

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

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **May 13, 2024**

**GRYPHON DIGITAL MINING, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation)

**001-39096**

(Commission File Number)

**83-2242651**

(IRS Employer  
Identification No.)

**1180 N. Town Center Drive, Suite 100, Las Vegas, NV**

(Address of principal executive offices)

**89144**

(Zip Code)

Registrant's telephone number, including area code: (877) 646-3374

(Former name or former address, if changed since last report)

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

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

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

| <b>Title of each class</b>                 | <b>Trading Symbol(s)</b> | <b>Name of each exchange on which registered</b> |
|--|--------------------------|--|
| Common Stock, par value \$0.0001 per share | GRYP                     | The Nasdaq Stock Market LLC                      |

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

Emerging growth company

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

## Item 2.02. Results of Operations and Financial Condition

On May 13, 2024, Gryphon Digital Mining, Inc. (the “Company”) issued a press release announcing the Company’s financial results for the quarter ended March 31, 2024. The Company will also hold a conference call regarding these financial results. A copy of the press release is furnished hereto as Exhibit 99.1.

The information provided in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section. Such information shall not be deemed incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing, except as otherwise expressly set forth by specific reference in such filing.

## Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are filed as part of this report:

| <b>Exhibit<br/>Number</b> | <b>Description</b>  |
|---------------------------|---|
| 99.1                      | <a href="#">Press Release dated as of May 13, 2024</a>                      |
| 104                       | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

**SIGNATURES**

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

Dated: May 13, 2024

**GRYPHON DIGITAL MINING, INC.**

By: /s/ Robby Chang

Name: Robby Chang

Title: Chief Executive Officer

**Gryphon Digital Mining, Inc. Reports First Quarter 2024 Financial Results**

**LAS VEGAS, NV** — Gryphon Digital Mining, Inc. (Nasdaq: GRYP) (“Gryphon,” the “Company,” “we,” “our,” and “us”), a bitcoin mining company that is independently certified to be 100% renewable and pursuing a negative carbon strategy, today reported financial results for its quarter ended March 31, 2024.

“Q1/24 marked another quarter of strong execution for Gryphon, building on the transformational progress we made in 2023,” said Rob Chang, the CEO of Gryphon Digital Mining. “Gryphon’s industry-leading operational efficiency resulted in a Q1 breakeven cost per bitcoin of approximately \$34,063. We expanded our self-mining hash rate capacity to approximately 0.94 exahash, boosted by the completion of our miner upgrade program ahead of schedule, which added approximately 23 PH/s to our hashing power and improved our average fleet efficiency to 28.5 J/T, which is a first step on our accretive growth path towards 10 exahash. Our focus remains on growing our hash rate in a highly accretive manner by leveraging opportunities presented by the post-halving landscape. Furthermore, we believe our recently announced \$5 million share buyback program underscores our commitment to enhancing shareholder value and demonstrates the Board and management team’s confidence in Gryphon’s strategy.”

**Q1 2024 and Recent Highlights**

- Total mining revenue in Q1/2024 of \$7.5 million, compared to \$4.8 million in Q1/2023.
- Breakeven Cost<sup>1</sup> per Bitcoin in Q1/2024 was \$34,063, compared to \$12,910 in Q1/2023. The company continues to be focused on Breakeven Costs, which we believe is the best measure of what it costs to mine bitcoin on an operating basis, as opposed to sharing only electricity costs, which leaves out the other costs of mining.
- The Company recognized a net loss of (\$11.7) million in Q1/2024, which includes net non-cash expenses of \$11.6 million. Net non-cash expenses consisted of items including: depreciation, stock based compensation expense, unrealized loss on marketable equity securities, change in the fair value of notes payable and unrealized gain on digital assets. This compares to a net loss in Q1 2023 of (\$6.9) million, which includes net non-cash expenses of \$11.0 million.
- Adjusted EBITDA<sup>2</sup> was \$1.9 million in Q1/2024, compared to \$4.2 million in Q1/2023.
- Stock Repurchase Program: Gryphon has authorized a stock repurchase program, allowing for the buyback of up to \$5 million of its common stock, emphasizing the company’s dedication to enhancing shareholder value while maintaining a balanced approach to capital allocation moving forward.
- Miner Upgrades Completed Ahead of Schedule: Gryphon successfully completed its miner upgrade program ahead of schedule, which management believes positions the company for significant improvements in operational efficiency. The miner upgrades add approximately 23 PH/s to Gryphon’s hashing power and enhance the average fleet efficiency to 28.5 J/T. Following the upgrades, Gryphon’s self-mining hashrate has reached approximately 0.94 EH/s in capacity, consistent with the company’s commitment to maintaining a strong and efficient mining operation.

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(1) The Company defines Breakeven Cost per Bitcoin as (a) Cost of Revenues (excluding depreciation) divided by (b) total bitcoin generated and received from the hashrate contributed to the mining pool operator. The Company mined approximately 142 and 212 Bitcoin in the quarter ended March 31, 2024 and 2023, respectively.

(2) The Company defines adjusted EBITDA as (a) GAAP net income (loss) plus (b) adjustments to add back the impacts of (1) depreciation and amortization, (2) interest expense, (3) income tax expense (benefit) and (4) adjustments for non-cash and non-recurring items which currently include (i) stock compensation expense, (ii) change in fair value of notes payable and (iii) unrealized (gain) loss on marketable equity securities.

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## Balance Sheet Highlights as of March 31, 2024

### Assets

- Cash and cash equivalents: \$1.7 million
- Bitcoin: \$4.2 million
- Total current assets: \$7.1 million
- Total mining assets (including deposits & intangible assets): \$10.7 million
- Total assets: \$17.8 million

### Liabilities and Stockholders' Equity

- Current liabilities: \$30.2 million
- Total liabilities: \$30.2 million

As of May 13, 2024, the Company had cash holdings of \$1.0 million, Bitcoin holdings of approximately 10.3 Bitcoin with a fair market value of \$0.6 million and 303.13 Bitcoin of Bitcoin denominated debt.

### Outlook

Based on a projected average price of Bitcoin of \$70,000 and an average network hashrate of 550 exahash for 2024, we project 2024 gross profit of approximately \$16.6 million from current mining operations. We have posted a gross profit sensitivity analysis in our investor presentation, which can be found on slide 14 of our investor deck on our company website.

### Conference Call Information

Date: Tuesday, May 14, 2024  
Time: 11:00 AM Eastern Time  
Toll Free: 888-506-0062  
International: 973-528-0011  
Participant Access Code: 372394  
Webcast Link: <https://www.webcaster4.com/Webcast/Page/3030/50554>

### Conference Call Replay Information

Toll Free: 877-481-4010  
International: 919-882-2331  
Replay Passcode: 50238  
Webcast Replay: <https://www.webcaster4.com/Webcast/Page/3030/50554>

## Non-GAAP Figures

In addition to our results determined in accordance with GAAP, the Company also provides adjusted EBITDA and Breakeven Costs, which are non-GAAP measures. Each of these are not financial measures of performance under GAAP and, as a result, these measures may not be comparable to similarly titled measures of other companies. Non-GAAP financial measures are subject to material limitations as they are not in accordance with, or a substitute for, measurements prepared in accordance with GAAP. These non-GAAP measures are not meant to be considered in isolation and should be read only in conjunction with our Interim Reports on Form 10-Q and our Annual Reports on Form 10-K as filed with the Securities and Exchange Commission. Management uses Adjusted EBITDA and Breakeven Costs as a means of understanding, managing, and evaluating business performance and to help inform operating decision making. The Company relies primarily on its condensed consolidated financial statements to understand, manage, and evaluate our financial performance and uses the non-GAAP financial measures only supplementally. Reconciliations for each of these non-GAAP measures to the nearest GAAP financial measures are provided below.

### Breakeven Analysis

|   | 2023             | Q1/23            | Q1/24            |
|---|------------------|------------------|------------------|
| Mining Revenues                           | \$ 21,052,000    | \$ 4,840,000     | \$ 7,490,000     |
| Bitcoin mined                             | 739              | 212              | 142              |
| <b>Value of one mined bitcoin</b>         | <b>\$ 28,487</b> | <b>\$ 22,830</b> | <b>\$ 52,746</b> |
| Cost of Revenues (excluding depreciation) | \$ 13,462,000    | \$ 2,737,000     | \$ 4,837,000     |
| <b>Cost to mine one bitcoin</b>           | <b>\$ 18,217</b> | <b>\$ 12,910</b> | <b>\$ 34,063</b> |

### Adjusted EBITDA

|   | Three Months Ended     |                       |
|---|------------------------|-----------------------|
|   | March 31,              |                       |
| Reconciliation to Adjusted EBITDA:                              | 2024                   | 2023                  |
| <b>Net loss</b>   | <b>\$ (11,744,000)</b> | <b>\$ (6,910,000)</b> |
| Exclude: Depreciation   | 3,247,000              | 3,981,000             |
| Exclude: Interest expense                                       | 330,000                | 190,000               |
| <b>EBITDA</b>   | <b>(8,167,000)</b>     | <b>(2,739,000)</b>    |
| Non-cash/non-recurring operating expenses:                      |                        |                       |
| Exclude: Stock based compensation expense                       | 208,000                | (1,152,000)           |
| Exclude: Change in fair value of notes payable                  | 9,638,000              | 8,189,000             |
| Exclude: Unrealized (gain) loss on marketable equity securities | 216,000                | (63,000)              |
| <b>Adjusted EBITDA</b>  | <b>\$ 1,895,000</b>    | <b>\$ 4,235,000</b>   |

## **About Gryphon Digital Mining**

Gryphon Digital Mining, Inc. is an innovative venture in the bitcoin space dedicated to helping bring digital assets onto the clean energy grid. With a talented leadership team coming from globally recognized brands, Gryphon is assembling thought leaders to improve digital asset network infrastructure. Its Bitcoin mining operation going into 2024 is independently certified as 100% renewable and the company is also pursuing a carbon-negative strategy. More information is available on <https://gryphondigitalmining.com/>.

## **Investor Notice**

Investing in our securities involves a high degree of risk. Before making an investment decision, you should carefully consider the risks, uncertainties and forward-looking statements described under “Risk Factors” in Item 1A of our most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on April 1, 2024. If any of these risks were to occur, our business, financial condition or results of operations would likely suffer. In that event, the value of our securities could decline, and you could lose part or all of your investment. The risks and uncertainties we describe are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. In addition, our past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results in the future. See “Cautionary Statements Regarding Forward-Looking Statements” below.

## **Cautionary Statements Regarding Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Forward-looking statements are typically identified by words such as “plan,” “believe,” “expect,” “anticipate,” “intend,” “outlook,” “estimate,” “forecast,” “project,” “continue,” “could,” “may,” “might,” “possible,” “think,” “aim,” “potential,” “predict,” “should,” “would” and other similar words and expressions, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements are based on management’s current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. The forward-looking statements speak only as of the date of this press release or as of the date they are made. Except as otherwise required by applicable law, Gryphon disclaims any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this press release. Gryphon cautions you that these forward-looking statements are subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond the control of Gryphon. In addition, Gryphon cautions you that the forward-looking statements contained in this press release are subject to the risks set forth in our filings with the Securities and Exchange Commission (the “SEC”), including the section under “Risk Factors” in Item 1A of our most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on April 1, 2024.

## **INVESTOR CONTACT:**

Name: James Carbonara  
Company: Hayden IR  
Phone: (646)-755-7412  
Email: [james@haydenir.com](mailto:james@haydenir.com)

**Gryphon Digital Mining, Inc.**  
**(formerly Akerna Corp.)**  
**Condensed Consolidated Balance Sheets**

|  | <b>As of<br/>March 31,<br/>2024<br/>(Unaudited)</b> | <b>As of<br/>December 31,<br/>2023</b> |
|--|---|--|
|  | <u>          </u>                                   | <u>          </u>                      |
| <b>Assets</b>  |   |  |
| <b>Current assets</b>  |   |  |
| Cash and cash equivalents  | \$ 1,737,000  | \$ 915,000                             |
| Restricted cash  | -   | 8,000                                  |
| Accounts receivable  | 290,000   | 486,000                                |
| Prepaid expense  | 708,000   | 581,000                                |
| Marketable securities  | 187,000   | 403,000                                |
| Digital assets held for other parties  | -   | 908,000                                |
| Digital assets   | 4,173,000   | 2,097,000                              |
| Total current assets   | <u>7,095,000</u>                                    | <u>5,398,000</u>                       |
| Mining equipment, net  | 10,167,000  | 12,916,000                             |
| Deposits   | 420,000   | 420,000                                |
| Intangible assets  | 100,000   | 100,000                                |
| Total assets   | <u>\$ 17,782,000</u>                                | <u>\$ 18,834,000</u>                   |
| <b>Liabilities and Stockholders' deficit</b>   |   |  |
| <b>Current liabilities</b>   |   |  |
| Accounts payable and accrued liabilities   | \$ 7,150,000  | \$ 3,649,000                           |
| Liability related to digital assets held for other parties   | -   | 916,000                                |
| Note payable – current portion   | 23,042,000  | 14,868,000                             |
| Total current liabilities  | <u>30,192,000</u>                                   | <u>19,433,000</u>                      |
| Note payable – long term   | -   | -                                      |
| Total liabilities  | <u>30,192,000</u>                                   | <u>19,433,000</u>                      |
| <b>Stockholders' deficit</b>   |   |  |
| Preferred Stock, \$0.0001 par value, 5,000,000 shares authorized, none outstanding   | -   | -                                      |
| Common stock, \$0.0001 par value, 150,000,000 shares authorized; 38,013,164 and 25,109,629 shares issued and outstanding, respectively | 3,000   | 2,000                                  |
| Additional paid-in capital   | 45,767,000  | 46,599,000                             |
| Subscription receivable  | -   | (25,000)                               |
| Accumulated deficit  | (58,180,000)  | (47,175,000)                           |
| Total stockholders' deficit  | <u>(12,410,000)</u>                                 | <u>(599,000)</u>                       |
| Total liabilities and stockholders' deficit  | <u>\$ 17,782,000</u>                                | <u>\$ 18,834,000</u>                   |



**Gryphon Digital Mining, Inc.**  
**(formerly Akerna Corp.)**  
**Unaudited Condensed Consolidated Statements of Operations**  
**For the Three Months Ended March 31, 2024 and 2023**

|   | <u>2024</u>            | <u>2023</u>           |
|---|------------------------|-----------------------|
| Revenues  |                        |                       |
| Mining activities                                       | \$ 7,490,000           | \$ 4,840,000          |
| Management services                                     | -                      | 236,000               |
| Total revenues  | <u>7,490,000</u>       | <u>5,076,000</u>      |
| Operating expenses                                      |                        |                       |
| Cost of revenues (excluding depreciation shown below)   | 4,837,000              | 2,737,000             |
| General and administrative expenses                     | 2,461,000              | 1,354,000             |
| Stock-based compensation                                | 208,000                | (1,152,000)           |
| Impairment of digital assets                            | -                      | 1,000                 |
| Unrealized gain on digital assets                       | (1,703,000)            | -                     |
| Realized gain on disposition of digital assets          | -                      | (157,000)             |
| Depreciation expense                                    | 3,247,000              | 3,981,000             |
| Total operating expenses                                | <u>9,050,000</u>       | <u>6,764,000</u>      |
| Loss from operations                                    | <u>(1,560,000)</u>     | <u>(1,688,000)</u>    |
| Other expense   |                        |                       |
| Unrealized (loss) gain on marketable securities         | (216,000)              | 63,000                |
| Realized gain from use of digital assets                | -                      | 2,881,000             |
| Loss on asset disposal                                  | -                      | (53,000)              |
| Change in fair value of notes payable                   | (9,638,000)            | (8,189,000)           |
| Other income  | -                      | 266,000               |
| Interest expense  | (330,000)              | (190,000)             |
| Total other expense                                     | <u>(10,184,000)</u>    | <u>(5,222,000)</u>    |
| Loss before provision for income taxes                  | (11,744,000)           | (6,910,000)           |
| Provision for income taxes                              | -                      | -                     |
| Net loss  | <u>\$ (11,744,000)</u> | <u>\$ (6,910,000)</u> |
| Net loss per share, basic and diluted                   | <u>(0.36)</u>          | <u>(0.28)</u>         |
| Weighted average shares outstanding – basic and diluted | <u>32,436,759</u>      | <u>24,872,947</u>     |

**Gryphon Digital Mining, Inc.**  
**(formerly Akerna Corp.)**  
**Unaudited Condensed Consolidated Statements of Changes in Stockholders' (Deficit) Equity**  
**For the Three Months Ended March 31, 2024, and 2023**

|  | Series Seed Preferred Stock |        | Series Seed II Preferred Stock |        | Common Stock |          | Additional Paid-in Capital | Subscription Receivable | Accumulated Deficit | Total Stockholders' Deficit |
|--|-----------------------------|--------|--------------------------------|--------|--------------|----------|----------------------------|-------------------------|---------------------|-----------------------------|
|  | Shares                      | Amount | Shares                         | Amount | Shares       | Amount   |                            |                         |                     |                             |
| Balance as of December 31, 2023                                | 8,845,171                   | \$ -   | 460,855                        | \$ -   | 25,109,629   | \$ 2,000 | \$ 46,599,000              | \$ (25,000)             | \$ (47,175,000)     | \$ (599,000)                |
| Revaluation of Digital asset                                   | -                           | -      | -                              | -      | -            | -        | -                          | -                       | 739,000             | 739,000                     |
| Common stock issued for cash                                   | -                           | -      | -                              | -      | 493,791      | -        | 1,395,000                  | -                       | -                   | 1,395,000                   |
| Series Seed Preferred Stock converted to common stock          | (8,845,171)                 | -      | -                              | -      | 8,845,171    | 1,000    | (1,000)                    | -                       | -                   | -                           |
| Series Seed II Preferred Stock converted to common stock       | -                           | -      | (460,855)                      | -      | 460,855      | -        | -                          | -                       | -                   | -                           |
| Common stock issued for vesting of RSUs                        | -                           | -      | -                              | -      | 28,070       | -        | 55,000                     | -                       | -                   | 55,000                      |
| Common stock issued for exercise of warrants                   | -                           | -      | -                              | -      | 165,622      | -        | -                          | -                       | -                   | -                           |
| Common stock issued for acquisition of Akerna's net book value | -                           | -      | -                              | -      | 2,910,026    | -        | (2,256,000)                | -                       | -                   | (2,256,000)                 |
| Cancellation of stock subscription receivable                  | -                           | -      | -                              | -      | -            | -        | (25,000)                   | 25,000                  | -                   | -                           |
| Net loss   | -                           | -      | -                              | -      | -            | -        | -                          | -                       | (11,744,000)        | (11,744,000)                |
| Balance as of March 31, 2024                                   | -                           | \$ -   | -                              | \$ -   | 38,013,164   | \$ 3,000 | \$ 45,767,000              | \$ -                    | \$ (58,180,000)     | \$ (12,410,000)             |

**Gryphon Digital Mining, Inc.**  
**(formerly Akerna Corp.)**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
**For the Three Months Ended March 31, 2024 and 2023**

|  | <u>2024</u>         | <u>2023</u>         |
|--|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |                     |
| Net loss   | \$ (11,744,000)     | \$ (6,910,000)      |
| Adjustments to reconcile net loss to cash (used in) provided by operating activities |                     |                     |
| Impairment loss on digital assets  | -                   | 1,000               |
| Realized gain from use of digital assets   | -                   | (2,881,000)         |
| Realized gain on disposition of digital assets                                       | -                   | (157,000)           |
| Unrealized gain on digital assets  | (1,703,000)         | -                   |
| Depreciation expense   | 3,247,000           | 3,981,000           |
| Forfeiture of restricted stock grants  | -                   | (1,515,000)         |
| Compensation cost related to restricted common stock awards                          | 208,000             | 300,000             |
| Compensation for services contributed by the Company's President                     | -                   | 63,000              |
| Unrealized loss (gain) on marketable securities                                      | 216,000             | (63,000)            |
| Loss on asset disposal   | -                   | 53,000              |
| Change in fair value of notes payable  | 9,638,000           | 8,085,000           |
| Interest expense   | 287,000             | 184,000             |
| Digital asset revenue  | (7,490,000)         | (4,840,000)         |
| Changes in operating assets and liabilities  |                     |                     |
| Proceeds from sale of digital assets   | 6,106,000           | 5,542,000           |
| Accounts receivable  | 485,000             | (415,000)           |
| Prepaid expense  | (28,000)            | 17,000              |
| Accounts payable and accrued liabilities   | (205,000)           | 368,000             |
| Net cash (used in) provided by operating activities                                  | <u>(983,000)</u>    | <u>1,807,000</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                     |
| Purchase of mining equipment   | -                   | (42,000)            |
| Net cash used in investing activities  | <u>-</u>            | <u>(42,000)</u>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                     |                     |
| Proceeds from issuance of common stock   | 1,395,000           | -                   |
| Cash acquired in connection with the reverse recapitalization                        | 500,000             | -                   |
| Payment for insurance payable  | (90,000)            | (18,000)            |
| Net cash provided by (used in) financing activities                                  | <u>1,805,000</u>    | <u>(18,000)</u>     |
| Net change in cash   | 822,000             | 1,747,000           |
| Cash-beginning of period   | 915,000             | 269,000             |
| Cash-end of period   | <u>\$ 1,737,000</u> | <u>\$ 2,016,000</u> |
| Reconciliation of cash and cash equivalents and restricted cash                      |                     |                     |
| Cash and cash equivalents  | \$ 1,737,000        | \$ 2,016,000        |
| Restricted cash  | -                   | 2,000               |
| Cash and cash equivalents and restricted cash  | <u>\$ 1,737,000</u> | <u>\$ 2,018,000</u> |
| Non-Cash investing and financing activities:   |                     |                     |
| Value of common stock issued for acquisition of Akerna's net book value              | \$ (2,256,000)      | \$ -                |
| Accrued compensation for issuance of common stock                                    | <u>\$ 55,000</u>    | <u>\$ -</u>         |
| Digital assets used for principal and interest payment of note payable               | <u>\$ 1,750,000</u> | <u>\$ 4,818,000</u> |