that hosts the public transaction ledger, known as the Blockchain, and the source code that comprises the basis for the cryptography and digital protocols governing the Bitcoin Network. No single entity owns or operates the Bitcoin Network, the infrastructure of which is collectively maintained by a decentralized user base. Bitcoins can be used to pay for goods and services or can be converted to fiat currencies, such as the U.S. Dollar, at rates determined on Bitcoin Exchanges or in individual end-user-to-end-user transactions under a barter system. See "—Uses of Bitcoins—Bitcoin Exchange Market" below.

Bitcoins are "stored" or reflected on the digital transaction ledger known as the "Blockchain," which is a digital file stored in a decentralized manner on the computers of each Bitcoin Network user. The Blockchain records the transaction history of all bitcoins in existence and, through the transparent reporting of transactions, allows the Bitcoin Network to verify the association of each bitcoin with the digital wallet that owns them. The Bitcoin Network and bitcoin software programs can interpret the Blockchain to determine the exact bitcoin balance, if any, of any digital wallet listed in the Blockchain as having taken part in a transaction on the Bitcoin Network.

The Blockchain is comprised of a digital file, downloaded and stored, in whole or in part, on all Bitcoin users' software programs. The file includes all blocks that have been solved by miners and is updated to include new blocks as they are solved. See "—Bitcoin Mining and Creation of New Bitcoins" below. As each newly solved block refers back to and "connects" with the immediately prior solved block, the addition of a new block adds to the Blockchain in a manner similar
to a new link being added to a chain. Each new block records outstanding bitcoin transactions, and outstanding transactions are settled and validated through such recording, the Blockchain represents a complete, transparent and unbroken history of all transactions on the Bitcoin Network.

Each bitcoin transaction is broadcast to the Bitcoin Network and recorded in the Blockchain. "Off-Blockchain transactions" involve the transfer of control over, or ownership of, a specific digital wallet holding bitcoins, or of the reallocation of ownership of certain bitcoins in a pooled-ownership digital wallet, such as a digital wallet owned by a Bitcoin Exchange. Information and data regarding Off-Blockchain transactions is generally not publicly available in contrast to true bitcoin transactions, which are publicly recorded on the Blockchain. Off-Blockchain transactions are not truly bitcoin transactions in that they do not involve the transfer of transaction data on the Bitcoin Network and do not reflect a movement of bitcoins between addresses recorded in the Blockchain. Off-Blockchain transactions are subject to risks as any such tansfer of bitcoin ownership is not protected by the protocol behind the Bitcoin Network or recorded in and validated through the Blockchain mechanism.

The Bitcoin Network is decentralized and does not rely on either governmental authorities or financial institutions to create, transmit or determine the value of bitcoins. Rather, bitcoins are created and allocated by the Bitcoin Network protocol through a "mining" process subject to a strict, well-known issuance schedule. The value of bitcoins is determined by the supply of and demand for bitcoins in the Bitcoin Exchange Market (and in private end-user-to-end-user transactions), as well as the number of merchants that accept them. As bitcoin transactions can be broadcast to the Bitcoin Network by any user's bitcoin software and bitcoins can be transferred without the involvement of intermediaries or third parties, there are little or no transaction costs in direct peer-to-peer transactions on the Bitcoin Network. Third-party service providers such as Bitcoin Exchanges and Bitcoin third-party payment processing services may charge significant fees for processing transactions and for converting, or facilitating the conversion of, bitcoins to or from fiat currency.

The Bitcoin Network was initially contemplated in a white paper that also described Bitcoin and the operating software to govern the Bitcoin Network. The white paper was purportedly authored by Satoshi Nakamoto; however, no individual with that name has been reliably identified as bitcoin's creator, and the general consensus is that the name is a pseudonym for the actual inventor or inventors. The first bitcoins were created in 2009 after Nakamoto released the Bitcoin Network source code (the software and protocol that created and launched the Bitcoin Network). Since its introduction, the Bitcoin Network has been under active development by a group of engineers known as core developers.

As an open source project, bitcoin is not represented by an official organization or authority, although groups including MIT's Media Lab work to organize the
Bitcoin community and to develop and protect the Bitcoin Network's code.

***Overview of the Bitcoin Network's Operations***

In order to own, transfer or use bitcoins, a person generally must have internet access to connect to the Bitcoin Network. Bitcoin transactions between parties occur very rapidly (within several seconds) and may be made directly between end-users without the need for a third-party intermediary, although there are entities that provide third-party intermediary services. To prevent the possibility of double-spending a single bitcoin, each transaction is recorded, time stamped and publicly displayed in a "block" in the publicly available Blockchain. Thus, the Bitcoin Network provides confirmation against double-spending by memorializing every transaction in the Blockchain, which is publicly accessible and downloaded in part or in whole by all users' Bitcoin Network software programs as described below. This memorialization and verification against double-spending is accomplished through the bitcoin mining process, which adds "blocks" of data, including recent transaction information, to the Blockchain.

***Brief Description of Bitcoin Transfers***

Prior to engaging in bitcoin transactions, a user must first obtain a digital bitcoin "wallet" (analogous to a bitcoin account) in which to store bitcoins. A "wallet" can be obtained, among other ways, through an open-source software program that generates bitcoin addresses and enables users to engage in the transfer of bitcoins with other users. A user may install a bitcoin software program on its computer or mobile device that will generate a bitcoin wallet or, alternatively, a user may retain a third party to create a digital wallet to be used for the same purpose. There is no limit on the number of digital wallets a user can have, and each such wallet includes one or more unique addresses and a verification system for each address consisting of a "public key" and a "private key," which are mathematically related.

In a typical bitcoin transaction, the bitcoin recipient creates a new bitcoin address and directs the payor to send the payment to the address by providing the address, or public key, for the digital wallet to the payor who will initiate the transfer. This activity is analogous to a recipient providing an address in wire instructions to the payor so that cash may be wired to the recipient's account. The payor approves the transfer to the address provided by the recipient by "signing" the transaction request from the recipient with the private key of the address from where the payor is transferring the bitcoins. The recipient does not make public its related private key or provide it to the payor, because the private key authorizes access to, and transfer of, the funds from the recipient's digital wallet to other users. The process of signing the transaction is typically automated by the software that runs the payor and recipient's digital wallet. The transfer is made from the payor to the recipient's wallet and this transaction is validated by the Bitcoin Network.

Information and data regarding Off-Blockchain transactions is generally not publicly available in contrast to true bitcoin transactions, which are publicly recorded on the Blockchain. Off-Blockchain transactions are not truly bitcoin transactions in that they do not involve the transfer of transaction data on the Bitcoin Network and do not reflect a movement of bitcoins between addresses recorded in the Blockchain. Off-Blockchain transactions are subject to risks as any such transfer of bitcoin ownership is not protected by the protocol behind the Bitcoin Network or recorded in and validated through the Blockchain mechanism.

***Summary of a Bitcoin Transaction***

In a bitcoin transaction between two parties, the following circumstances must be in place: (i) the party seeking to send bitcoins must have a digital wallet and the Bitcoin Network must recognize that digital wallet as having sufficient bitcoins for the spending transaction, (ii) the receiving party must have a digital wallet and (iii) the spending party must have internet access with which to send its spending transaction.

Next, the receiving party must provide the spending party with its wallet's digital address, an identifying series of 27 to 34 alphanumeric characters that represents the wallet's routing number on the Bitcoin Network and allow the Blockchain to record the sending of bitcoins to that wallet. The receiving party can provide this address to the spending party in alphanumeric format or an encoded format such as a Quick Response Code (commonly known as a QR Code), which may be scanned by a smartphone or other device to quickly transmit the information.

After the provision of the receiving wallet's digital address, the spending party must enter the address into its bitcoin software program along with the number of bitcoins to be sent. The number of bitcoins to be sent will typically

be agreed upon between the two parties based on a set number of bitcoins or an agreed upon conversion of the value of fiat currency to bitcoins. Most bitcoin software programs also allow, and often suggest, the payment of a transaction fee (also known as a miner's fee). Transaction fees are not required to be included by many Bitcoin software programs, but, when they are included, they are paid by the spending party on top of the specified amount of bitcoins being sent in the transaction.
Transaction fees, if any, are typically a fractional number of bitcoins (for example, 0.005 or 0.0005 bitcoins) and are automatically transferred by the Bitcoin Network to the bitcoin miner that solves and adds the block recording the spending transaction on the Blockchain.

After the entry of the wallet's digital address, the number of bitcoins to be sent and the transaction fees, if any, to be paid, the spending party will transmit the spending transaction. The transmission of the spending transaction results in the creation of a data packet by the spending party's bitcoin software program. The data packet includes data showing (i) the destination digital wallet's address, (ii) the number of bitcoins being sent, (iii) the transaction fees, if any, and (iv) the spending party's digital signature, verifying the authenticity of the transaction. The data packet also includes references called "inputs" and "outputs," which are used by the Blockchain to identify the source of the bitcoins being spent and record the flow of bitcoins from one transaction to the next transaction in which the bitcoins are spent. The digital signature exposes the spending party's digital wallet address and public key to the Bitcoin Network, though, for the receiving party, only its digital wallet address is revealed. The spending party's bitcoin software will transmit the data packet onto the decentralized Bitcoin Network, resulting in the propagation of the information among the software programs of Bitcoin users across the Bitcoin Network for eventual inclusion in the Blockchain. Typically, the data will spread to a vast majority of bitcoin miners within the course of less than a minute.

As discussed in greater detail below in "—Bitcoin Mining and Creation of New Bitcoins," bitcoin miners record transactions when they solve for and add blocks of information to the Blockchain. When a miner solves for a block, it creates that block, which includes data relating to (i) the solution to the block, (ii) a reference to the prior block in the Blockchain to which the new block is being added and (iii) all transactions that have occurred but have not yet been added to the Blockchain. The miner becomes aware of outstanding, unrecorded transactions through the data packet transmission and propagation discussed above. Typically, bitcoin transactions will be recorded in the next chronological block if the spending party has an internet connection and at least one minute has passed between the transaction's data packet transmission and the solution of the next block. If a transaction is not recorded in the next chronological block, it is usually recorded in the next block thereafter.

Bitcoin transactions that are micropayments (typically, less than 0.01 bitcoins) and that do not include transaction fees to miners are currently deprioritized for recording, meaning that, depending on bitcoin miner policies, these transactions may take longer to record than typical transactions if the transactions do not include a transaction fee. Additionally, transactions initiated by spending wallets with poor connections to the Bitcoin Network (i.e., few or poor quality connections to nodes or "supernodes" that relay transaction data) may be delayed in the propagation of their transaction data and, therefore, transaction recording on the Blockchain. Finally, to the extent that a miner chooses to limit the transactions it includes in a solved block (whether by the payment of transaction fees or otherwise), a transaction not meeting that miner's criteria will not be included.

To the extent that a transaction has not yet been recorded, there is a greater chance that the spending wallet can double- spend the bitcoins sent in the original transaction. If the next block solved is by an honest miner not involved in the attempt to double-spend bitcoin and if the transaction data for both the original and double-spend transactions have been propagated onto the Bitcoin Network, the transaction that is received with the earlier time stamp will be recorded by the solving miner, regardless of whether the double-spending transaction includes a larger transaction fee. If the double-spend transaction propagates to the solving miner and the original transaction has not, then the double-spending has a greater chance of success. As a result of the high difficulty in successfully initiating a double-spend without the assistance of a coordinated attack, the probability of success for a double-spend transaction attempt is limited. See "—Double-Spending and the Bitcoin Network Confirmation System" and "—Forms of Attack Against the Bitcoin Network" below.

Upon the addition of a block included in the Blockchain, the bitcoin software program of both the spending party and the receiving party will show confirmation of the transaction on the Blockchain and reflect an adjustment to the bitcoin balance in each party's digital wallet, completing the bitcoin transaction. Typically, bitcoin software programs will automatically check for and display additional confirmations of six or more blocks in the Blockchain. See "—

Double- Spending and the Bitcoin Network Confirmation System" below.

**Cryptographic Security Used in the Bitcoin Network**

***Public and Private Keys***

All transactions on the Bitcoin Network are secured using public-key cryptography, a technique which underpins many online transactions. Public-key cryptography works by generating two mathematically related keys (one a public key and the other a private key). One of these, the private key, is retained in the individual's wallet and the other key is made public and serves as the address to which a bitcoin can be transferred and from which money can be transferred by the owner of the bitcoin wallet. In the case of bitcoin transactions, the public key is an address (a string of letters and numbers) that is used to encode payments, which can then only be retrieved with its associated private key, which is used to authorize the transaction. In other words, the payer uses his private key to approve any transfers to a recipient's account. Users on the Bitcoin Network can confirm that the user signed the transaction with the appropriate private key, but cannot reverse engineer the private key from the signature.

***Double-Spending and the Bitcoin Network Confirmation System***

To ensure the integrity of bitcoin transactions from the recipient's side (i.e., to prevent double spending by a payor), every bitcoin transaction is broadcast to the Bitcoin Network and recorded in the Blockchain through the "mining" process (defined below), which timestamps the transaction and memorializes the change in the ownership of the bitcoin(s) transferred. Adding a block to the Blockchain requires bitcoin "miners" (defined below) to exert significant computational effort to verify it is a valid transaction. Requiring this computational effort, or "proof of work," prevents a malicious actor from either adding fraudulent blocks to generate bitcoins (i.e., counterfeit bitcoins) or overwriting existing valid blocks to reverse its prior transactions.

A transaction in bitcoins between two parties is recorded in the Blockchain in a block only if that block is accepted as valid by a majority of the nodes on the Bitcoin Network. Validation of a block is achieved by confirming the cryptographic hash value included in the block's solution and by the block's addition to the longest confirmed Blockchain on the Bitcoin Network. For a transaction, inclusion in a block on the Blockchain constitutes a "confirmation" of the bitcoin transaction. As each block contains a reference to the immediately preceding block, additional blocks appended to and incorporated into the Blockchain constitute additional confirmations of the transactions in such prior blocks, and a transaction included in a block for the first time is confirmed once against double spending. The layered confirmation process makes changing historical blocks (and reversing transactions) exponentially more difficult the further back one goes in the Blockchain. Bitcoin Exchanges and users can set their own threshold as to how many confirmations are required until funds from the transferor are considered valid. However, statistically speaking, a transaction is virtually final after six confirmations as it would be extremely difficult to challenge the validity of the transaction at that point.

At this point in the evolution of the Bitcoin Network, bitcoin transactions are considered irreversible. Once a transaction appears in the Blockchain, no one has the authority to reverse it. If someone were to attempt to undo a past transaction in a block recorded on the Blockchain, such individual would have to exert tremendous processing power in a series of complicated transactions that may not be achieved at this point in the Bitcoin Network's development.

**Bitcoin Mining and Creation of New Bitcoins**

***Mining Process***

The process by which bitcoins are created and bitcoin transactions are verified is called mining. To begin mining, a user, or "miner," can download and run a mining client, which, like regular Bitcoin Network software programs, turns the user's computer into a "node" on the Bitcoin Network that validates blocks. Bitcoin transactions are recorded in new blocks that are added to the Blockchain and new bitcoins being issued to the miners. Miners, through the use of the bitcoin software program, engage in a set of prescribed complex mathematical calculations in order to add a block to the Blockchain and thereby confirm bitcoin transactions included in that block's data.

Most bitcoin transactions are recorded in blocks added to the Blockchain. Each block contains the details of some or all of the most recent transactions that are not memorialized in prior blocks, as well as a record of the award of bitcoins to the miner who added the new block. In order to add blocks to the Blockchain, a miner must map an input

data set (i.e., the Blockchain, plus a block of the most recent Bitcoin Network transactions and an arbitrary number called a "nonce") to a desired output data set of a predetermined length (the "hash value") using the SHA-256 cryptographic hash algorithm. Each unique block can only be solved and added to the Blockchain by one miner; therefore, all individual miners and mining pools on the Bitcoin Network are engaged in a competitive process of constantly increasing their computing power to improve their likelihood of solving for new blocks. As more miners join the Bitcoin Network and its processing power increases, the Bitcoin Network adjusts the complexity of the block-solving equation to maintain a predetermined pace of adding a new block to the Blockchain approximately every ten minutes.

A miner's proposed block is added to the Blockchain once a majority of the nodes on the Bitcoin Network confirms the miner's work. Miners that are successful in adding a block to the Blockchain are automatically awarded bitcoins for their effort plus any transaction fees paid by transferors whose transactions are recorded in the block. This reward system is the method by which new bitcoins enter into circulation to the public.

***Incentives for Mining***

As noted above, miners that are successful in adding a block to the Blockchain are automatically awarded bitcoins for their effort. Given the increasing difficulty of the target established by the Bitcoin Network, current miners are required to invest in expensive mining devices with adequate processing power to hash at a competitive rate. The first wave of mining devices used central processing units (CPUs) used in standard home computers. Miners soon discovered that graphic processing units (GPUs) provided them with more processing power and the second wave of miners entered the Bitcoin Network. Today, the Bitcoin Network is well into a third wave of mining devices which consist of mining computers that are designed solely for mining purposes. Such devices include ASIC (application-specific integrated circuit) machines built specifically for bitcoin mining by specialized companies like Bittman Technologies and Innosilicon. These new computers are significantly more expensive than standard home computers. Miners also incur substantial electricity costs in order to continuously power and cool their devices while solving for a new block.

The Bitcoin Network is designed in such a way that the reward for adding new blocks to the Blockchain decreases over time and the production (and reward) of bitcoins will eventually cease. Once such incentive mechanism ceases to be profitable, miners will only have transaction fees to incentivize them and as a result, it is expected that miners will need to be better compensated with higher transaction fees to ensure that there is adequate incentive for them to continue mining.

***Mining Pools***

The significant increase in the number of miners and the increasing in mining capacity have radically increased the difficulty of finding a valid hash since the first block was mined. In some respects, hashing is akin to a mathematical lottery, and miners that have devices with greater processing power (i.e., the ability to make more hash calculations per second) are more likely to be successful miners. Currently, the likelihood that an individual acting alone will be able to be awarded a bitcoin is extremely low. As a result, mining "pools" have developed in which multiple miners act cohesively and combine their processing power to solve blocks. When a pool solves a new block, the pool operator receives the bitcoin and, after taking a nominal fee, splits the resulting reward among the pool participants based on the processing power they each contributed to solve for such block. Mining pools provide participants with access to smaller, but steadier and more frequent, bitcoin payouts. As of May 11, 2021, the three largest identifiable mining pools were F2Pool, BTC.Com, and AntPool, which when aggregated, represented approximately 40% of the processing power on the Bitcoin Network (as calculated by determining the percentage of blocks mined by each such pool over the prior four days). As of May, 11, 2021, the ten largest identifiable pools were, F2Pool, BTC.Com, AntPool, Binance, Viabtc, Huobi.pool, Poolin, 1THash, Slushpool, and BTC.TOP, which accounted for 91% of the mining processing power on the Bitcoin Network.

***Mathematically Controlled Supply***

The supply of new bitcoins is mathematically controlled in a manner so that the number of bitcoins grows at a limited rate pursuant to a pre-set schedule. The number of bitcoins awarded for solving a new block is automatically halved after every 210,000 blocks are added to the Blockchain. Currently, the fixed reward for solving a new block is 3.125 bitcoins and will lower to 1.5625 after the next 210,000 blocks have entered the Bitcoin Network, which is expected to be May 2028. This deliberately controlled rate of bitcoin creation means that the number of bitcoins in existence will increase at a controlled rate until the number of bitcoins in existence reaches the pre-determined

21 million bitcoins. Estimates of when the 21 million bitcoin limitation will be reached range up to the year 2140.

***Modifications to the Bitcoin Protocol***

Bitcoin is an open-source project (i.e., a product whose source code is freely available to the public and that utilizes crowdsourcing to identify possible issues, problems and defects) with no official developer or group of developers that controls the Bitcoin Network. However, the Bitcoin Network's development is overseen by a core group of developers including those employed by MIT Media Lab's Digital Currency Initiative and the Bitcoin Foundation (the "Core Developers"). The Core Developers are able to access and can alter the Bitcoin Network source code and, as a result, they are responsible for quasi-official releases of updates and other changes to the Bitcoin Network's source code. The release of updates to the Bitcoin Network's source code does not guarantee that the updated will be automatically adopted. Users and miners must accept any changes made to the bitcoin source code by downloading the proposed modification of the Bitcoin Network's source code. A modification of the Bitcoin Network's source code is only effective with respect to the bitcoin users and miners that download it. If a modification is accepted only by a percentage of users and miners, a division in the Bitcoin Network will occur such that one network will run the pre-modification source code and the other network will run the modified source code. Such a division is known as a "fork" in the Bitcoin Network. See "Risk Factors—Risk Factors Related to the Bitcoin Network and Bitcoins—The acceptance of Bitcoin Network software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in the Bitcoin Network could result in a "fork" in the Blockchain, resulting in the operation of two separate networks." Consequently, as a practical matter, a modification to the source code only becomes part of the Bitcoin Network if accepted by participants collectively having a majority of the processing power on the Bitcoin Network.

Core Development of the Bitcoin source code has increasingly focused on modifications of the Bitcoin protocol to allow non-financial and next generation uses (sometimes referred to as Bitcoin 2.0 projects). These uses include smart contracts and distributed registers built into, built atop or pegged alongside the Blockchain. For example, the white paper for Blockstream, a program of which Core Developers Pieter Wuille and Gregory Maxwell are a part, calls for the use of "pegged sidechains" to develop programming environments that are built within block chain ledgers that can interact with and rely on the security of the Bitcoin Network and Blockchain, while remaining independent thereof. The Company's activities will not directly relate to Bitcoin 2.0 projects, though Bitcoin 2.0 projects may utilize bitcoins as tokens for the facilitation of their non-financial uses, thereby potentially increasing demand for bitcoins and the utility of the Bitcoin Network as a whole. Conversely, Bitcoin 2.0 projects that operate and are built within the Blockchain may increase the data flow on the Bitcoin Network and could either "bloat" the size of the Blockchain or slow confirmation times. At this time, Bitcoin 2.0 projects remain in early stages and have not been materially integrated into the Blockchain or Bitcoin Network.

***Bitcoin Value***

Bitcoins are not a fiat currency (i.e., a currency that is backed by a central bank or a national, supra-national or quasi- national organization) and are not backed by hard assets or other credit. As a result, the value of bitcoins is currently determined by the value that various market participants place on bitcoins through their transactions.

***Exchange Valuation***

Due to the peer-to-peer framework of the Bitcoin Network and the protocols thereunder, transferors and recipients of bitcoins are able to determine the value of the bitcoins transferred by mutual agreement or barter with respect to their transactions. As a result, the most common means of determining the value of a bitcoin is by surveying one or more Bitcoin Exchanges where bitcoins are bought, sold and traded. On each Bitcoin Exchange, bitcoins are traded with publicly disclosed valuations for each transaction, measured by one or more fiat currencies such as the U.S. Dollar or the Chinese Yuan. While a significant volume of bitcoin-to-fiat-currency exchange is denominated in currency other than U.S. Dollars, movements in pricing on these exchanges are generally in-line with U.S. Dollar-denominated exchanges.

Bitcoin price indexes have also been developed by a number of service providers in the bitcoin space. For example, Coindesk, a digital currency content provider and wholly owned subsidiary of Digital Currency Group, launched a proprietary bitcoin price index in September 2013 and bitcoinaverage.com provides an average of all bitcoin prices on several Bitcoin Exchanges. The Company uses the Index calculated by the Index Provider to determine the Bitcoin Index Price, as described below under "—Bitcoin Value—The Index and the Bitcoin Index Price." Additionally, the XBT designation as bitcoin's ISO 4217 currency code is already accepted by some providers for data feeds and a number of

data feeds and other trading platforms are contemplating adopting XBT for their trading platforms. As the bitcoin price discovery and the adoption of XBT become mainstream, the valuation of bitcoins will be more akin to the valuation of a fiat currency.

**Forms of Attack Against the Bitcoin Network**

***Exploitation of Flaws in the Bitcoin Network's Source Code***

As with any other computer code, flaws in the Bitcoin Network source code have been exposed by certain malicious actors. Several errors and defects have been found and corrected, including those that disabled some functionality for users, exposed users' information, or allowed users to create multiple views of the Bitcoin Network. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money in contravention of known Bitcoin Network rules have been relatively rare. For example, in 2010, a hacker or group of hackers exploited a flaw in the Bitcoin Network source code that allowed them to generate 184 billion bitcoins in a transaction and send them to two digital wallet addresses. However, the bitcoin community and developers identified and reversed the manipulated transactions
within approximately three hours, and the flaw was corrected with an updated version of the bitcoin protocol.

The Core Developers, in conjunction with other developers and miners, work continuously in an attempt to ensure that flaws are quickly fixed or removed. Because open-source codes rely on transparency to promote community-sourced identification and solution of problems within the code, such flaws have been discovered and quickly corrected by the Core Developers or the bitcoin community.

***Greater than 50% of Network Computational Power***

A malicious actor can structure an attack after such actor gains control of more than half of the Bitcoin Network's processing power or "hashrate." During May and June 2014, mining pool GHash.io's hashing power approached 50% of the processing power on the Bitcoin Network. During a brief period in early June, the mining pool may have controlled in excess of one-half of the Bitcoin Network's processing power. Although no malicious activity or abnormal transaction recording was observed, the incident establishes that it is possible that a substantial mining pool may accumulate close to or more than a majority of the processing power on the Bitcoin Network.

If a malicious actor acquired sufficient computational power necessary to control the Bitcoin Network, among other things, it would be able to reverse transactions and possibly engage in double-spending, or prevent some or all transactions from being confirmed, and prevent some or all other miners from mining any valid new blocks. A number of computer scientists and cryptographers believe that the immense collective processing power of the Bitcoin Network makes it impracticable for an actor to gain control of computers representing a majority of the processing power on the Bitcoin Network.

***Cancer Nodes***

Cancer nodes are fake bitcoin nodes, which a malicious actor sets up to either place connecting users on a separate network or disconnect them from all networks. This form of attack involves a malicious actor propagating "cancer nodes" to isolate certain users from the legitimate Bitcoin Network. A target user who is surrounded by such cancer nodes would be placed on a separate "network," allowing the malicious actor to relay only blocks created by the separate network and thus opening the target user to double-spending attacks. By using cancer nodes, a malicious actor can also disconnect the target user from the bitcoin economy entirely by refusing to relay any blocks or transactions. Bitcoin software programs make these attacks more difficult by limiting the number of outbound connections through which users are connected to the Bitcoin Network.

***Double-Spending Risks***

A malicious actor may attempt to double spend bitcoins by manipulating the formation of the Blockchain rather than through control of the Bitcoin Network. Variations of this form of attack include the "Finney attack," "race attack" and "vector76 attack." In this type of attack, a miner creates a valid new block containing a double-spend transaction and schedules the release of such attack block so that it is added to the Blockchain before a target user's legitimate transaction can be included in a block. All double-spend attacks require that the miner sequence and execute the steps of its attack with sufficient speed and accuracy. Typically, transactions that allow for a zero-confirmation acceptance tend to be prone to these types of attacks. Users and merchants can reduce the risk of a double-spend attack by waiting for

multiple confirmations from the Bitcoin Network before settling a transaction. These attacks require extensive coordination and are very expensive.
Accordingly, traders and merchants may still execute instantaneous, low-value transactions without confirmation, because it is generally agreed that a malicious miner would be unwilling to carry out a double-spend attack for low-value transactions. Users and merchants can take additional precautions by adjusting their Bitcoin Network software programs to connect only to other well-connected nodes and to disable incoming connections. These precautions reduce the risk of double-spend attacks involving manipulation of a target's connectivity to the Bitcoin Network (as is the case with vector76 and race attacks).

**Market Participants**

***Miners***

Miners range from bitcoin enthusiasts to professional mining operations that design and build dedicated machines and data centers, but the vast majority of mining is now undertaken by mining pools. See "—Bitcoin Mining and Creation of New Bitcoins" above.

***Investment and Speculative Sector***

This sector includes the investment and trading activities of both private and professional investors and speculators. These participants range from hedge funds such as Jersey-based Global Advisors (Jersey) Limited (GABI) to daytraders who invest in bitcoins by trading on Bitcoin Exchanges such as Luxembourg-based Bitstamp and Hong Kong-based Bitfinex. See "—Uses of Bitcoins—Bitcoin Exchange Market" below.

Historically, larger financial services institutions are publicly reported to have limited involvement in investment and trading in bitcoin. In December 2013, Wedbush Securities and Bank of America Merrill Lynch released preliminary research reports on Bitcoin as both a payment tool and investment vehicle. Additionally, in December, the Federal Reserve Bank of Chicago released a primer on Bitcoin prepared by a senior economist. In early 2014, Fitch Ratings, Goldman Sachs, JPMorgan Chase, PricewaterhouseCoopers, UBS Securities and Wedbush Securities, among others, released additional research reports analyzing Bitcoin on the basis of bitcoin value, technological innovation or payment system mechanics. In December 2014, the Federal Reserve Board's Divisions of Research & Statistics and Monetary Affairs released an analysis of the Bitcoin Network's transaction system and the Bitcoin Exchange Market's economics. In 2015, institutions including Alliance Bernstein, Goldman Sachs and KPMG issued further research reports. Additionally, institutions including Goldman Sachs, Citi, Nasdaq, Visa, Mastercard, CME Group, CIBC, Fortress Investment Group, J.P. Morgan, The Depository Trust & Clearing Corporation and The PNC Financial Services Group made, or proposed to make, direct or indirect investments in bitcoins or the Bitcoin ecosystem.

***Retail Sector***

The retail sector includes users transacting in direct peer-to-peer bitcoin transactions through the direct sending of bitcoins over the Bitcoin Network. The retail sector also includes transactions between consumers paying for goods or services from commercial or service businesses through direct transactions or third-party service providers such as BitPay, Coinbase and GoCoin. BitPay, Coinbase and GoCoin provide a merchant platform for instantaneous transactions whereby the consumer sends bitcoins to BitPay, Coinbase or GoCoin, which then provides either the bitcoins or the cash value thereof to the commercial or service business utilizing the platform. PayPal, Square and Shopify are examples of traditional merchant payment processors or merchant platforms that have also added bitcoin payment options for their merchant customers.
Payment processing through Bitcoin typically reduces the transaction cost for merchants, relative to the costs paid for credit card transaction processing.

***Service Sector***

This sector includes companies that provide a variety of services including the buying, selling, payment processing and storing of bitcoins. Binance, Upbit, Coinbase are three of the largest Bitcoin Exchanges in the world. BTCC, and HTX is large Bitcoin Exchange based in China that primarily feature trading of bitcoins for Chinese Yuan. Coinbase is a multi- service financial institution that provides digital wallets that store bitcoins for users and also serves as a retail gateway whereby users can purchase bitcoins for fiat currency. Coinbase, BitPay, BitPagos and GoCoin are examples of bitcoin payment processors that allow merchants to accept bitcoins as payment. As the Bitcoin Network continues to grow in acceptance, it is anticipated that service providers will expand the currently available range of services and that additional parties will enter the service sector for the Bitcoin Network. For example, bitcoin custodian Xapo was the first

Bitcoin company to propose and provide a bitcoin debit card service that could permit more simple point-of-sale merchant transactions denominated in bitcoins. Meanwhile, BitGo, a bitcoin custodian and digital wallet, has pioneered the use of "multi-signature" storage as an enhanced security feature to retail and enterprise clients.

***Global Bitcoin Market***

The global bitcoin market consists of peer-to-peer transactions, institutional trading, merchant adoption, and exchange-based activity. Bitcoin markets operate continuously and globally, with trading occurring across both regulated and unregulated venues. Although Bitcoin has grown substantially in adoption, there is no centralized source of verified data regarding total users, miners, or demographics, as participation is decentralized.
A small but developing market also exists for bitcoin-based derivatives and structured products, which are primarily traded on regulated futures exchanges and institutional platforms.

***Bitcoin Exchange Market***

Bitcoin is primarily bought and sold on digital asset trading platforms ("Bitcoin Exchanges"). These venues facilitate price discovery and provide the most observable market data for bitcoin valuations.
The Bitcoin Exchange market is now led by large, regulated, and well-capitalized operators—including U.S.-regulated exchanges—that serve both retail and institutional customers. However, global exchanges vary in domicile, regulatory status, internal controls, and transparency.

In addition to public exchanges, some institutional participants transact through OTC (over-the-counter) trading desks, which allow large block trades to occur without immediately impacting public order books. OTC trading volume is significant in the institutional market, though data is not publicly reported in real time.
While the Bitcoin market is more mature today than in its early years, global trading remains a mixture of:

- regulated exchanges
- offshore exchanges of varying legal frameworks
- institutional OTC desks
- peer-to-peer platforms

As a result, liquidity, transparency, and regulatory oversight continue to differ significantly across jurisdictions.

***Goods and Services***

Bitcoin can be used to purchase goods and services from a growing range of merchants, service providers, fintech companies, and global e-commerce platforms. Adoption varies by industry and geography but continues to expand through:

- payment processors enabling merchants to accept bitcoin and convert to fiat
- cross-border payments and remittances
- online commerce
- digital goods and subscription services
- charitable donations

Large companies—including payment processors, travel platforms, and online marketplaces—either accept bitcoin directly or enable bitcoin-based payments through integrated partners. Merchant adoption continues to evolve alongside consumer demand and regulatory clarity.
While bitcoin's primary use case remains as a store of value and digital commodity, its acceptance for payments, settlement, and international transfers continues to grow as infrastructure improves.

***End-User Transactions***

The bitcoin network operates on a continuous, 24-hour, global basis, allowing users to transact directly with one another on a peer-to-peer ("P2P") basis. Transactions are settled without intermediaries, and all counterparty, credit, and settlement risk resides solely with the transacting parties.
Users may transact through:

- direct wallet-to-wallet transfers
- peer-to-peer platforms and marketplaces

- OTC counterparties
- custodial exchanges facilitating internal transfers

P2P activity varies by region and regulatory environment. While some platforms historically enabled in-person or online escrowed trades, the ecosystem has largely shifted toward regulated exchanges, custodians, and institutional OTC desks as global AML rules have tightened. Transaction fees on the Bitcoin Network are market-driven and paid by the sender. Fees fluctuate with network congestion and miner demand, but remain transparent and competitively priced compared to traditional payment rails. There are no designated market makers or centralized entities guaranteeing liquidity; however, the scale of the modern bitcoin market—with globally distributed exchanges, custodians, and OTC firms—supports deep liquidity across time zones.

***Privacy and Anonymity Considerations***

Bitcoin offers pseudonymity, not anonymity.
All on-chain transactions are publicly recorded on the Blockchain, allowing patterns, flows, and wallet groupings to be analyzed through forensic and analytics tools widely used by regulators and compliance providers.
Key points:

- Bitcoin addresses do not contain personal identifiers.
- However, once an address is linked to an identity (e.g., through a regulated exchange), transaction histories can often be traced.
- Modern blockchain analytics tools (Chainalysis, TRM Labs, Elliptic, etc.) enable sophisticated tracking of on-chain activity.
- Global AML/CFT regulations increasingly require exchanges and custodians to collect KYC information, reducing anonymity across fiat on-ramps and off-ramps.

While some users may attempt to enhance privacy through address rotation or privacy-enhancing tools, the use of mixing or "tumbling" services has become heavily scrutinized, regulated, and in some jurisdictions prohibited. Many regulated exchanges refuse to accept coins associated with sanctioned mixers or privacy-enhancing services.

***Digital Asset Competition***

Bitcoin is the first and most established decentralized digital asset, and it maintains the largest market share by market capitalization. While thousands of alternative digital assets exist, including smart-contract networks, privacy-focused assets, and stablecoins, Bitcoin continues to dominate as a digital commodity and store-of-value asset.
Competitive dynamics include:

- smart-contract platforms (e.g., Ethereum, Solana)
- programmable digital assets used for DeFi, NFTs, and tokenization
- privacy-focused networks
- stablecoins used for payments and settlement
- emerging AI/HPC-oriented networks

Despite these alternatives, Bitcoin benefits from:

- first-mover advantage
- the largest and most secure proof-of-work network
- broad institutional adoption
- increasing integration into financial markets and regulated custodial infrastructure

However, advancements in alternative digital assets or evolving user preferences could reduce Bitcoin's market share, which may impact demand and price.

***Government Oversight***

Digital assets such as bitcoin continue to evolve within a complex and rapidly developing regulatory landscape. Although bitcoin has existed for more than a decade, regulatory frameworks applicable to its use, custody, exchange, taxation, and classification remain subject to significant interpretation and change at the federal and state level in the United States and across foreign jurisdictions.

***U.S. Federal Oversight***

- IRS Guidance:
  In Notice 2014-21 and subsequent updates, the Internal Revenue Service ("IRS") classified bitcoin as "property" for U.S. federal tax purposes. This classification governs tax reporting and gain/loss treatment but does not control how other agencies classify bitcoin for their regulatory regimes.
- FinCEN and AML Requirements:
  The Financial Crimes Enforcement Network ("FinCEN") requires administrators and exchangers of "convertible virtual currency" to register as money services businesses ("MSBs") and comply with Bank Secrecy Act ("BSA") obligations, including AML programs, suspicious activity reporting, and recordkeeping. FinCEN has continued enforcement actions against non-compliant exchanges and custodial providers, and regulatory expectations may expand over time.
- SEC Position:
  The Securities and Exchange Commission ("SEC") has not classified bitcoin itself as a security. The SEC continues to regulate bitcoin-related securities products, custodians, and intermediaries, and has pursued enforcement actions involving fraud, unregistered securities, and misleading practices in the digital asset sector. Changes in interpretation or future legislation could result in bitcoin or certain bitcoin-related activities being treated as securities, which could subject market participants to additional regulation under the Securities Act, Exchange Act, Investment Company Act, or Investment Advisers Act.
- CFTC Classification:
  The Commodity Futures Trading Commission ("CFTC") has determined that bitcoin is a "commodity" under the Commodity Exchange Act ("CEA"), allowing bitcoin-based futures, options, and swaps to trade on CFTC-regulated exchanges. While bitcoin itself is not a "commodity interest," expanding CFTC oversight or new rulemaking could impose additional compliance obligations on market participants.

U.S. State Regulatory Environment

State treatment of digital assets varies widely. Some states require money transmitter licenses for digital asset activities; others have enacted digital-asset-specific regimes, including:

- New York's "BitLicense" regulatory framework for virtual currency businesses
- Broader digital asset regulations in states such as Wyoming
- States like Texas and Kansas clarifying that the exchange of bitcoin may not constitute money transmission under existing statutes

Inconsistent state-level policies may increase operational complexity, costs, or restrictions for digital asset businesses and may influence market participants' behavior.

Foreign Regulatory Landscape

Global regulatory treatment of bitcoin differs significantly by jurisdiction and continues to evolve. Examples include:

- European Union: Implementation of MiCA (Markets in Crypto-Assets Regulation), establishing licensing and disclosure requirements for digital asset service providers.
- United Kingdom: Regulation of cryptoasset exchange and custody under the Financial Conduct Authority (FCA), including AML supervision.
- Japan: Licensing and oversight of virtual asset service providers through the Financial Services Agency (FSA).
- China: Broad prohibitions on cryptocurrency trading and mining; exchanges are banned from serving domestic users.
- Countries with restrictive or unclear frameworks: Some jurisdictions impose bans or material limitations on digital assets, while others provide permissive regimes or remain without formal guidance.

Regulatory divergence across global markets may limit adoption, impose additional compliance burdens, or restrict the ability of bitcoin exchanges, custodians, or businesses to operate. Significant regulatory changes—either tightening or loosening—may impact liquidity, market structure, or user participation in the bitcoin economy.

***Regulatory Uncertainty***

Future regulatory actions remain difficult to predict. Changes in the classification of bitcoin, tax rules, AML requirements, exchange oversight, custody regulations, or cross-border policies could materially affect:

- the operation of the Bitcoin Network
- the ability to buy, sell, or use bitcoin

- the liquidity and structure of the Bitcoin Exchange Market
- the cost or availability of compliance for market participants
- the demand for and value of bitcoin

Adverse regulatory developments, whether in the United States or abroad, could reduce demand for bitcoin, restrict access to trading venues, or otherwise negatively affect bitcoin's market price.

***Not a Regulated Commodity Pool***

The Company is authorized solely to take immediate delivery of actual bitcoin and may hold bitcoin as part of its treasury management strategy or in connection with revenue received from its products and services. The Company does not trade, buy, sell, or hold bitcoin futures contracts, swaps, options, or any other instruments that constitute "commodity interests" under the Commodity Exchange Act ("CEA") or CFTC regulations.
Because the Company does not engage in transactions involving commodity interests, the Company believes it is not a "commodity pool" for purposes of the CEA. As a result:

- the Company is not subject to regulation by the Commodity Futures Trading Commission ("CFTC") as a commodity pool;
- the Company is not operated by a CFTC-registered commodity pool operator ("CPO"); and
- investors in the Company will not receive the regulatory protections applicable to investors in registered commodity pools or in bitcoin futures contracts traded on regulated futures exchanges.

If future activities of the Company, changes in regulation, or regulatory interpretations were to cause the Company to be deemed a commodity pool, the Company could become subject to significant additional compliance obligations, reporting requirements, and operational restrictions, any of which could materially affect the Company and its investors.

**Cryptocurrency Mining Introduction**

***Overview of Bitcoin Mining***

Bitcoin mining is the process by which participants on the Bitcoin Network validate transactions, maintain security, and add new blocks to the Blockchain. Mining requires specialized hardware to perform the computational work needed to solve cryptographic puzzles known as proof-of-work ("PoW"). When a miner successfully validates a block:

- the block is appended to the Blockchain,
- the miner receives newly issued bitcoin (the "block subsidy"), and
- the miner earns the transaction fees included in the block.

Mining provides the decentralized consensus mechanism that secures the Bitcoin Network. Because PoW is energy-intensive and computationally competitive, mining difficulty automatically adjusts so that new blocks are produced approximately every ten minutes, regardless of the number of miners participating.

***Evolution of Mining Hardware***

Bitcoin mining has progressed through several generations of computing hardware:

- CPU mining (2009–2010) – hobbyist era
- GPU mining (2010–2013) – early scaling stage
- FPGA mining (2012–2013) – transitional hardware
- ASIC mining (2013–present) – modern industrial mining

Today, bitcoin mining is performed exclusively with application-specific integrated circuits ("ASICs"), which are purpose-built for SHA-256 hashing. ASICs dramatically outperform prior hardware generations in efficiency, allowing commercial miners to operate at large scale and compete for block rewards.
ASIC development cycles are capital-intensive and occur rapidly, which creates ongoing risks of hardware obsolescence. ASIC miners typically have limited or no alternative uses beyond Bitcoin mining.

***Mining in the Context of the Company's Broader Business***

While the Company maintains technical expertise and historical DNA in bitcoin mining operations, mining is **not** the Company's primary revenue model. Instead, mining supports the Company's research and development efforts—particularly in firmware optimization, immersion and hydro-cooling design, and performance benchmarking across ASIC generations.

The Company currently engages in mining on a limited scale in order to:

- test, refine, and validate its proprietary ASIC firmware,
- demonstrate performance improvements for customers,
- benchmark equipment designs across immersion and hydro-cooling systems, and
- maintain operational knowledge of current ASIC architectures and mining economics.

Mining revenues, if any, represent a minor portion of the Company's anticipated operations relative to its strategic verticals, which include:

- infrastructure services for AI/HPC and Bitcoin data centers,
- immersion and hydro rack manufacturing and deployment,
- specialized data center equipment (transformers, switchgear, PDUs),
- proprietary ASIC firmware and miner-management software, and
- cloud-based monitoring and automation systems.

***Industry Background***

The Bitcoin Network launched in January 2009 with the creation of the "genesis block" by the pseudonymous creator, Satoshi Nakamoto. Since then, global mining operations have evolved into a large-scale industrial sector involving data centers, advanced cooling technologies, and significant energy infrastructure. Mining is now dominated by purpose-built facilities using thousands of ASIC devices in coordinated server clusters, often supported by immersion or hydro-cooling to improve efficiency and extend hardware lifespan.

Because mining difficulty increases as more hash power enters the network, modern mining operations require substantial capital investment in hardware, cooling infrastructure, and power capacity. These dynamics influence the economic feasibility of mining and can impact demand for the Company's infrastructure products and software solutions.

***License Agreement- Bixbit USA, Inc.***

In October 2022, the Company entered into a Technology License Agreement with ICS Engineering, granting the Company exclusive rights to manufacture, distribute, and commercialize products marketed under the "Bixbit" brand within the United States. Following the execution of the license, the Company and ICS Engineering formed a jointly owned subsidiary, Bixbit USA, Inc., to develop and commercialize these products.

Through Bixbit USA, the Company holds exclusive U.S. intellectual property rights to a portfolio of data-center and mining-infrastructure technologies, including:

- Immersion cooling systems (racks, tanks, and mobile containers) for ASIC server deployment
- Hydro-cooling racks and containers for water-cooled ASIC systems
- Direct-liquid-cooled (DLC) racks and containers for high-performance computing ("HPC") and AI workloads
- Custom ASIC firmware, enabling performance optimization, chip-level frequency control, efficiency tuning, and advanced immersion/hydro profiles
- AMS (Automated Monitoring System), a proprietary miner-management and data-center monitoring platform
- Smart PDU units, enabling intelligent power distribution, sensor integration, and remote orchestration
- All products marketed under the Bixbit USA brand are exclusive to the United States market pursuant to the Technology License Agreement.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION -BIG STAR BLOCKCHAIN**

Big Star Blockchain was originally organized to design, build, and operate cryptocurrency mining operations. Over time, the Company expanded its business model and strategic direction to focus on higher-value infrastructure, equipment, and software solutions. With the formation of Bixbit USA, Inc. and the acquisition of exclusive technology rights under the

Technology License Agreement, the Company now prioritizes revenue generation from:

- infrastructure design, engineering, and turnkey deployment projects;
- immersion, hydro, and HPC rack and container manufacturing;
- ASIC firmware development and optimization services;
- miner-management and automation software (AMS);
- Smart PDU and related data-center hardware products; and
- specialty equipment and components for AI/HPC and Bitcoin mining data centers.
- The Company continues to conduct limited mining operations for internal R&D, testing, benchmarking, and firmware validation, but mining revenue is not the Company's primary business model.
- Planned Operational and Development Expenses (Next 12 Months)

  Over the next 12 months, the Company anticipates incurring expenses associated with:

- Advertising and brand development
- Trade shows, industry conferences, and channel-partner events
- Marketing and social media campaigns
- Firmware and software development
- Legal, SEC compliance, and regulatory matters
- Independent auditors and accounting support
- SOC 2 compliance and software security audits
- Website, cloud infrastructure, and customer-portal development
- General selling, general, and administrative expenses (SG&A)
- Interest expense on any future debt obligations
- Customer service and implementation teams
- Procurement of new ASIC machines for R&D and firmware testing
- Liquidity and Going-Concern Considerations
- The Company expects to meet its near-term operating requirements through existing cash reserves and proceeds from this financing. Future financial performance will depend primarily on:
- revenue generated from infrastructure services and equipment sales;
- expansion of firmware/software licensing and recurring revenue streams;
- successful commercialization of Bixbit USA product lines;
- continued growth in AI/HPC and Bitcoin-data-center demand; and
- prudent working-capital management.

While the Company maintains limited mining operations for research and optimization purposes, the Company's long-term financial viability is not dependent on mining revenue or cryptocurrency market prices.

**Distributions (Profit Sharing) to Noteholders- BSLA, LLC**

The Company will make quarterly distributions to the Noteholders from the net revenue of the Company. The distributions will be made on a net revenue basis after land cost, power studies cost, and standard fees associated with real estate transactions like escrow costs or realtor fees. Net Profits shall also exclude legal fees directly attributable to the transaction, and no general and administrative expenses (G&A), overhead, corporate salaries, or unrelated operating costs shall be deducted. The Noteholder as a group will share 25% of the net revenue on a pro-rata basis. There will be no deductions running the day-to-day operations of the Company or administrative overhead which will be borne by the parent company Big Star Blockchain. The distributions will be made in cash on the 10$^{th}$ of the month following the calendar quarter.

**Conversion Event (Sunset Clause)- BSLA, LLC**

The Sunset Clause will be triggered upon the occurrence of any of the following conditions (each, a "Sunset Event"). Upon the occurrence of a Sunset Event, 100% of the original principal amount of the Notes will automatically convert into shares of common stock of the parent company, Big Star Blockchain Inc., at a fixed conversion price of $1.50 per share, regardless of any interest or profit participation payments previously received. The Company makes no representation regarding the

tax consequences of conversion, and each investor should consult their own tax advisor.

1 the Noteholder receives 120% of the initial investment
2 three years elapse from the date of investment
3 the parent company Big Star Blockchain securities get listed on a national exchange approved by the Parent Board

**Executive Officers- Big Star Blockchain**

The following table sets forth certain information with respect to our Officers. The biographical resumes of our management are set forth below:

***Kevin Mohan – CEO***

Kevin Mohan is the CEO and Chairman of Big Star Blockchain, leading advancements in next-generation data-center infrastructure, immersion-cooling technology, and Bitcoin firmware innovation. Over nearly three decades as a founder and operator, he has built, scaled, and successfully exited businesses across technology, commodity trading, and diversified services. Mr. Mohan has been actively involved in immersion mining since 2017 and has steered Big Star through multiple Bitcoin halving cycles. Under his leadership, the Company has diversified its revenue streams beyond mining to include software, firmware, infrastructure, and equipment, creating a more resilient and scalable business model. Prior to Big Star, Mr. Mohan spent seven years as Chairman of a Nasdaq-listed company, where he led a significant business transformation. Following the COVID-19 pandemic, he repositioned a struggling restaurant-based operation generating approximately $10 million in annual revenue and operating at a loss into a global food-supply-chain platform, achieving more than $700 million in annual revenue and strong profitability in its first full year under the new operating structure. Mr. Mohan has led multiple high-growth transformations, driving strategic pivots, operational discipline, and alignment among boards, management teams, investors, and other stakeholders. He is known for disciplined decision-making, strong governance practices, and exceptional crisis management and conflict resolution skills.

***James Jewell- President***

James Jewell is a seasoned leader with nearly three decades of success in sales, marketing, and business development across software, staffing, and blockchain technology. James began his career in corporate software sales at Sage Group before transitioning to staffing, where he rose to Senior Vice President of Sales at TRG, generating 50% of the company's $20 million annual revenue. In 2016, he founded Blue HG, initially focusing on workforce solutions for the oil and gas sector. By 2017, Blue HG pivoted to blockchain infrastructure, playing a critical role in building Bitmain's first large-scale cryptocurrency mining facility in Rockdale, Texas, and later deploying the first immersion Bitcoin mining site in West Texas. As the founder of Solergy Blockchain, James drove the development of off-grid, renewable energy-powered mining facilities, completing a 5 MW proof-of-concept site in just 60 days with 98% uptime. Most recently, he served as CEO of Hiveon Software, leading the U.S. expansion of a European cryptocurrency mining platform with innovative go-to-market strategies. James is known for driving growth, delivering innovative solutions, and building successful ventures in both established and emerging industries.

***Stephen A. Spanos - CFO***

Prior to joining Big Star Blockchain, from 2015 to 2021, Mr. Spanos was the Chief Financial Officer of Boston Therapeutics, a publicly traded pharmaceutical company. From 2009 to 2014, Mr. Spanos served as the Chief Financial Officer of Orion Seafood International, Inc., a marketer of frozen lobster products. From 2005 to 2009, Mr. Spanos served as the Controller of Reef Point Systems, a provider of security solutions for converged wireless and wireline networks in the United States. Prior to that, Mr. Spanos served as an audit manager for BDO USA, LLP and as an auditor for Ernst & Young. Mr. Spanos received his MBA and BS in Business Administration, Accounting and Financing in 1995 and 1985, respectively, from Boston University

***Cecil Robles- CRO***

Cecil Robles is the Chief Revenue Officer and a member of the Executive Team at Big Star Blockchain, where he leads the company's revenue strategy through innovative marketing initiatives, scalable sales systems, and strategic product positioning. With more than two decades of experience in digital marketing, sales leadership, and investor relations, Cecil

has driven over $200 million in online sales across a diverse range of industries. A builder of high-performance marketing funnels and automated revenue systems, he specializes in brand strategy, customer acquisition, and investor engagement. At Big Star Blockchain, Cecil is dedicated to accelerating company growth and expanding market presence through data-driven marketing, strategic partnerships, and capital-focused execution.

**EXECUTIVE COMPENSATION- BIG STAR BLOCKCHAIN**

The Company's Executive Officers receive approximately $520,000 a year in total salary.

No retirement, pension, profit sharing, stock option or other similar programs have been adopted by the Company for the benefit of its management and employees.

There are no understandings or agreements regarding compensation our management will receive after additional business acquisitions of which is required to be included in this table, or otherwise. The Company does not have a standing compensation committee or a committee performing similar functions.

**BOARD OF DIRECTORS- BIG STAR BLOCKCHAIN**

Kevin Mohan- Chairman of the Board

**BOARD COMPENSATION- BIG STAR BLOCKCHAIN**

The Board is not being compensated at the moment.

**DESCRIPTION OF SHARES – BIG STAR BLOCKCHAIN, INC.**

**Shares**

The Company currently has 14,867,700 Shares issued and outstanding.

**Conversion Shares**

The company has 902,255 shares that can convert from its subsidiary BSBC, LLC on a 1 to 1 basis. The shares automatically convert upon the occurrence of certain events including entering the public market.

**Convertible Notes**

The Company issued convertible notes for $500,000 that convert at $2.00 with potential dilution of 250,000 shares.

**Preferred Stock**

None prior to the Offering

**Options**

None.

**Warrants**

250,000 warrants have been issued pursuant to a convertible note with a variable conversion price. If the $500,000 convertible note converts at $2.00, the Warrants will have an Exercise Price of $2.50.

**Transfer Agent**

Vstock Transfer

**Auditor**

Fruci & Associates

**PRINCIPAL SHAREHOLDERS- BIG STAR BLOCKCHAIN**

The following table sets forth certain information regarding beneficial ownership of our Shares immediately after the consummation of the closing of the Offering assuming the sale of $7,500,000 in Securities, the Maximum Offering:

- by each person who is known by us to beneficially own more than 5% of our Shares;
- by each of our management.

Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person's address is c/o Big Star Blockchain, Inc., 240 Centre Dr., Burleson, TX 76028; Telephone: (682) 316-6810.

| NAME OF OWNER | SHARES | PERCENTAGE OF SHARES PRE-OFFERING (1)(2)(4)(5) | PERCENTAGE OF SHARES POST-OFFERING (3)(4)(5) |
|---|---|---|---|
| Big Star Mining, Inc | 1,919,000 | 12.16% | 9.23% |
| Kevin Mohan | 1,700,000 | 10.77% | 8.18% |
| John F Armstrong III | 1,144,000 | 7.25% | 5.50% |
| Dana Wappler | 910,000 | 5.77% | 4.38% |
| Jeff Daniel Ane | 900,000 | 5.77% | 4.38% |

(1) Percentage based on 15,769,955 shares outstanding which includes conversion of 902,255 share from subsidiary BSBC, LLC
(2) Kevin Mohan is the CEO of Big Star Mining, Inc.
(3) Percentage based on completion of full offering 20,769,955 shares outstanding
(4) Does not include conversion of notes for 250,000 shares
(5) Does not include conversion of 250,000 warrants

**MERGER- BIG STAR BLOCKCHAIN**

In August of 2022, the Company issued an aggregate of 13,272,000 of its Shares pursuant to Contribution and Exchange Agreements with Alta Vista Mine, LLC, Alta Vista Mine II, LLC, and Alta Vista Mine III, LLC. The Members of Alta Vista Mine, LLC, Alta Vista Mine II, LLC, and Alta Vista Mine III, LLC contributed their membership interest on a 1 to 1 basis for shares of Big Star Blockchain, Inc. The transaction resulted in Alta Vista Mine, LLC, Alta Vista Mine II, LLC, and Alta Vista Mine III, LLC becoming wholly owned subsidiaries of the Company. The shares were affected through a tax-free exchange.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS- BIG STAR BLOCKCHAIN**

There are currently no related party transactions which have materially affected or will materially affect us in which any management or beneficial holder of more than 10% of the outstanding Shares, or any of their respective relatives, spouses, associates or affiliates, has had or will have any direct or material indirect interest. We have no policy regarding entering into transactions with affiliated parties. The CEO Mr. Mohan is also the CEO of Big Star Mining, Inc., the Company's largest Shareholder.

**PRIOR FINANCING- BIG STAR BLOCKCHAIN**

In December of 2022, the Company closed its initial round of finance for $500,000. The convertible note was issued to 1 investor. The note has a 5-year term with 10% interest and converts at a 20% discount to the IPO price or $2.00 at

the request of the noteholder. At closing the Company issued 250,000 warrants at a strike price equal to 125% of the conversion price. The warrants expire in December of 2027 if not exercised.

In April of 2024 the Company issued 2-year convertible note to 2 holders for $200,000. The notes carry a 12% interest rate and convert into the Company at $1.50 per share.

In September of 2024 the Company sold equity to 1 investor for $100,000 at $1.00 per share.

In November of 2025 the Company's subsidiary BSBC, LLC sold $1,200,000 of Convertible Promissory Notes priced at $1.33 that convert into 902,255 shares of the Company. The subsidiary is entitled to 5% of the net revenue distributed to the holders until 125% of the initial investment is returned or the share convert. Once 125% of the initial investment is returned or the Company enters the public market, the shares are automatically converted.

## CONFLICTS OF INTEREST- GENERAL

The Company's current management hold a majority of the Shares and could be in a position to influence approval of affiliated transactions, if any. Although the Company's principals intend to act fairly and in full compliance with their fiduciary obligations, there can be no assurance that the Company will not, as a result of the conflict of interest described above, possibly enter into arrangements under terms less favorable than it could have obtained had it been dealing with unrelated persons.

There may also be conflicts of interest arising out of other activities of the Company or any Affiliates, and/or its management ("Collective Parties"). The Collective Parties may be actively engaged in owning, operating, and/or funding other companies in direct or indirect competition with the Company.

**Company Management- BSLA, LLC**

The Company's capital will flow up to the parent Company Big Star Blockchain for use in expanding the business. All of the management of the Company will be done by officers and directors of the parent including the following:

Books and record keeping
Compliance
Financial reporting
Distributions
Personnel decisions
Tax reporting
Investor relations

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION- BSLA, LLC

The Company was organized to identify, acquire, de-risk, and monetize land parcels with significant power potential suitable for data center and energy-intensive infrastructure development. The Company may engage in affiliated transactions with its parent company from time to time in the ordinary course of business.

During the next 12 months we anticipate incurring costs related to:

| |
|---|
| Land Acquisitions |
| Power studies |
| Electrical Infrastructure |
| Marketing for Land |
| Real Estate Agent Compensation and Escrow Fees |
| SG&A |
| Tax Preparation |

We believe that we will be able to meet these costs through our existing cash balance and additional proceeds from the current financing. However, our ability to continue as a going concern is dependent upon our ability to generate sales of land we purchase.

Managing Member

**Kevin Mohan, Managing Member.** Mr. Mohan is the Managing Member of BSLA LLC and the CEO of the parent company, Big Star Blockchain.

**Executive Compensation**

The Company's Executive Officers receive approximately $0 a year in total salary.

No retirement, pension, profit sharing, stock option or other similar programs have been adopted by the Company for the benefit of its management and employees.

There are no understandings or agreements regarding compensation our management will receive after additional business acquisitions of which is required to be included in this table, or otherwise. The Company does not have a standing compensation committee or a committee performing similar functions.

**BOARD OF DIRECTORS**

Kevin J Mohan currently the Chairman of the Board and only board member.

**DESCRIPTION OF THE NOTES**

The Notes provide for quarterly profit participation payments, if any, which are contractual in nature, not guaranteed, and do not reduce principal.

The Notes automatically convert upon the occurrence of a defined Sunset Event at a fixed conversion price of $1.50 per share based on 100% of the original principal amount.

The Company has reserved up to 5,000,000 shares of common stock to satisfy conversion obligations related to Notes issued in an aggregate principal amount of up to $7,500,000.

**Preferred Stock**

None prior to the Offering

**Options**

None.

**Warrants**

None.

**Transfer Agent**

The Company does not maintain a transfer agent for the Notes. Any equity issued upon conversion of the Notes will be recorded on the issuer's books and records or through a transfer agent, as applicable.

## EQUITY OWNERSHIP OF BSLA, LLC

The following table sets forth certain information regarding the ownership of the Membership Units of Big Star Land Acquisition, LLC immediately following the consummation of the Offering. The Membership Units of the Company are not being offered hereby. The Membership Units are owned solely by the Company's parent, Big Star Blockchain, Inc. Holders of the Convertible Promissory Notes will not hold Membership Units of the Company and will have no equity ownership or voting rights in the Company prior to conversion of the Notes.

Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person's address is c/o BSLA, LLC., 240 Centre Dr., Burleson, TX 76028; Telephone: (682) 316-6810.

| NAME OF OWNER | MEMBERSHIP UNITS OWNED | PERCENTAGE OF MEMBERSHIP UNITS |
|---|---|---|
| Big Star Blockchain, Inc. | 1 | 100% |

## RECENT SALES OF UNREGISTERED SECURITIES

There have been no sales of unregistered securities.

This offer and sale of the above securities are deemed to be exempt under Rule 506 of Regulation D and/or Section 4(2) of the Securities Act of 1933, as amended. No advertising or general solicitation was employed in offering the securities. The offerings and sales were made to a limited number of persons, all of whom were accredited investors, business associates of the Company or executive officers of the Company, and transfer was restricted by the Company in accordance with the requirements of the Securities Act of 1933. In addition to representations by the above-referenced persons, we have made independent determinations that all of the above-referenced persons were accredited or sophisticated investors, and that they were capable of analyzing the merits and risks of their investment, and that they understood the speculative nature of their investment.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There are currently no related party transactions which have materially affected or will materially affect us in which any management or beneficial holder of more than 10% of the outstanding Convertible Promissory Notes, or any of their respective relatives, spouses, associates or affiliates, has had or will have any direct or material indirect interest. We have no policy regarding entering into transactions with affiliated parties.

The Managing Member, Mr. Mohan is also the CEO of Big Star Blockchain, Inc., which is the Company's only Member.

## CONFLICTS OF INTEREST- GENERAL

The Company's current management hold a majority of the Convertible Promissory Notes and could be in a position to influence approval of affiliated transactions, if any. Although the Company's principals intend to act fairly and in full compliance with their fiduciary obligations, there can be no assurance that the Company will not, as a result of the conflict of interest described above, possibly enter into arrangements under terms less favorable than it could have obtained had it been dealing with unrelated persons.

There may also be conflicts of interest arising out of other activities of the Company or any Affiliates, and/or its management ("Collective Parties"). The Collective Parties may be actively engaged in owning, operating, and/or funding other companies in direct or indirect competition with the Company.

## RESTRICTIONS ON TRANSFER OF SECURITIES

The Securities are subject to restrictions on transfer and have not been registered under the Securities Act. Such securities must be held indefinitely unless:

- there is in effect a Registration Statement under the Securities Act covering the proposed disposition or transfer and such disposition or transfer is made in accordance with such Registration Statement;

- you notify us of the proposed disposition or transfer and obtain a legal opinion from our counsel or from outside counsel, at our cost and reasonably satisfactory to us, that such disposition or transfer will not require registration under the Securities Act;

- the securities are sold pursuant to an exemption from the registration requirements of the Securities Act afforded by Rule 144 of the Securities Act or similar rule then in effect, and our counsel, or an outside counsel reasonably satisfactory to us, provides a legal opinion, at our cost, that such disposition is exempt from registration under the Securities Act; or

- the restrictive legend may be removed, without volume or manner of sale requirements, pursuant to Rule 144 under the Securities Act, and we have, or our counsel has, at our cost, instructed our transfer agent as to such legend removal.

- the Securities will bear a legend setting forth these restrictions on transfer and any legends required by state securities laws.

**RISKS RELATED TO THE NOTES, PROFIT PARTICIPATION, AND CONVERSION STRUCTURE**

Profit participation payments are not guaranteed and depend on the successful sale of land assets.

Quarterly profit participation payments may be delayed or reduced due to working capital needs.

Principal may not be repaid in cash and may convert into equity instead.

The conversion price may not reflect the market value of the Company or Parent at the time of conversion.

The Company may engage in intercompany transactions with its parent that could reduce liquidity at the Company level.

There is no assurance that a public listing or liquidity event will occur.

## Pending Transactions at Conversion

A conversion event or Sunset Event may occur at a time when the Company has entered into a binding purchase and sale agreement or other definitive agreement for the disposition of a land asset, but prior to the closing of such transaction. In such event, holders of the Convertible Promissory Notes will remain entitled to receive any profit participation payments attributable to such transaction in accordance with the terms of the Notes. However, the timing of such payments may be affected by the timing of the closing and funding of the applicable transaction, and there can be no assurance as to when or whether such transaction will ultimately close.

**PLAN OF DISTRIBUTION**

Subject to the terms and conditions set forth herein, the Company is offering the Maximum Offering on a “best efforts” basis. There is no minimum in connection with this Offering. As a result, funds will be deposited directly with the Company and may be used immediately for operations. If the Company does not raise adequate capital to implement its acquisition plan, then your investment may be lost. The Offering is being made pursuant to exemptions from registration available under the Securities Act, and pursuant to certain other statutory exemption. The Company may reject subscriptions in its sole discretion, in whole or in part. If this Offering is oversubscribed, the Company may

determine, in its sole discretion, to reject subscriptions in whole or in part or to allocate to any prospective investor less than the number of Securities to which the investor subscribed, subject to the Company's obligation to return to any prospective investor funds transmitted by such investor in respect of a rejected subscription, in whole or in part.

The offering period shall commence on the date of this Memorandum and will continue until the earlier of (i) the date the Maximum Offering proceeds are received, or (ii) 180 days from the date of this Memorandum, unless extended by the Company, which may be extended for an additional 180 days. Closing will be held at the discretion of the Company. By signing and returning the Subscription Agreement and to us, you will:

By signing and returning the Subscription Agreement you will:

Commit to purchase the amount of Convertible Promissory Notes that you enter on the signature page, at the price specified on that page, and agree to the operations of the Company, if we accept your subscription;

Make various representations and warranties to us, including that you:

- Recognize that an investment in our Securities is speculative and involves a high degree of risk,
- Are a knowledgeable and experienced investor, and an accredited investor within the meaning of Regulation D under the Securities Act,
- Are purchasing the Notes for your own account, for investment, not with a view to the resale or distribution of the Notes until a registration statement is declared effective by the SEC or you are permitted to sell under SEC Rule 144 and that the Notes will contain a restrictive legend to that effect,
- Must bear the economic risk of your investment in the Notes unless and until a registration statement is declared effective by the SEC or you are permitted to sell under SEC Rule 144, which Rule does not become available for at least one year and contains specified limitations and requirements, and
- Were given access to any information about us that you requested, including the opportunity to ask questions of our management.

You should carefully read the Subscription Agreement, which are attached to this Memorandum, and should not submit it unless all statements it makes about you are correct.

We will pay all printing, accounting, legal and other expenses of the Offering.

**INVESTOR SUITABILITY STANDARDS**

**PURCHASE OF THE NOTES INVOLVES SIGNIFICANT RISKS AND IS A SUITABLE INVESTMENT ONLY FOR CERTAIN TYPES OF POTENTIAL INVESTORS. SEE "RISK FACTORS."**

Prospective investors should consider carefully each of the risks associated with this Offering, particularly those described in "Risk Factors." In view of these risks, including the lack of an active trading market for the Securities, and the consequent long-term nature of any investment in the Company, this Offering is available only to investors who have substantial net worth and no need for liquidity in their investments. The Company, in reliance upon the criteria set forth in Rule 501(a) promulgated under the Securities Act, has established investor suitability standards for investors in the Securities. Securities will be sold only to an investor who:

(a) represents that such investor is acquiring the Securities for such investor's own account, for investment only not with a view to the resale or distribution thereof;

(b) acknowledges that the right to transfer the Securities will be restricted by the Securities Act, applicable state securities laws and certain contractual restrictions, and that the investor's ability to do so will be restricted by the absence of a market for the Securities; and

(c) represents that such investor qualifies as one or more of the following:

(1) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000;

(2) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years, or (except for residents of the State of New Jersey) joint income with that person's spouse in excess of $300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year;

(3) Any bank as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the "Act"), or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended; any insurance company as defined in Section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 (the "Investment Company Act") or a business development company as defined in Section 2(a)(48) of the Investment Company Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of $5.0 million any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA"), if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5.0 million or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(4) Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(5) Any organization (described in Section 501(c)(3) of the Internal Revenue Code), corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5.0 million;

(6) Any director, or executive officer of the Company;

(7) Any trust, with total assets in excess of $5.0 million not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment, or the Company reasonably believes immediately prior to making any sale that such purchaser comes within this description; or

(8) Any entity in which all of the equity owners are accredited investors.

Prospective investors will be required to represent in writing that they meet the suitability standards set forth above, which represent minimum suitability requirements for prospective investors. Satisfaction of such standards by a prospective investor does not mean that the Convertible Promissory Notes is a suitable investment for such investor. In addition, certain states may impose additional or different suitability standards which may be more restrictive.

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities. In determining income, an investor should add to his or her adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depreciation, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which from long-term capital gains has been reduced in arriving at adjusted gross income.

We may make or cause to be made such further inquiry and obtain such additional information as we deem appropriate with regard to the suitability of prospective investors. We may reject subscriptions in whole or in part if, in our discretion, we deem such action to be in our best interests. If the Offering is oversubscribed, we will determine at our option, whether over-subscriptions will be accepted and if so, which subscriptions will be accepted.

If any information furnished or representations made by a prospective investor or others acting on its behalf mislead us as to the suitability or other circumstances of such investor, or if, because of any error or misunderstanding as to such circumstances, a copy of this Memorandum is delivered to any such prospective investor, the delivery of this Memorandum to such prospective investor shall not be deemed to be an offer and this Memorandum must be returned to us immediately.

## SUBSCRIPTION PROCEDURES

**Submission of the Purchase Price to the Company**

In order to subscribe for the Securities, each prospective investor will be required to either:

Deliver to the Company a check payable to "BSLA, LLC." for the amount of Securities subscribed for.

It is essential that each investor who wires money indicate its name to ensure proper credit. All subscription proceeds will be deposited directly with the Company. As a result, funds will be deposited directly with the Company and may be used immediately. If the Company does not raise adequate capital to implement its acquisition plan, then your investment may be lost. Subscription Agreement is not binding on the Company until accepted by the Company, which reserves the right to reject, in whole or in part, in its sole discretion, any subscription. If the Company rejects all or a portion of any subscription, a check will be promptly mailed to the subscriber for all, or the appropriate portion of, the amount submitted with such subscriber's subscription, without interest.

**Submission of Executed Copies of the Offering Documents to the Company:**

In addition, the prospective investor must complete, execute and deliver to the Company the following:

A signature page that will evidence such prospective investor's execution of the Subscription Agreement which must be fully completed.

A signed copy of the Exchange Agreement.

**FURTHER INFORMATION**

The statements contained in this Memorandum constitute only a brief summary of certain provisions of the documents referred to herein and the transactions contemplated hereby and thereby. The statements contained herein do not purport to be a complete description of every term and condition of such documents and are qualified in their entirety by reference to such documents. As with any summary, some details and exceptions have been omitted. If any of the statements herein are in conflict with any of the terms of any of such documents, the terms of such documents will govern. Reference is made to the actual documents for a complete understanding of what they contain. Copies of all documents in connection with the transactions described in this Memorandum are either enclosed herewith, are available for inspection at the offices of the Company, or will be provided to the investor on a supplemental basis. Each prospective investor and its advisors are invited and encouraged to ask questions of the Company with respect to the terms and conditions of the Offering and the business of the Company and request additional information necessary to verify information in this Memorandum. The Company will seek to provide answers and such information to the extent possessed or obtainable without unreasonable effort or expense prior to the completion date of this Offering. Offerees may be required to execute non-disclosure agreements as a prerequisite to reviewing documents determined by the Company to contain proprietary, confidential or otherwise sensitive information. For further information, contact Kevin Mohan, Managing Member, 240 Centre Dr., Burleson, TX 76028; Telephone: (682) 316-6810.

EXHIBIT A

Subscription Agreement