

**Cathedra Bitcoin Inc. & Kungsleden, Inc.:**  
**Joint Management Presentation – 9 July 2024**

*Audio Transcript*

**Drew Armstrong [President, Chief Operating Officer, and Chairman of Cathedra Bitcoin Inc.]:**

I'll also just remind everyone that this presentation is being recorded, and it will be posted afterwards. So, if anyone arrives late, or if you need to leave early, we will have the recording available so that everyone can watch the this webinar at their leisure at some point in the future.

I guess, without further ado, let's just go ahead and kick this off.

**A.J. Scalia [Chief Executive Officer of Cathedra Bitcoin Inc.]:**

Alright. Thank you, Drew, and welcome everyone to this joint presentation from the management teams of Cathedra Bitcoin Inc. and Kungsleden, Inc.

The purpose of this presentation is primarily to introduce existing and prospective shareholders of Cathedra to the Kungsleden team and their business. And we'd also like to explain why we are so excited about the proposed business combination between our two companies. And finally, at the end, we'll be answering some questions we've received from the public about the transaction over the last few weeks after it's been announced.

**Drew Armstrong:**

But before we just jump in here, can you see my screen? Alright, perfect!

**A.J. Scalia:**

Yep.

**Drew Armstrong:**

Alright! Thanks.

**A.J. Scalia:**

Just one last administrative point before we get into the presentation. In the last two weeks, Cathedra shareholders will have received an information circular containing more details about the proposed transaction, either electronically or via mail. And we will be holding a shareholder meeting on July 22 to vote on the proposed transaction and various other items in the ordinary course of business. So, if you haven't already, please make sure to cast your vote in the coming weeks on the transaction and the other items.

Okay, a quick introduction to today's presenters: my name is A.J. Scalia. I'm the CEO of Cathedra Bitcoin. I also serve on the Company's board of directors. Joining me today is my colleague, Drew Armstrong, Cathedra's President, Chief Operating Officer, and Chairman. Drew and I are joined by Tom Masiero, who's the CEO and co-founder of Kungsleden.

Tom, I'll kick it over to you to give a brief introduction for our audience.

**Tom Masiero [Co-Founder and Chief Executive Officer of Kungsleden, Inc.]:**

Awesome, thanks, A.J..

Hey, everyone. First, I just wanted to thank you all for joining us for this investor call. As the CEO and co-founder of Kungsleden, I'm excited to share our vision on the path of taking Cathedra to the next level as a digital infrastructure leader in this space.

A brief intro for myself: I'm 48 years old. I'm a veteran—in Bitcoin years—in the Bitcoin space, going back to 2016 when I helped develop the largest crypto ad sponsorship network. I worked with industry-leading websites like coindesk.com, coinmarketcap.com, coingecko.com, blockchain.com, and the infamous bitcoin.com, and many others to help them maximize earning potential for their websites.

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From that platform I helped launch a skunkworks project that later became known as Great American Mining. In 2018, I had the privilege of co-founding Great American Mining, an off-grid flare gas mining company. We built and developed world-class remote modular data centers that worked in the harshest environments. And in the fall of 2022, Great American Mining sold to Crusoe, which was most recently valued at over \$2 billion.

I left Great American Mining to join Cathedra in 2022 to run business development. And as part of my responsibilities, I helped place a portion of Cathedra's machines at another site run by my partner—well, my now partner—Gavin.

When Cathedra and I parted ways later that year as part of the company's cost saving measures in that bear market, Gavin approached me about joining forces and building a small site together. That was how our business began.

I have a passion for building and developing small teams that can solve complex problems at scale. And Gavin is an immensely talented entrepreneur, and who is fearless and driven to win.

Lastly, we greatly value original thinking, not group-think; it can often be lonely to operate this way, especially in the Bitcoin space, but it has proven over and over again the right path to take.

**Drew Armstrong:**

Thanks, Tom. So, moving forward, we're going to just briefly touch on the transaction as a whole.

So, on March 7th 2024, we announced this all stock merger transaction with Kungsleden Inc. Under the proposed transaction, Cathedra will issue stock to Kungsleden shareholders to acquire 100% of issued and outstanding shares. On a non-diluted basis, Cathedra shareholders will own 27.5% of the combined company and those of Kungsleden will own 72.5%, which implies a valuation for Kungsleden of approximately \$46 million USD. We are seeking approval for the transaction at our upcoming share meeting on July 22, and, if approved, expect the transaction to close shortly thereafter.

This next slide shows a high-level overview of the two companies. You already know about Cathedra, so I'll turn it over to Tom to discuss Kungsleden.

**Tom Masiero:**

Sure thing.

First of all, [I founded Kungsleden] in 2022, with my co-founder Gavin, as I've mentioned before. And just a brief background on Gavin: he had previously founded a different bitcoin mining company and hosting company and grew it over 100 megawatts in capacity in less than 18 months.

[Back to the founding of Kungsleden in 2022,] at the time bitcoin was in a severe bear market. And over the last several years most bitcoin miners had focused on developing massive sites with hundreds of megawatts at high cost and with long lead-times, often using debt to finance the construction. We saw an opportunity develop smaller-scale sites quickly and cheaply in the Tennessee Valley Authority region.

Using Gavin's supply chain and utility relationships [from his last company], we developed our first 10-megawatt site in 2022 and began hosting machines at that site for various institutional clients, including Cathedra, shortly thereafter.

The stable and predictable cash flow provided by our hosting operations allowed us to grow in the bear market while many other companies were merely trying to survive. This was not considered the cool or sexy

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thing to do at this time by most of our industry peers, but we knew it was the right path, for where digital infrastructure was heading.

During the next year we developed two more 10-megawatt sites, bringing our total portfolio to three sites and 30 megawatts total across Tennessee and Kentucky. Since then, we have also begun construction on a 60-megawatt site in North Dakota, through a joint venture in which Kungsleden is a 25% partner, in a behind-the-meter deal.

At the end of 2023, it became clear that the bitcoin market was in recovery, and the prospect of a more healthy market became real. We began speaking with Cathedra, whom we had a very good working relationship with as a client, about a potential business combination that would benefit both companies.

From our perspective. The merger with Cathedra is attractive for several reasons. First and foremost, the team. We are confident in what the combined team can do collectively together at scale.

Secondly, merging into a listed company will offer greater liquidity and access to capital for Kungsleden as we grow. We've grown our business to 45 megawatts in just two years without taking meaningful outside investment. We have an ambitious plan to build the joint company into a scaled developer and operator of digital infrastructure in North America, which will only be possible with the greater access to capital and public profile that comes with a public listing. Additionally, the combined company will have the scale to immediately list on one of the major U.S. stock exchanges, which will allow us to tell our story to a new base of investors and the largest capital market in the world.

Third and just as important: my co-founder Gavin and I are deal-makers and operators foremost. Our strengths lie in developing relationships, sourcing new opportunities, finding suppliers to provide the components for new sites, and working with contractors on the ground to execute in a timely and cost-effective manner. As we have grown our business, the administrative, financial, and other tasks that are not related to core operations and expansions have grown, too. Cathedra brings a team of public market executives who have experience handling the administrative and front-office responsibilities of a fast-growing company, which will free up Gavin and myself to do what we do best: execute on our growth plans.

**Drew Armstrong:**

And, so, why are we at Cathedra excited about the merger with Kungsleden? And why should Cathedra shareholders vote in favor of the transaction?

There are a lot of points here, so I'll tackle the first half and then pass over to A.J..

First, repositioning the business into the high-growth, high-value market for compute infrastructure. Demand for high-density compute infrastructure—in bitcoin mining as well as other verticals like AI—is expected to skyrocket over the next decade. Machine orders from publicly traded bitcoin miners alone will require 1.8 gigawatts of data center capacity in 2024. Goldman Sachs estimates that 47 gigawatts of incremental power generation will be required to support data center demand growth through 2030, largely driven by AI. Kungsleden's business positions Cathedra at a more valuable part of the compute value chain: developing and operating infrastructure. Anyone can buy ASICs and GPUs and host them at a third-party data center. Developing and operating infrastructure to house those servers at a competitive cost is a differentiated skillset, and one that will be in great demand in the coming decade.

Number two: Kungsleden's differentiated development and operating model. Kungsleden has refined a low-cost, rapid deployment model for bitcoin mining data centers. Kungsleden's historical development cost of \$170k USD per megawatt is substantially below fair market value, which we estimate to be between \$450 and \$500k USD per megawatt, based on some recent comparable transactions this year. Kungsleden's historical development cost and current contracted hosting and power rates imply a payback period on new

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bitcoin mining data center builds of less than one year, representing an unlevered cash flow yield of over 100% at the asset level. We believe this model can be applied to the AI market, as demand for hosting services outpaces the availability of tier-3 data center capacity.

Number three: superior risk adjusted hosting economics. We believe hosting—when done right—offers superior risk-adjusted economics to bitcoin mining, through its comparatively stable margins and predictable cash flow. Hosting margins are generally fixed during the course of a hosting agreement. The host enjoys strong security and typically has recourse to the tenant's machine, which can be operated for the host's benefit in the event of a default. Kungsleden enters into long-term power purchase agreements that fix the vast majority of their marginal cost, mitigating the risk that power costs rise above hosting rates. Finally, hosting cash flow can be reinvested for additional growth, or used to acquire bitcoin for the company's balance sheet to offer additional upside as desired.

Now, I'll pass it over to A.J. for the rest.

**A.J. Scalia:**

Fourth: business diversification through hosting, and, eventually, high performance compute. The combination of our business with Kungsleden's diversifies our revenue streams with a path to further diversification by expanding into new verticals, like artificial intelligence. Bitcoin mining and hosting complement each other. Bitcoin mining offers high upside exposure to bitcoin, but greater volatility. Hosting, on the other hand, offers relatively stable margins and predictable cash flows. It is lower downside and lower, but still attractive, we think, upside. Additionally, developing the infrastructure ourselves affords maximum flexibility in how we utilize said infrastructure. We will reserve the option to increase our hash rate exposure when presented with attractive opportunities. For example, if we feel strongly that mining economics will improve in the near term, we can opt to increase our exposure by structuring hosting agreements with revenue or profit shares, or even by filling out a data center with new machines that we purchase ourselves. We intend to expand into the high-performance computing market for AI, which would further diversify the company's business into revenue streams that are entirely uncorrelated from bitcoin mining.

Fifth, we expect there to be significant mining cost energies. Kungsleden's existing capacity would allow Cathedra to relocate a significant portion of our proprietary mining fleet, which is currently hosted at third-party data centers, to Kungsleden-owned and -operated data centers, where they will enjoy lower wholesale power costs.

Sixth, we believe Cathedra will be acquiring Kungsleden at a very attractive valuation. The transactions terms imply a valuation for Kungsleden's portfolio data center assets equal to \$46 million USD, in terms of enterprise value. And this implies an 8x multiple on site-level cash flow at Kungsleden's existing 30 megawatts of capacity, ignoring their new North Dakota development. And when you include North Dakota, this multiple is reduced to a 6x multiple of site-level cash flow.

Number seven: we believe the transaction will strengthen Cathedra's balance sheet. After our debt restructuring last year, Cathedra still has approximately \$4 million USD of convertible debt outstanding, which matures at the end of 2025. Kungsleden's balance sheet has no debt and brings longer-lived assets that generate significant cash flow with which to service our debt.

Number eight: Kungsleden's team. Co-founders Tom Masiero and Gavin Qu are season bitcoin mining data center developers with over 200 megawatts of combined capacity constructed across the United States in their careers.

And finally, number nine: the transaction will give us the scale to pursue a U.S. listing. The combined company will achieve the necessary scale to immediately pursue a listing on a major U.S. stock exchange, which we intend to obtain this year. A U.S. listing would broaden our potential investor base, improve

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liquidity in our shares, and raise the profile of the company by bringing our shares to the deepest capital market in the world.

**Drew Armstrong:**

Now let's take a look at the pro forma company at a glance.

The combined company will have operations at seven mining locations across the U.S., including proprietary mining and hosting, four of which will be owned and operated by the combined company.

We will manage 95 megawatts of power capacity, of which 45 megawatts will be owned by the combined company.

The combined market cap implied by Cathedra's last closing price and the exchange ratio for the transaction is approximately \$63 million USD.

Our combined operations would manage approximately 4.8 EH/s of bitcoin mining hash rate across hosted machines and our proprietary fleet.

And under current market conditions and agreements, the combined company would generate approximately \$32 million USD of revenue [per year], of which \$26 million USD would come from Kungsleden's hosting business and \$6 million USD would come from Cathedra's existing prop mining operations. I'd also just quickly note that, in case you can't read the footnotes, that \$6 million pro forma annualized mining revenue is based on market conditions as of this morning.

**A.J. Scalia:**

Cathedra's existing proprietary mining operations in Washington State and Tennessee will be supplemented by Kungsleden's hosting operations. In Tennessee, Kungsleden owns and operates one 10-megawatt data center at which it hosts Cathedra's and other bitcoin miners' machines. Cathedra has had machines at this site since 2022, and we have been very impressed with their performance.

In Kentucky, Kungsleden owns and operates two 10-megawatt data centers for a total of 20 megawatts at which it hosts third party miners.

And finally, in North Dakota, Kungsleden is developing a 60-megawatt data center that is owned by a joint venture in which Kungsleden is a 25% partner. The facility is currently under construction and is expected to be completed this summer. The North Dakota facility will also host third-party bitcoin mining clients.

Altogether, the combined company's operations will span four states and seven data center locations.

**Tom Masiero:**

Great, thanks, A.J.. Let's give a little bit more of a detailed portfolio breakdown. This page shows a detailed breakdown of each data center location of the combined company, including hash rate and power capacity.

Together, the combined company will manage 4.8 EH/s of bitcoin mining hash rate and 95 megawatts of total power capacity. Of that 4.8 EH/s, approximately 400 PH/s belongs to Cathedra's proprietary mining fleet, and 4.4 EH/s belongs to third-party bitcoin miners hosted at Kungsleden's various data centers.

Of the 95 megawatts of power, approximately 45 megawatts belongs to data centers that will be owned and operated by the combined company via Kungsleden.

Our hosting model is quite simple, and in many respects resembles a real estate business more than a bitcoin mining business. As a hosting company, Kungsleden develops data centers and then provides electricity and

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ancillary services to bitcoin miners who then run their machines on-site. We charge a mark-up on the electricity, which is where we earn our margins. The process of developing a data center entails the purchasing or leasing of land; acquiring and installing electrical infrastructure, including transformers and distribution cables; sourcing and assembling modular data center enclosures; and installing server racks and networking equipment; and erecting physical security for that particular infrastructure.

Upon acquiring a site, we will enter into a power purchase agreement with either utility, as at our first three data centers in Tennessee and Kentucky, or with a power plant, as at our North Dakotas facility, which is known as a “behind-the-meter” agreement.

After completing the site, we will rent “rackspace” at the data center to bitcoin miners, earning a per-megawatt-hour spread over our cost of electricity. Our services generally include electricity, internet, minimal maintenance, and physical security.

Because our cost of power is largely fixed over the long term and hosting rates are generally fixed for at least a 12-month term, our revenue and cash flow tend to be significantly less volatile than that of our bitcoin mining tenants, with lower upside and lower downside.

**A.J. Scalia:**

This page illustrates the unit economics of a bitcoin mining hosting data center. As mentioned previously, at an expected per-megawatt cost of \$170,000 USD, and an estimated fair market value of at least \$450,000 USD per megawatt, Kungsleden has the ability to develop hosting sites at well below their estimated fair market value.

Under their current hosting agreements, these sites produce revenue at a rate of approximately \$73 USD per megawatt-hour. Kungsleden’s current average power cost is approximately \$50 USD per megawatt-hour, implying a gross profit margin of approximately 32%. Maintenance cost at these sites are minimal, and Kungsleden expects site-level net cash flow margins of approximately 30%. This implies a payback period of less than one year on a given site, with unlevered cash flow yields in excess of 100% at the site level.

These attractive cash yields have allowed Kungsleden to scale to 45 megawatts without accepting meaningful external financing, and will allow the combined company to grow organically and compound capital at attractive rates over time.

**Drew Armstrong:**

So, we have discussed that we believe the hosting and business can provide superior risk-adjusted economics compared to bitcoin mining. Here, you see expected pro forma revenue and site-level cash flow from each of the combined company’s businesses under various bitcoin prices.

As you can see, bitcoin mining revenue and cash flow varies wildly under changes in bitcoin price. Hosting revenue and cash flow, however, can offer relatively stable, predictable cash flow and returns, provided power and hosting agreements are structured carefully and high-quality counterparties are selected. This could be particularly useful in a [bear] market when cash flow margins remain fixed, but bitcoin price is far lower, making it cheaper to acquire bitcoin.

We also believe the upside provided by bitcoin mining can be achieved through thoughtful structuring of hosting agreements—for example, to include revenue or profit shares instead of fixed per kilowatt-hour rates denominated in USD—or strategic treasury management, namely acquiring bitcoin at attractive prices using cash flow from hosting. It is easier to buy ASICs as a data center developer and operator than it is to develop and operate data centers has a bitcoin miner who hosts machines at third-party sites. In the future, we reserve the option to opportunistically increase our hash rate exposure if and when attractive conditions present themselves.

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**Tom Masiero:**

Great, thanks, Drew. Now, we'll focus on Kungsleden's development model and how we do things.

After founding the business in 2022, we grew our capacity to 30 megawatts within one calendar year and expect to reach 45 megawatts with the completion of our North Dakota project in the coming weeks. This implies a 127% compound annual growth rate, and we have no intention of slowing down after the merger closes.

One component contributing to this rapid growth has been our fast construction times. Due to our simple modular site designs and close relationships with utilities we partner with, we developed each of our first three sites in less than six months, which is considerably faster than the industry average.

Another ingredient in our development model is our low cost of construction. My partner, Gavin, has business connections in Asia, and has spent years cultivating a supply chain that allows us to source components at a fraction of the cost of many of our American competitors. We expect to deliver our first 45 megawatts at an average cost of approximately \$170,000 per megawatt. Compare this cost to our estimated fair market value for bitcoin mining site, with recent comparables indicating around \$450 to \$500k per megawatt. We expect our ability to develop these sites quickly and at a significant discount to fair market value will be a significant driver of returns for the combined company.

Finally, our current power and hosting rates imply a gross profit margin of over 30%. While our power rates are not the cheapest in industry, experience tells us that they are cheap enough. By selecting bitcoin mining tenants with the most efficient machines on the market, we can ensure that they remain profitable even in the historically challenging market conditions we've witnessed since the Halving in April.

Lastly, demand for HPC infrastructure. The last 18 months have seen a huge bull market in AI and in bitcoin mining hash rate. The combination of these two has led to a tremendous demand for high-density compute infrastructure in general.

Public bitcoin miners alone have ordered over 100 EH/s of machines for delivery in 2024, which will require 1.8 gigawatts of new data center capacity to accommodate. Our view is that most of this capacity does not yet exist or will need to be acquired.

Tier-3 data centers, in our opinion, are going to be disrupted by what we have been referring to most recently as "mullet miners," which would be [AI in the front, bitcoin mining in the back]. There will be a new niche of "compute centers" that caters to high-density GPUs in ways that traditional tier-3 data centers are not well equipped to do.

Goldman Sachs recently published a report on data center growth with a focus on AI, and I'd like to highlight a few of the more significant forecasts. They expect that AI will account for 20% of all data center power demand by 2030. They expect an additional 47 gigawatts of power generation will be required to meet data center demand by 2030. And in 2023, the data center sector accounted for 3% of total power demand in the U.S. Goldman estimates that will grow by 160% by 2030 to 8%—and this excludes bitcoin mining.

In our view, this growth in demand will mean that owners of high-performance compute servers, both bitcoin mining ASICs and GPUs, will pay a premium for rackspace in data centers, and our services will be in high demand over the next decade.

**Drew Armstrong:**

Yeah, I think you hit on great points there, Tom. And just to dive in on this a little further...

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There is a reason why so many bitcoin miners are devoting a portion of their portfolio to AI. High-performance compute offers greater revenue per megawatt-hour, and substantially greater stability than bitcoin mining due to the tenor of the contracts. It also has the benefit of being uncorrelated with the core business of bitcoin mining, reducing risk at the portfolio level.

Latest-generation bitcoin mining machines produce approximately \$140 USD per megawatt-hour, as you see in this chart, [under] current market conditions. Meanwhile, older-generations obviously produce substantially lower revenue per megawatt-hour. In Core Scientific's hosting deal with CoreWeave, which was announced in June, Core Scientific will earn \$170 USD per megawatt-hour for a term of 12 years, and CoreWeave agreed to cover the majority of the data center capex. Such favorable terms to the host indicate just how hot the demand is for HPC infrastructure right now.

And I think this Core Scientific/CoreWeave deal is worth highlighting, because it is exactly the sort of transaction that we're working to execute ourselves. In the deal, Core Scientific will retrofit 270 megawatts of bitcoin mining hosting capacity into GPU hosting capacity for CoreWeave. The tenant will cover all capex and will be credited back this capex, over the course of the deal. Meanwhile, Core Scientific's expected revenue amounts to \$170 per megawatt-hour for up to 12 years, far longer than most bitcoin mining hosting contracts.

As we look to enter this market, our two guiding principles will be: (1) avoiding buying GPUs at top-dollar to ensure we remain insulated GPU price volatility, and (2) providing a low-cost alternative to traditional tier-3 data centers.

To flesh out this second point: these tier-3 data centers are the traditional way of doing things and often cost as much as \$10 million per megawatt and [require] one- to two-year build times. We would seek to offer a hosting contract that fits the needs of the customer without unnecessary bells and whistles, and doing so at a competitive price.

For example, one hypothetical structure might be a fixed-rate hosting deal, which would be well above the current market price for bitcoin mining hosting contracts, where we would share the capex for a fit-for-purpose data center. We have already had conversations with prospective customers who are eager to eliminate unnecessary tier-3 bells and whistles in exchange for lower cost, and I think this would be a way to build a strong niche in the traditional data center industry by playing to our strengths.

**A.J. Scalia:**

We are very excited about the prospect of joining forces with the Kungsleden team. I think we at Cathedra have a team that understands the economics and technical aspects of bitcoin as well as, if not better than, anyone else in the industry. And we are thrilled that we're going to be keeping this stellar team intact.

Now we are joining forces with a Kungsleden team that brings a differentiated strategy and operating model. Tom and Gavin have developed hundreds of megawatts of bitcoin mining capacity in a very short amount of time at both Kungsleden and previous companies. And we believe them to be among the best operators in the bitcoin mining industry. We've worked through challenging situations with both of them and trust in their ability to execute. What's more, we believe the hosting model they have pioneered in bitcoin mining can be applied to the burgeoning market for AI compute, which looks extremely promising at the moment, as Drew discussed.

We believe the combined team of the pro forma company will be one of the strongest in the industry.

To conclude, I just like to reiterate why we are so excited about the proposed combination of Kungsleden and why we believe it will lead to a great outcome for Cathedra shareholders.



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First, the deal would reposition Cathedra into the high-growth, high-value market for compute infrastructure. Again, we expect the demand for bitcoin mining and HPC infrastructure over the next decade to be enormous, and we would like to be the ones developing it rather than bidding for it.

Second, Kungsleden brings a differentiated development and operating model, with its low-cost, fast time-to-market data center builds.

Third, we believe the hosting business offers superior risk-adjusted economics compared to owning the servers ourselves, both in bitcoin mining and in AI.

Fourth, Kungsleden's hosting business diversifies our cash flow and balance sheet, with the potential to do so further as we jointly expand into the HPC market.

Fifth, we expect there will be meaningful cost savings as we move our existing hosted mining machines to Kungsleden-owned locations, where they will enjoy cheaper power.

Sixth, Cathedra would be acquiring Kungsleden's business at what we believe is a very attractive valuation. The \$46 million USD purchase price implies an 8x multiple of site-level cash flow, excluding their North Dakota site, which should be online this summer. The multiple is lowered to 6x when accounting for its completion.

Seventh, Kungsleden's balance sheet strengthens Cathedra's, bringing longer-lived assets that produce significant cash flow with which to repay Cathedra's remaining \$4 million USD of debt.

Eighth, Kungsleden's co-founders Tom Masiero and Gavin Qu are seasoned bitcoin mining data center developers bringing over 200 megawatts of combined capacity constructed across the United States in their careers.

Ninth and finally, the combined company would have the scale to obtain a U.S. listing immediately, and we would aim to complete such a listing before year-end.

So, that concludes the presentation portion of today's call. We'd now like to turn to some Q&A. Specifically, questions that we've received in the last few weeks from existing and prospective shareholders after the announcement of the transaction.

So, Drew, I'll turn it over to you to start running through these questions.

**Drew Armstrong:**

Great, thanks, A.J.. And thank you to all attendees who sent questions in advance. You know we're always happy to answer them. So, if your questions aren't answered in this Q&A period, obviously feel free to reach out to us directly, and we'll make sure to get those questions answered.

So, first, to start: what is the competitive advantage of the combined company? Why can't a large miner just do what you're doing?

And so I'll start with this, and then Tom will chime in as well. But you know, I think just zooming out. There's a reason why miners are paying \$450 to \$500k USD per megawatt for these completed sites. That's because it takes time and effort to cultivate relationships with the utilities and power producers to secure capacity for these new sites. These groups are also notoriously slow-moving and justifiably skeptical of our industry. And this is why the relationships that Kungsleden have painstakingly developed are so important and so invaluable for the pro forma company.

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I think the other tricky component is building out the supply chains for the necessary construction, electrical, and networking components at competitive cost, and then working with local contractors to deliver those projects in a time- and cost-effective manner. You know, this is something that we saw firsthand with Rover manufacturing, and so it definitely gives us a strong appreciation for what Kungsleden has built.

But, yeah, Tom, what would you add?

**Tom Masiero:**

Yeah, those are all great points, Drew. What we've typically learned in the past is when miners want capacity, they want it now. And they would rather pay a premium for a turnkey site than spend six to 12 months to develop it themselves, to say nothing of the pain points and expensive learnings that are experienced along the way.

Additionally, large miners appear to be content to compete with each other on hash rate growth without regards for returns on capital. And historically, they've been rewarded for this with stock price appreciation and huge bonuses to their managers. And I would say the merger with us at Kungsleden will be a conscious departure from that strategy. We will focus on returns on capital, and less on vanity metrics like hash rate growth for its own sake. Building and operating infrastructure that throws off fixed margins is a less sexy business, and that's why there is comparatively less competition in this space.

Big miners have trouble moving quickly. In this market you have to be nimble. Or, how [Kungsleden co-founder] Gavin puts it: "You must be like water." A clear description of what this means is how there [are] becoming two divergent paths [for] bitcoin miners in the public markets. You have your "mullet miners" versus your traditional miners. And we would proudly rock the mullet here at Cathedra. In my opinion, it's hard to imagine a world where the companies that are earning five times higher revenue on power inputs while also getting hyperscalers to pay for all that capex don't have a significant advantage in the future.

**Drew Armstrong:**

Great, thanks, Tom. I'll get my new haircut next week.

And so, moving on to the to the next question. Here is one question we received from the Cathedra Bitcoin Investors Community on Twitter, or X, this morning: what are future growth plans? How do you think about expanding via small sites versus larger sites? How will the combined company approach these growth plans?

And, Tom, I think you're probably best qualified to answer this one again.

**Tom Masiero:**

Sure. In case this isn't clear already, we are laser-focused on the intersection of bitcoin, energy, and infrastructure opportunities.

As we mentioned [in our investor presentation on our website], we have identified a pipeline of over 100 megawatts of capacity for either development or acquisition. We can say this largely consists of smaller sites—10 to 20 megawatts [each]—that would be acquired and/or developed piecemeal over time.

But as [Kungsleden co-founder] Gavin is fond of saying, "it is important to be like water." While smaller sites are our sweet spot, if an attractive, larger opportunity comes our way, like the North Dakota project, then we will be nimble. Though, I personally think massive, 100-megawatt-plus sites will be a thing of the past.

Similarly, we've mentioned that we are actively exploring the AI and HPC data center market. While we are having ongoing conversations with potential clients, we will only execute a deal if it is attractive and benefits us all as shareholders. This means that we will have to navigate bitcoin and AI markets that can be "bubbly" at times.

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To conclude, regardless of how we expand, we will run a profitable and adaptive business that continues to focus on new opportunities that offer a competitive advantage over our peers. And we have some paths ahead that are unique to our relationships in the market, and we are excited to execute on [them].

**Drew Armstrong:**  
Great, thanks, Tom.

One other question we received was around financing: what sorts of mediums would we look to use in order to fund such capex and growth.?

A.J., do you want to answer this one?

**A.J. Scalia:**  
Absolutely.

So, as we've discussed, Kungsleden's hosting business produces significant cash flow and provides more stable margins than what you find in bitcoin mining. I'd say this has two benefits from a financing perspective. First and foremost, these sites lend themselves very well to debt financing. And while we're certainly not eager to encumber the parent company with additional corporate debt, we believe there may be attractive opportunities to borrow against Kungsleden's assets at the site level, mitigating risk to the parent company and the broader portfolio of assets.

Second, because Kungsleden's assets produce significant cash flow, we have the option of using that cash flow to fund additional growth, in addition to acquiring bitcoin for the balance sheet.

So, does this mean we'll never do another equity financing in the future? Of course not. But it does mean we have the ability to grow without additional dilution. And it means we'll be very selective about when we raise capital, ensuring the terms are favorable, and that we have a very compelling use of proceeds.

**Drew Armstrong:**  
Great, thanks, A.J..

The next question is more around the org chart: what is the employee headcount of Kungsleden? Who will focus on what? And in particular, who will focus on the site building responsibilities?

Tom, I'll pass this one over to you.

**Tom Masiero:**  
Sure thing.

Kungsleden primarily works with contractors to ensure low headcount and minimizing SG&A spend. There are approximately five members on our team, including Gavin and [me], that work for Kungsleden on a regular basis overseeing ops, new site build-outs, and corporate functions. Gavin and I will continue to be extremely hands-on.

Following the close of the merger, Kungsleden would continue focusing on its operations and do site build-outs with the assistance from Cathedra's Isaac Fithian and Rete Browning. I began working with Rete and Isaac in 2018 at Great American Mining, and they were my first two hires. And I'm very proud to call them friends as well as colleagues who have earned their stripes in this industry.

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Great, thank you.

So, I guess to just reiterate then for investors trying to better understand the division of labor, at the pro forma company you should rightly assume that Kungsleden will continue doing what it does best with the added help of Rete and Isaac. I will continue to bridge the gap between operations and corporate side of things, with occasional help on business development. And A.J. will really focus on capital allocation and finance. A.J. and I will also continue to handle the investor relations aspect of the business moving forward, including any future fundraising.

Just to reiterate, maybe on a point we've addressed or alluded to before. One of the reasons we're really excited about this deal and joining forces with Tom is because of our long working relationship with Tom and the team. As Tom mentioned, Rete and Isaac first began working with Tom many years ago and A.J. and I have known and worked with Tom for the last three years. We've had to work through very challenging conditions together. And so really, there's no one I trust more in this industry to execute.

This brings us to our next question. This is more of a technical question around some of the terms of the merger, which is, why are the two classes of shares required for the merger?

A.J., do you want to address this one?

**A.J. Scalia:**

Sure, and the answer is a bit technical. I'll try to address it at a high level. The primary reason for the two classes is to preserve what's called "foreign private status" in connection with a [potential] U.S. listing.

As a foreign private issuer, the listing process in the U.S. is considerably cheaper and easier. For example, you don't have to prepare a second set of financials according to GAAP standards. You don't have as restrictive of SEC obligations that do domestic issuers. And so together, all of these will save shareholders hundreds of thousands of dollars per year if we preserve that foreign private issuer status.

And so, by creating a second class of multiple voting shares, Kungsleden will receive majority voting control, while the majority of the combined company's shares by number remain held by Canadian shareholders, thus preserving our status as a foreign private issuer and allowing us to list on a major U.S. exchange cheaply and expeditiously.

**Drew Armstrong:**

Great, thanks, A.J..

So, the next question is around Kungsleden again, which is, who are Kungsleden's shareholders?

Tom, would you mind addressing this one?

**Tom Masiero:**

Sure thing. Since we've been able to compound capital via our fixed margin hosting sites, we've not had a lot external financing to build our business. My partner Gavin and I together own over 98% of the company, with the remaining 2% owned by a handful of early backers.

More detailed information can be found in the information circular.

**Drew Armstrong:**

Great, thank you.

One of the other questions we received was also about shareholders, this time on the Cathedra side.

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And I quote, “given your emphasis in the importance of shareholders as per your last shareholder letter, one of the strongest signals of confidence is when insiders invest in their own company. Currently there seems to be little to no insider of purchasing at Cathedra. Last one was in January of 2023. Can you explain why this is the case? And are there any plans for the executive team to start buying shares?”

So, I'll take this one, and thank you for the question. You will notice, based on the research implied in your question, that both A.J. and I have purchased shares on the open market in the past. I'd also add that we both have considerable portions of our net worth in Cathedra stock, so our incentives are quite aligned.

You mentioned the last purchase was in January 2023. For those of you who weren't following the company at that time, in Q4 2022, we voluntarily cut all salaries, including our own, to ensure the company survived the [bitcoin] bear market. These reduced salaries persisted into 2023 and to this day. Since then, our cash compensation has remained below market, leaving less dry powder for us to personally accumulate CBIT stock in the open market.

But lastly, I would add that there are several cases where we opted to receive equity in lieu of cash, and so this doesn't quite show up as insider buying on SEDAR, but it's effectively the same thing, as we've been trading cash for equity compensation.

We just have two questions left here. This next one is, why are we seeking approval for a reverse split?

A.J., would you mind covering that one as well?

**A.J. Scalia:**

This one is also related to a potential cross-listing onto a U.S. stock exchange.

But I'll start by saying, we're well aware of the negative perception and potential liquidity issues that come with share consolidations, or reverse splits. And I want to be very clear that at this time we have no concrete plans to consolidate shares. We have announced our intent to list on major U.S. stock exchange before the end of the year. And these exchanges have minimum share price requirements that we may not meet in the absence of a consolidation. So, we are effectively preemptively seeking approval to complete a share consolidation, if and when the time comes.

I want to be clear that we would only consolidate shares in connection with a listing on a major U.S. stock exchange, and the consolidation would only come after receiving approval from said exchange to list. And in the event that we receive approval to list, and a consolidation is not necessary because the shares meets that minimum [price] requirement, then we would also not effect a share consolidation.

Then, lastly, I'd say we'll only consolidate shares at minimum level required to comfortably meet the applicable U.S. exchange's listing requirements, and we wouldn't do so in any amount above what we feel comfortable with to meet the minimum requirements.

**Drew Armstrong:**

Great thanks, A.J..

And so, this brings us to our last question: If Cathedra stock remains undervalued after it is unhalted, does the company have any plans to initiate a normal course issuer bid (NCIB) or share buyback program?

So, I'll just take this one.

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We have no immediate plans, but share buybacks are something we've considered before, and we're always aware of being a potential tool. Buybacks always do have to be considered, though, versus other uses of capital. For example, even if the stock trades poorly, it may be the case that there's still more attractive uses of balance sheet capital, say, like building a site.

So, we'll see how the stock trades when the halt is lifted and evaluate the best course of action from there. But we are aware of the tools, and sensitive to dilution. And so, we'll continue to monitor the situation and do whatever we think is in the best interest of the company at the time.

This concludes all of the questions that we received in advance.

If you had questions that we didn't get to or that you felt weren't addressed in the presentation, please let us know. You can reach out to us via email at [ir@cathedra.com](mailto:ir@cathedra.com). You can also reach out to A.J., myself, and Tom personally, and we'll do our best to get back to you

So, we thank you all for taking the time today to join us.

We would just remind you, again, that you can currently vote on the transaction and on some of the other ordinary course items associated with the annual general shareholder meeting. And as a reminder, that meeting will also be on the 22<sup>nd</sup> of July.

So, until then, thank you very much all for your time. We'll post this recording online at some point later today or tomorrow.