Initiation Report

BITFUFU INC.

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Company Sponsored Research
Initiating Coverage | Sector: Information Technology

BitFuFu Inc. – Targeting High Growth in Cryptocurrency Mining Through Technological Superiority and Strategic Alliances, While Expanding Dominant Position in the Rapidly Growing Global Cryptocurrency Mining Industry

BitFuFu Inc. (NASDAQ: FUFU)

Share Price: $5.80

Valuation: $10.27

Key Statistics

52 Week Range	$2.32 - $18.32
Avg. Volume (3 months)	72.62K
Shares Outstanding	162.90M
Market Capitalization	$944.83M
EV/Revenue	2.2x
Cash Balance*	$38.69M
Digital Assets*	$104.03M
Analyst Coverage	1

***As of September 2024**

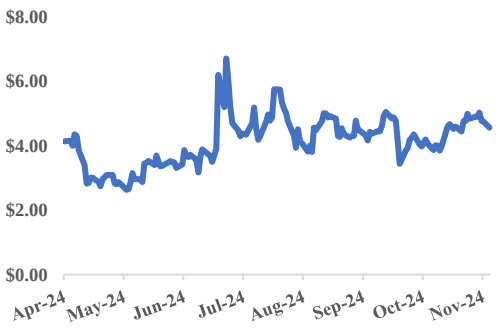
Revenue (in $mm)

Dec - FY	2023A	2024E	2025E
1Q	57.97	144.41	121.15
2Q	76.27	129.42	139.32
3Q	61.29	90.34	160.23
4Q	88.58	102.67	171.27
FY	284.11	466.84	591.97

EPS (in $)

Dec – FY	2023A	2024E	2025E
1Q	0.02	0.23	0.07
2Q	0.03	0.01	0.09
3Q	(0.01)	(0.03)	0.11
4Q	0.03	0.05	0.12
FY	0.07	0.26	0.39

Stock Price Chart (in $)



Investment Highlights

- **Rapid Revenue Growth and Expanding Market Presence:** From 2021 to 2023, BitFuFu's revenue expanded from $103 million to $284.1 million, demonstrating more than a twofold increase within two years. The first nine months of 2024 alone saw revenues of $364.17 million, indicating sustained growth and an accelerating pace, reflective of effective business strategies and an expanding customer base. Net income was $10.5 million in 2023, representing a 337.5% increase compared with $2.4 million in 2022. In the first nine months of 2024 alone, net income reached $31.6 million, a remarkable year-over-year increase of approximately 520% compared with $5.1 million in the same period of 2023. This robust financial performance highlights BitFuFu's strong market position and operational success in capitalizing on the growing demand for digital asset mining services.
- **Global Mining Resource Expansion and Infrastructure Scalability:** BitFuFu's strategic expansion efforts have significantly increased its global footprint, boasting 17 mining sites equipped with a total of 556 MW hosting capacity across various continents. The recent acquisition of a majority stake in an 80 MW Bitcoin mining facility in Ethiopia will push BitFuFu's total hosting capacity beyond 600 MW. This global presence not only enhances operational resilience but also strategically positions BitFuFu in jurisdictions with favorable regulatory environments and cost-effective power resources, crucial for sustaining long-term growth and reducing operational risks associated with geographic and regulatory dependencies.
- **Accelerating Cryptocurrency User Adoption, Market Expansion, and Supportive Regulatory Frameworks:** The global cryptocurrency user base has surged to over half a billion, reflecting broadening market acceptance and increasing institutional interest. This widespread adoption signals a shift towards more digital and decentralized financial solutions. The cryptocurrency market has grown from a niche sector to a major financial market, with a current valuation of around $2.4 trillion. Additionally, the regulatory landscape is progressively adapting to digital assets, aiming to foster innovation while ensuring robust consumer protection. This regulatory evolution reduces market uncertainty and promotes a conducive environment for further investments and innovations. The increasing acceptance of cryptocurrencies by major corporations and small businesses worldwide has expanded the appeal of this asset class, expanding its utility across various economic activities and creating opportunity for companies like BitFuFu to capitalize on growing demand.
- **Strategic Alliances with Market Leaders Bitmain and AntPool:** BitFuFu has cemented exclusive strategic partnerships with industry giants such as Bitmain, a leader in mining hardware manufacturing, and AntPool, one of the largest mining pools globally. These alliances are not merely operational but are reinforced through financial engagements, including significant investments and long-term agreements that secure critical resources like advanced miners and substantial hosting capacities. This relationship provides BitFuFu with exclusive access to up-to-date technologies and large-scale mining infrastructure, seeking to create a competitive edge in hash rate efficiency and network reliability. These alliances significantly enhance BitFuFu's competitive advantage in the cryptocurrency mining industry.
- **Valuation:** BitFuFu holds a significant share of total mining capacity and excels through advanced mining technology, strategic partnerships, and robust financial strength, positioning it to thrive in varied market conditions. The recent Bitcoin halving and expanding Bitcoin ecosystem, driven by DeFi, NFTs, and the SEC's spot ETF approval, boost Bitcoin's value and demand. BitFuFu's advanced technology and efficient operations enable it to capitalize on these industry tailwinds. A blended valuation using DCF and Comparable Company Analysis methods yielded a valuation of $10.27 per share, contingent on successful execution by the company.

Company Description

BitFuFu Inc. provides digital asset mining and cloud-mining services. It also offers miner rental, and miner hosting and sales services to institutional customers and individual digital asset enthusiasts. The company is based in Singapore.

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- **Innovative Technological Framework with the Aladdin System:** BitFuFu's proprietary Aladdin system sets a benchmark in the industry for managing large-scale mining operations. This system integrates advanced technologies such as the FuFu Sentry for real-time operational monitoring, the FuFu Proxy System for precise mining capacity slicing, and the FuFu Dispatcher Engine for efficient hash calculation dispatching. These technological advancements facilitate unparalleled scalability, operational efficiency, and reliability in BitFuFu's mining operations, catering to the growing complexity and size of global digital asset markets.

- **Asset-Light Approach and a Dual Approach Mitigating Bitcoin Price Volatility:** BitFuFu employs an asset-light business strategy that effectively captures the upside potential of Bitcoin while mitigating the risks associated with its price fluctuations. This approach is distinctly advantageous as it allows the company to earn cash for the mining resources provided and convert Bitcoin to fiat currency promptly upon mining. BitFuFu's policy of selling enough of its daily mining rewards on the same day they are received helps cover hosting fees, supporting a more stable average selling price. This strategy prevents the need to sell large amounts of Bitcoin at potentially lower prices to fund operations, thus maintaining revenue stability and lessening exposure to market downturns. Moreover, BitFuFu's business model is markedly different from traditional self-mining companies due to its integration of cloud mining solutions, which directly complement its self-mining operations. This dual approach not only reduces the revenue volatility caused by sharp swings in Bitcoin prices but also enhances the company's ability to generate cash flow. By pre-selling hashrate at a fixed price, BitFuFu accelerates cash collection and provides upfront working capital, essential for expanding and scaling operations. Additionally, this strategy serves as a hedge against Bitcoin's price volatility by locking in revenue, regardless of where the market prices move, strategically positioning BitFuFu to benefit from Bitcoin's potential price surges without bearing the full impact of its volatility.

- **Strong Leadership Underpinning Strategic Growth:** BitFuFu benefits from the strategic direction of CEO Leo Lu, whose extensive background as Business Director at Bitmain plays a critical role in shaping the company's operations. His experience in founding Bitmain's cloud-mining department and developing its pricing models has directly influenced BitFuFu's strategic positioning as Bitmain's exclusive cloud mining partner. Alongside him, BitFuFu's management team comprises industry professionals with proven track records in technology and finance, enhancing the company's ability to innovate and adapt in the rapidly evolving cryptocurrency sector. This collective expertise ensures that BitFuFu remains at the forefront of the industry, well-equipped to tackle future challenges and capitalize on emerging opportunities.

- **Sustainability Initiatives Aligned with ESG Goals:** In line with global trends towards sustainability, BitFuFu is aggressively pursuing enhancements in energy efficiency and the integration of renewable energy sources into its mining operations. These initiatives are aimed at reducing the environmental impact of mining activities and aligning with broader Environmental, Social, and Governance (ESG) goals, which are increasingly important to investors. BitFuFu's proactive approach to adopting sustainable practices not only mitigates environmental risks but also potentially appeals to a broader base of ESG-minded stakeholders, enhancing its corporate image and potential investment attractiveness.

Company Overview

BitFuFu Inc. operates within the rapidly evolving digital asset mining sector and is recognized globally for its extensive and sophisticated cloud-mining solutions. Founded in December 2020, BitFuFu has quickly established itself as one of the leaders in providing secure, compliant, and transparent blockchain infrastructure services. The company offers a comprehensive suite of digital asset mining services that cater to both institutional clients and individual enthusiasts. These services encompass one-stop cloud-mining solutions, miner rental, miner sales, and miner hosting services. BitFuFu leverages cutting-edge technologies to maintain its competitive advantage within the industry. A cornerstone of its technological prowess is the proprietary Aladdin system, which manages and dispatches hash calculations on an ultra-large scale. This system can connect millions of miners simultaneously, offering solutions that address scalability, efficiency, authenticity, and the security of hash calculations.

BitFuFu Inc., founded in December 2020, is a global leader in secure and compliant cloud-mining solutions, offering a comprehensive suite of digital asset mining services for both institutions and individuals

Since its inception, BitFuFu has shown strong financial growth. From modest revenues of approximately $102,000 in 2020, the company's revenue expanded to $103.0 million in 2021, $198.2 million in 2022, and further to $284.1 million in 2023. The first nine months of 2024 alone generated US$364.17 million in revenue. Such growth is supported by its expanding operations, which, as of September 30, 2024, include approximately 456,000 registered cloud mining users and a total mining capacity of 26.2 EH/s across 17 worldwide mining facilities with a hosting capacity of 556 MW. In October 2024, BitFuFu acquired a majority stake in a 80 MW mining facility in Ethiopia, which has the potential to add 4.6 EH/s to its capacity, pushing its hosting capacity beyond 600 MW.

Strategic collaborations have been vital to BitFuFu's success, notably its ongoing partnership with Bitmain Technologies, Ltd., a leader in cryptocurrency mining hardware manufacturing. This alliance ensures a stable supply of the latest mining equipment, such as the Antminer S21 miners, which are crucial for both BitFuFu's cloud-mining services and self-mining operations. BitFuFu's close relationship with Bitmain, evidenced by seed investment and subsequent financial backing, reflects a mutual commitment to promoting innovation and growth in the mining sector. BitFuFu's operational strategy is characterized by its efficient and consistent execution across strategically located mining facilities. The company holds the unique distinction of being Bitmain's only cloud-mining strategic partner and enjoys S-level client status, affording it significant privileges in miner availability and delivery schedules. Moreover, a ten-year collaboration agreement with Bitmain secures BitFuFu 300 MW of hosting capacity and favorable terms for power and hosting fees globally.

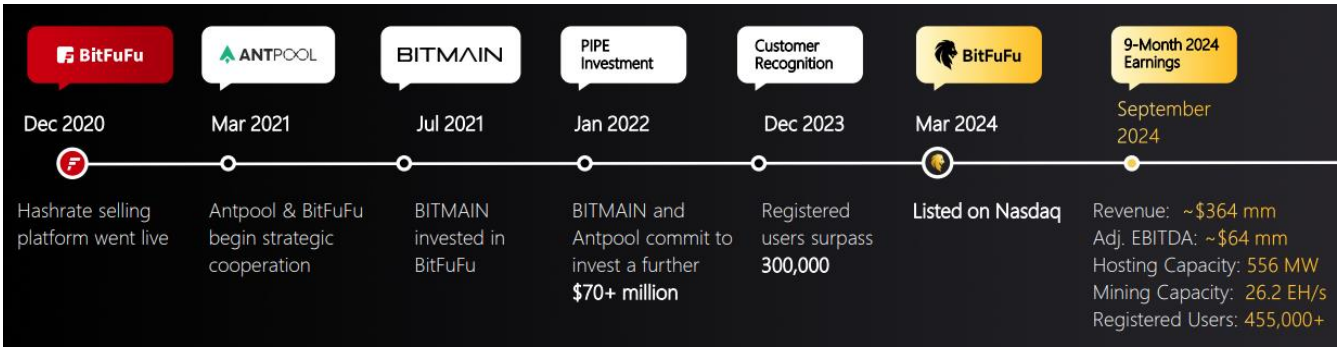


Exhibit 1: BitFuFu's Key Milestones. Source: Company Presentation

As the digital asset industry continues to grow, with more entities vying for superior hash rates and hosting capacities, BitFuFu's strategic relationships and technological capabilities position it well to meet increasing demand and target scaling its operations effectively. The company remains committed to delivering high-quality, reliable mining services and expanding its customer base through innovative, tailored solutions that address the diverse needs of the digital asset community.

Corporate Structure

BitFuFu Inc. was recently listed on Nasdaq following its merger with Arisz Acquisition Corp., a special purpose acquisition company (SPAC), in a transaction valued at $1.5 billion. This merger process was intricately designed to ensure seamless integration and continuity. On February 29, 2024, BitFuFu finalized its business combination with Arisz, which was structured in two primary steps. Initially, a redomestication merger took place, with Arisz merging into BitFuFu, allowing BitFuFu to emerge as a publicly traded entity. This was immediately followed by an acquisition merger, where a subsidiary of BitFuFu merged with Finfront, which then survived as a wholly owned subsidiary of BitFuFu. The company's ordinary shares began trading on March 1 as a result of this merger. In conjunction with the merger, BitFuFu secured over $70 million through Private Investment in Public Equity (PIPE) financing. This funding came primarily from existing shareholders and strategic partners, prominently led by Bitmain and AntPool. These funds are intended to strengthen BitFuFu's financial stability and support its strategic initiatives.

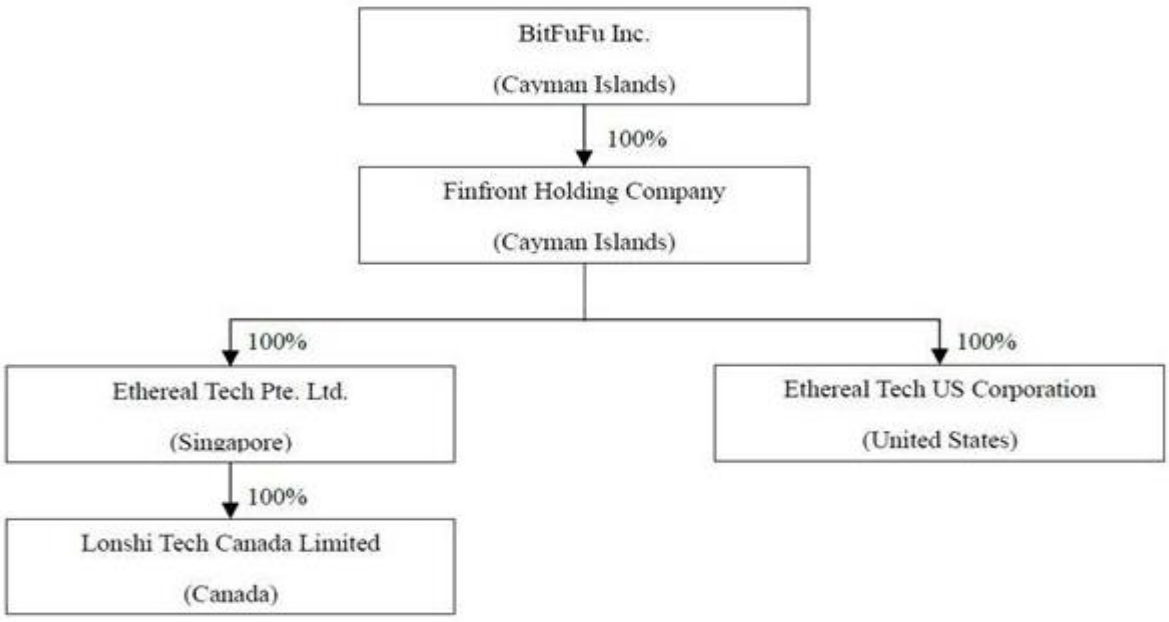


Exhibit 2: BitFuFu's Corporate Structure. Source: Company Filings

The corporate governance structure of BitFuFu includes notable figures from the industry, with several board members being former employees of Bitmain. The CEO, Leo Lu, previously served as the Business Director at Bitmain, where he co-founded the cloud-mining department and was instrumental in developing cloud-mining price models and other digital asset products. This expertise was central to his leadership role in the formation of BitFuFu, now Bitmain's exclusive cloud mining strategic partner.

BitFuFu Inc.'s Strategic Business Model in Cryptocurrency Mining

BitFuFu Inc. generates revenue through a diversified strategy that includes self-mining operations, cloud-mining services, sale and lease of mining machines and miner hosting services. Each segment contributes to the company's financial strength by capitalizing on different facets of the cryptocurrency mining industry. In self-mining, BitFuFu utilizes its own advanced equipment to mine Bitcoin directly. Through cloud-mining services, the company offers customers the opportunity to participate in mining Bitcoin without owning or managing the physical hardware themselves. Additionally, BitFuFu provides miner hosting services, where clients' mining equipment is housed and maintained in BitFuFu's specialized facilities, benefiting from optimized mining conditions and operational support. This multifaceted business model allows BitFuFu to tap into various revenue streams, while reducing the risks associated with the volatility of the digital asset markets.

BitFuFu Inc. generates revenue through self-mining, cloud-mining services, and miner hosting, each contributing to its financial strength. This diversified model allows BitFuFu to tap into various revenue streams, while mitigating risks associated with digital asset market volatility

Self-Mining Operations

BitFuFu Inc. has established a robust self-mining operation as a fundamental component of its business model, capitalizing on the profitability of mining digital assets directly. Self-mining involves using specialized computers, known as ASICs (Application Specific Integrated Circuit) to perform complex hash calculations that secure blockchain networks and validate transactions. These miners work by mapping an input data set—comprising the existing blockchain and a new set of transactions, along with an arbitrary number called a "nonce"—into an output data set of a predetermined length. Successfully adding a block to the blockchain through these calculations rewards the miner with digital assets, such as Bitcoin, which can then be converted into fiat currency.

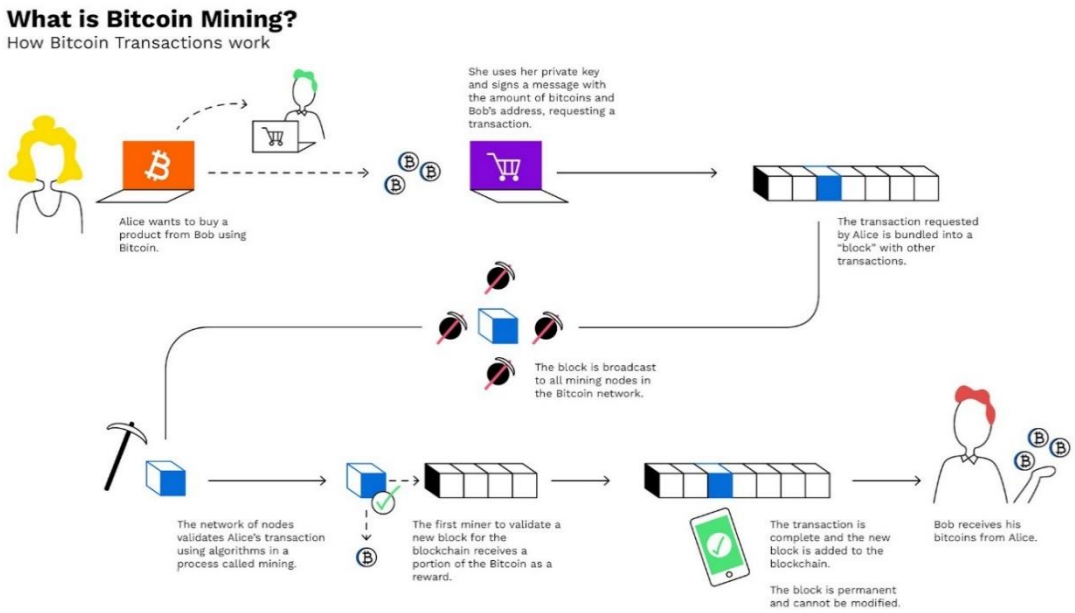


Exhibit 3: Cryptocurrency Mining Process. Source: Bitpanda

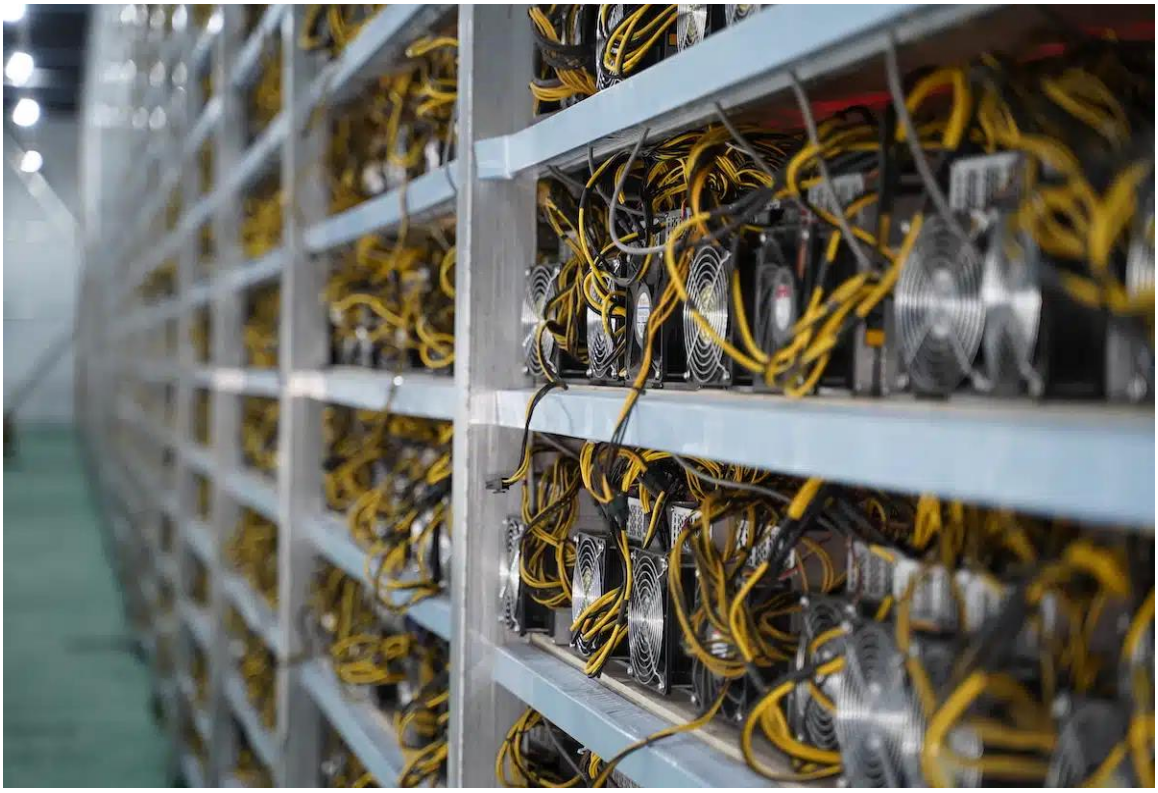


Exhibit 4: A Cryptocurrency Mining Farm. Source: MinerMag

The efficiency of BitFuFu's mining operations hinges on the hash rate of the miners used and amount of electricity miners use. A higher hash rate indicates more powerful computing ability, enhancing the probability of completing blocks and receiving digital asset rewards. Since February 2022, BitFuFu has been deploying a fleet of high-efficiency miners in strategically selected hosting facilities to optimize these operations. The key to profitability in self-mining lies in the balance between operational costs—including hardware, electricity, and facility costs—and the value of the mined digital assets.

Collaboration and Mining Pools

Recognizing the low likelihood of individual success in block completion due to intense competition and the complex nature of mining tasks, BitFuFu participates in mining pools. These pools aggregate the hashing power of multiple miners to increase the chances of mining blocks successfully. BitFuFu utilizes well-known pools such as AntPool and Foundry, where rewards are distributed according to each miner's contribution to the pool's overall hashing effort. The company opts for the Full-Pay-Per-Share (FPPS) payout method, ensuring consistent daily Bitcoin payouts, calculated based on the previous day's contributions, regardless of the pool's overall success in block mining.

Security, Risk Management, and Cost Optimization

Given the high value and liquid nature of Bitcoin, security is paramount in BitFuFu's operations. The company secures its mined digital assets in offline cold wallets, which are not connected to the internet, thus safeguarding them from potential cyber threats. Access to these wallets requires

multi-factor authentication by authorized personnel, providing an additional layer of security against unauthorized access.

Further, BitFuFu's self-mining operations are subject to several risks, including fluctuations in Bitcoin's value, changes in blockchain difficulty, and operational risks such as power outages or internet connectivity issues. To manage these risks, BitFuFu not only diversifies its participation across different mining pools but also strategically locates its servers across various continents and jurisdictions to mitigate geographical and regulatory risks. A distinctive feature of BitFuFu, compared to pure self-mining entities such as MARA or RIOT, is its capacity to dynamically allocate its total hashrate between cloud-mining and self-mining. When Bitcoin prices are elevated, BitFuFu can direct a greater portion of its hashrate towards cloud-mining, thereby selling hashrate to secure the current high Bitcoin price. Conversely, when Bitcoin prices decline, the company may increase its allocation to self-mining, benefiting from the reduced cost of mining, although this reduction is not necessarily proportional.

Additionally, the company carefully monitors and manages its operational expenses. The cost of revenue primarily comprises the lease expenses for mining equipment, hosting fees, and the depreciation of assets. To ensure cost-efficiency, BitFuFu rigorously calculates its breakeven point, which is determined by dividing the total operational and hosting costs by the quantity of Bitcoin mined over a specific period. If at any point, the breakeven point exceeds the current price of Bitcoin, the company may choose to temporarily halt operations to avoid operational losses, thereby preserving resources until mining becomes profitable again. However, it is highly unlikely that all machines would be shut down, given that a significant portion of BitFuFu's revenue is derived from cloud mining services, which are bound by contracts of fixed durations.

BitFuFu Inc. leverages a robust self-mining operation, deploying high-efficiency miners in strategic facilities to maximize digital asset rewards. The higher hash rate of these miners enhances their computing power and profitability

Strategic Growth Amidst Rising Blockchain Complexity

BitFuFu Inc. derives approximately 40% of its revenue from self-mining operations, showcasing the significant role this segment plays in the company's financial health. The first nine months of 2024 was particularly strong, with revenue from Bitcoin self-mining operations reaching US$131.7 million. This marks a significant increase from the US$70.5 million earned during the same period in 2023 and even substantially exceeds the total revenue of US$60.3 million for the entire year of 2022. This growth is especially impressive given the decline in BTC production during this period.

In the first nine months of 2024, BitFuFu produced 2,223 BTCs, representing a 24.5% decrease from the 2,768 BTCs mined in the corresponding period of 2023. This decline in Bitcoin production can be attributed to the increased difficulty in blockchain operations for BTC mining—a challenge that has intensified following the Bitcoin halving event in April 2024. The halving, which reduces the reward for mining new blocks by half, occurs approximately every four years and is designed to control inflation by decreasing the rate at which new Bitcoins are introduced to the system. While this process increases mining difficulty by effectively lowering the reward, it historically tends to drive up the Bitcoin price due to reduced supply. This potential increase in Bitcoin value could benefit BitFuFu by enhancing the worth of the Bitcoins mined, despite the reduced quantity, thereby supporting the company’s revenue and profitability in a market where mining efficiency and economic strategy are closely intertwined.

Cloud-Mining Services

BitFuFu's cloud-mining services offer a sophisticated, one-stop solution that democratizes the cryptocurrency mining process, making it accessible to a wide audience ranging from novice enthusiasts to seasoned investors. Central to this service is the concept of hash calculations, which are essential for the security and functionality of blockchain technologies. Hash rates, or the measure of the computational power per second used in mining and processing, are crucial because they determine the miner's ability to solve and validate transactions and ultimately secure new blocks on the blockchain.

BitFuFu's cloud-mining services democratize cryptocurrency mining by allowing customers to purchase hash calculation services, making mining accessible without needing physical hardware. This approach lowers the barrier to entry, enabling a wide audience to participate in mining activities

Each hash rate unit represents an attempt to solve a block by making a single guess at the solution for the block's hash. Higher hash rates increase the likelihood of successfully solving a block, thereby earning the miner a reward in digital assets like Bitcoin (BTC), Bitcoin Cash (BCH), and others. Mined BTC is sent directly to customers' wallet addresses, while the hashrate fee charged by BitFuFu is converted into USDT. Since October 2022, BitFuFu began to convert USDT into US dollars and deposit them with banking institutions daily. In BitFuFu's model, these hash rates are not just utilized but effectively commoditized and made available for purchase through the platform. Customers can buy a share of computational power from BitFuFu's pooled resources, which allows them to participate in mining without the traditional overhead of managing physical miners.

By allowing customers to purchase hash calculation services, BitFuFu enables them to partake in mining activities through a cloud-based infrastructure where the physical aspects of mining hardware are abstracted. This means that instead of buying and setting up expensive mining equipment, customers can simply purchase a plan that provides them with a certain amount of mining power (hash rate) for a specified duration. This unique and innovative approach not only scales down the barrier to entry for mining cryptocurrencies but also allows customers to obtain Bitcoin at a potentially lower price compared to purchasing it directly on the market. This opens opportunities for individuals who may not have the technical expertise or capital to set up their own mining operations while offering a cost-effective way to acquire Bitcoin.

Variety in Service Plans and Pricing

BitFuFu offers a range of cloud-mining plans tailored to meet diverse customer needs, from newcomers to experienced miners seeking higher returns. These plans are distinguished by their duration, expected returns, and cost structure, allowing customers to choose options that best fit their investment strategy and risk tolerance. Below is an exhibit that illustrates the various cloud-mining plans available on BitFuFu's platform:

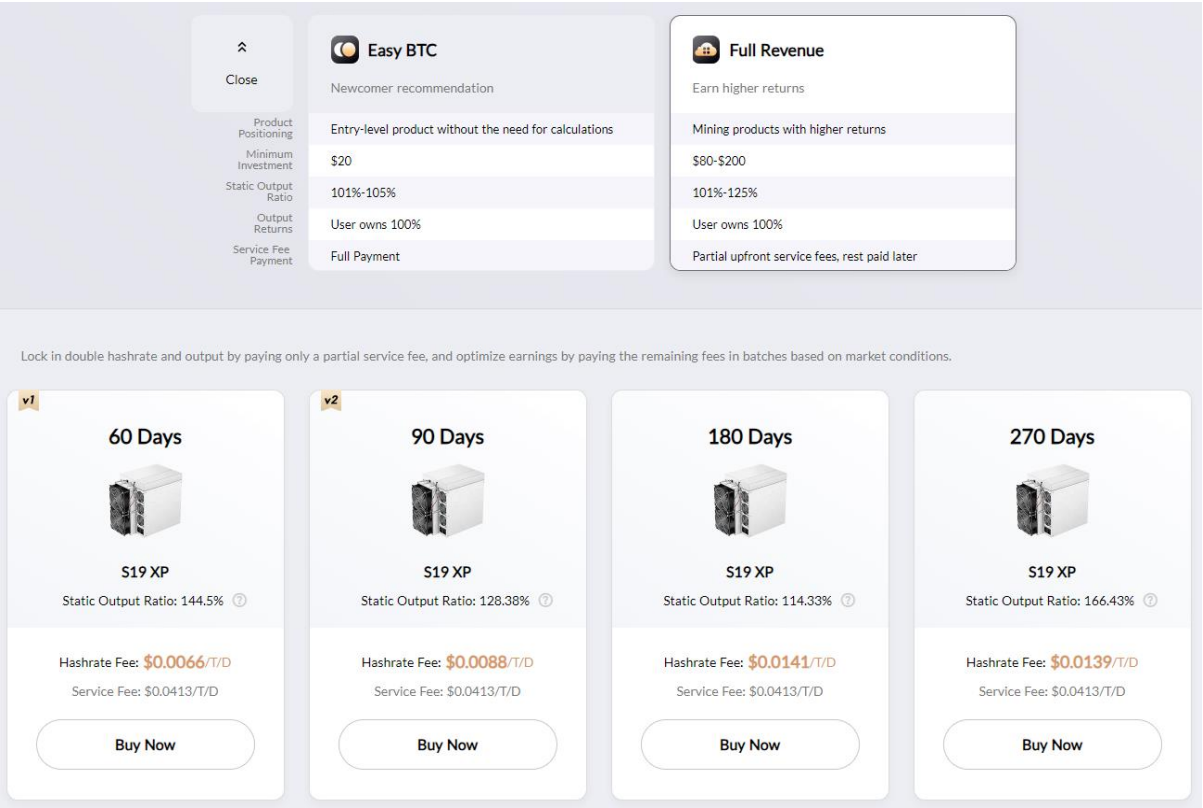


Exhibit 5: Overview of BitFuFu's Cloud-Mining Service Plans. Source: BitFuFu Website

Each plan comes with specific features explained as follows:

- **Static Output Ratio:** This term refers to the expected percentage return on the investment over the duration of the mining plan. For instance, in the provided example where the Static Output Ratio is 144.5% for a 60-day plan, this means that the customer can expect to receive returns equivalent to 144.5% of their initial investment by the end of the 60-day period. It's important to clarify that this percentage is a projection based on current mining difficulty rates, the performance of the mining hardware, and the prevailing market conditions for the cryptocurrency being mined (in this case, Bitcoin).

  The calculation of the Static Output Ratio involves several factors:

  - **Hash Rate Efficiency:** This refers to the effectiveness of the mining equipment in performing hash calculations. More efficient equipment can solve cryptographic puzzles faster, increasing the likelihood of earning mining rewards.

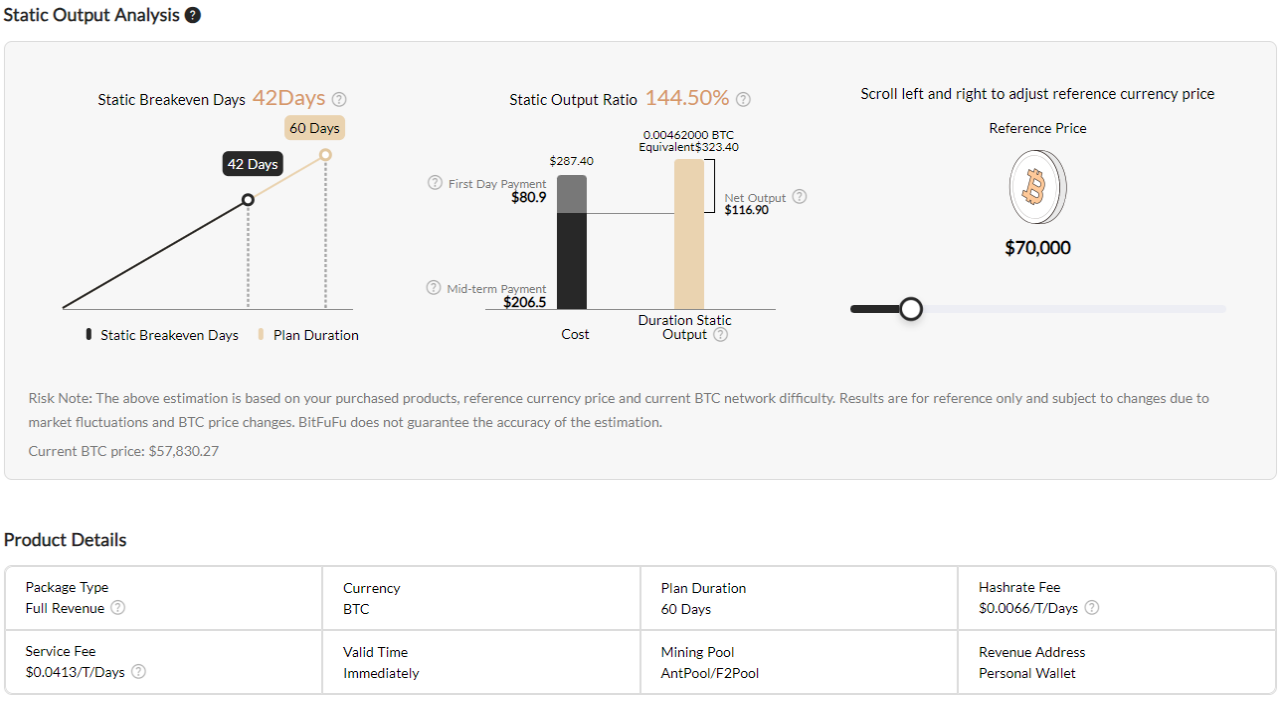
  - **Electricity Costs:** The cost of power is a significant factor in mining. Plans that manage to optimize electricity usage without sacrificing output can achieve a higher Static Output Ratio.

  - **Current Market Conditions:** The value of the rewards (e.g., the price of Bitcoin) plays a substantial role. If market prices are expected to be favorable, the projected output ratio will be higher.

- **Mining Difficulty:** This refers to the complexity of the puzzles that the miners need to solve to add a block to the blockchain. As more miners join the network or as more blocks are mined, the difficulty can increase. An increase in difficulty without a corresponding increase in hash rate or Bitcoin price can reduce the output ratio.

When an investor selects a plan with a Static Output Ratio of 144.5%, they are effectively being told that, under current assumptions about market price and mining difficulty, their $100 investment would return $144.5 after 60 days. This ratio provides a straightforward metric for investors to compare different plans based on their potential profitability. However, it is essential for investors to understand that these projections are subject to change due to fluctuating market conditions and mining difficulties. Therefore, while the Static Output Ratio offers a useful benchmark, it should be considered alongside other factors like market trends, potential risks, and the stability of the mining operation itself.

By presenting the Static Output Ratio, BitFuFu gives its customers a quantifiable expectation of return but not a guarantee, allowing them to make more informed decisions about which mining contracts to purchase based on their financial goals and risk tolerance.



Product Details

Package Type Full Revenue	Currency BTC	Plan Duration 60 Days	Hashrate Fee $0.0066/T/Days
Service Fee $0.0413/T/Days	Valid Time Immediately	Mining Pool AntPool/F2Pool	Revenue Address Personal Wallet

Exhibit 6: A Sample Static Output Analysis of a 60-day Plan. Source: BitFuFu Website Calculator

- **Hashrate Fee:** This is the cost per terahash per day (T/D) for the computational power used in mining. It's a fee that reflects the daily operational cost of the mining power rented by the customer.

- **Service Fee:** This represents the additional daily fee charged for managing the mining operations. It covers the cost of electricity, maintenance, hosting services, and other infrastructure-related expenses necessary to keep the miners running optimally.

- **Plan Duration:** BitFuFu offers plans of various lengths, such as 60, 90, 180, 270, and 360 days, providing flexibility in how long customers engage in mining activities. Each duration has its associated costs and expected output ratios, allowing customers to optimize their strategies based on how long they want to commit their resources.

The flexibility of BitFuFu's cloud-mining service plans is designed to cater to various customer preferences based on the duration of the mining contract. Pricing adjustments are made in accordance with the prevailing market price of Bitcoin and estimated operational costs associated with running different types of miners. However, once a customer commits to a service by placing an order, the fee rate for that particular contract is fixed. This pricing structure is pivotal as it shields customers from potential fluctuations in mining costs during the contract period, offering a stable and predictable expense, which is critical for investment planning in the volatile realm of cryptocurrencies.

BitFuFu's cloud-mining services democratize cryptocurrency mining by allowing customers to purchase hash calculation services, making mining accessible without needing physical hardware. This approach lowers the barrier to entry, enabling a wide audience to participate in mining activities

Operational Infrastructure and Mining Pools

To effectively deliver its cloud-mining services, BitFuFu leverages an extensive array of miners that are either owned directly or leased from reputable suppliers. These miners are hosted in sophisticated data centers equipped with the necessary infrastructure to support intensive mining operations, including adequate power supply, advanced cooling systems, robust network connectivity, and regular hardware maintenance. This setup not only ensures optimal mining conditions but also enhances the overall reliability and efficiency of the mining operations.

For enhanced efficiency and a higher probability of success, BitFuFu integrates its cloud-mining services with established mining pools such as AntPool, Foundry and F2Pool. By pooling resources with other miners, BitFuFu can significantly increase the hash power available, thereby amplifying the chances of solving blocks more frequently and efficiently. This collaborative approach distributes the risk and rewards among participants and optimizes the returns on individual investments. Customers who subscribe to BitFuFu's cloud-mining plans benefit from this pooled resource, gaining access to greater computational power, which in turn enhances their potential to earn mining rewards without the need to manage or understand the complexities of direct mining operations.

Customer-Centric Mining Experience

BitFuFu places a high priority on user experience and transparency. Customers can easily monitor their mining activities through BitFuFu's platform, which offers real-time data on hash rate performance, mining success, and potential earnings. This visibility is crucial for trust and engagement, ensuring that customers feel confident and informed about the mining processes they are invested in.

Strategic Expansion of BitFuFu's Cloud-Mining Operations

BitFuFu's cloud-mining services have seen a significant escalation in scope and scale, emphasizing the robust growth and strategic expansion of the company's operations globally. As of the third quarter of 2024, the company's hosting capacity spans 556 megawatts, distributed over 17 sites across three continents. Additionally, BitFuFu has acquired a majority stake in an 80 MW mining facility in Ethiopia, which has the potential to further expand its hosting capacity by up to 4.6 EH/s, pushing its total hosting capacity beyond 600 MW. This acquisition aligns with the company's strategic focus on expanding its global mining infrastructure. This will increase BitFuFu's total mining capacity up to 29.3 exahashes per second (EH/s), up from the 26.2 EH/s it reported as of September 30, 2024, marking an 88.5% increase year-over-year from 13.9 EH/s in the same period of 2023. The measure of exahashes per second (EH/s) is a critical metric in the cryptocurrency mining industry, representing the computational power used to mine digital currencies like Bitcoin. An "exahash" equals one quintillion (10^18) hash operations per second. This metric directly correlates to the efficiency and capacity of a mining operation, indicating how many attempts the mining equipment can make each second to solve the complex mathematical problems that underlie the process of securing blockchain transactions and discovering new blocks. For cloud-mining services like those offered by BitFuFu, a higher EH/s rate means greater mining power. This enhanced power allows BitFuFu's mining operations to remain competitive and efficient, despite rising blockchain difficulties. For instance, as Bitcoin's network grows and the blockchain difficulty increases—partially due to factors like the halving events which reduce the mining reward by half approximately every four years—a higher hash rate is required to maintain profitability.

BitFuFu's cloud-mining services have experienced substantial growth, with a hosting capacity of 556 megawatts across 17 sites on three continents as of Q3 2024. With the acquisition of an 80 MW mining facility in Ethiopia, this capacity is set to exceed 600 MW, bringing the company's total mining capacity up to 29.3 EH/s

This expansion is complemented by a marked increase in client engagement and output. The number of registered users on BitFuFu's cloud-mining platform has surged by 75.3%, climbing to approximately 455,764 as of September 30, 2024, up from 259,929 the previous year. This burgeoning user base has significantly boosted production, with 9M 2024 BTC output from cloud-mining operations rising to 4,325 BTCs. Revenue from cloud-mining solutions has become a substantial component of BitFuFu's income, comprising approximately 76% of total revenue and amounting to US$68.9 million in the third quarter of 2024. This figure represents a robust 51% increase from US$45.5 million in the corresponding period of 2023. The significant uptick in revenue is primarily attributed to increased repeat purchases from existing and the addition of new customers, alongside a rise in the average selling price.

Miner Hosting Services

BitFuFu offers robust miner hosting services that cater to the needs of customers who wish to mine digital assets without the hassle of managing the physical infrastructure required for mining operations. These services are comprehensive, encompassing the deployment, monitoring, troubleshooting, optimization, and maintenance of mining hardware, as well as providing the necessary electrical power and other essential infrastructure services.

Customers utilizing BitFuFu's hosting services entrust the company with their miners, which are deployed in specialized IT rooms at the premises of hosting facility suppliers associated with BitFuFu. While customers retain the right to use these miners, they compensate BitFuFu through

a predetermined set of service fees. This model allows customers to benefit from professional hosting services without the complexities associated with direct management of the mining hardware.

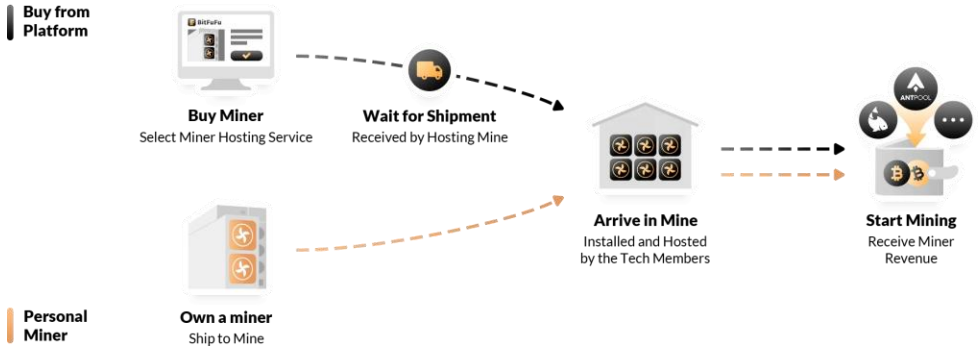


Exhibit 7: Miner Hosting Procedure. Source: BitFuFu Website

To effectively deliver these hosting services, BitFuFu secures comprehensive mining equipment hosting services, which include data center rack space, reliable electricity supply, robust network connectivity, and ongoing hardware maintenance. These services are procured from various hosting facilities, notably those sourced by Bitmain and other suppliers. BitFuFu enhances these foundational services with its specialized offerings such as performance monitoring and stability optimization, creating a consolidated hosting solution that is marketed to its clients.

BitFuFu's miner hosting services manage deployment, monitoring, optimization, and maintenance of mining hardware. Customers pay service fees for professional hosting in specialized facilities, avoiding the complexities of managing physical infrastructure

As of June 30, 2023, BitFuFu's hosting services were facilitated through three mining facilities located in North Carolina, South Carolina, and Montana in the United States, established through strategic hosting service cooperation with Bitmain. By September 30, 2024, BitFuFu expanded its electrical capacity to approximately 556 MW, spread across 17 mining facilities worldwide. With the recent acquisition of a majority stake in an 80 MW mining facility in Ethiopia, this capacity is potentially set to surpass 600 MW, bringing the company's total mining capacity up to 29.3 EH/s. This expansion reflects BitFuFu's commitment to scaling its operations globally while ensuring access to cost-effective and reliable energy sources.

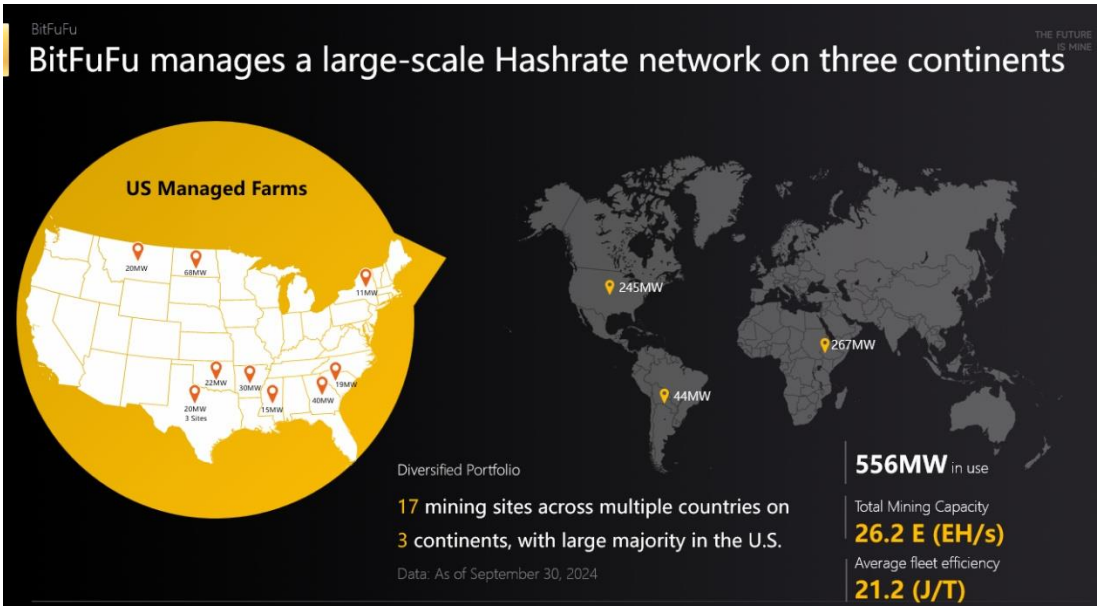


Exhibit 8: BitFuFu's Global Hashrate Network as of June 2024. Source: SEC Filings

Alongside miner hosting services, the company engages in both direct sales and brokering of mining equipment. For direct sales, it enters into purchase agreements with suppliers prior to receiving customer orders, assumes inventory risk, and recognizes value of equipment as revenue when control of the equipment—along with title—is transferred to the customer, evidenced by delivery and acceptance documents. Payments received before delivery are recorded as deferred revenue. If equipment remains unsold, it is kept as inventory without return or repurchase obligations. Additionally, the company acts as an intermediary in transactions where it facilitates the procurement of mining equipment by matching customer demands with suppliers. In these transactions, the equipment is shipped directly from the supplier to the customer, and the company does not assume control or risk associated with the equipment. It earns commissions based on the net revenue of these transactions, recognizing revenue upon the equipment's delivery to the customer.

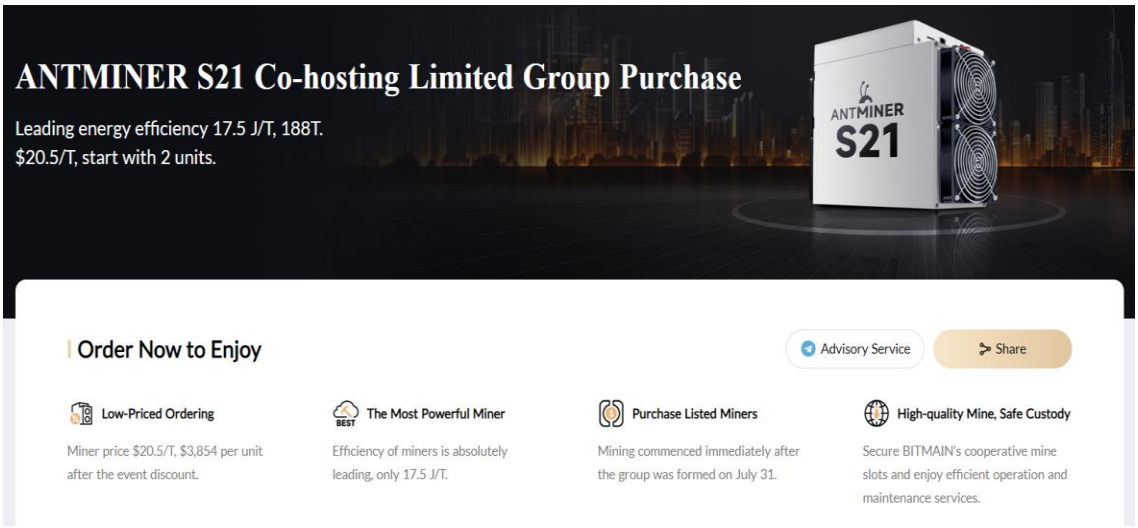


Exhibit 9: ANTMINER S21 Mining Equipment Purchase Landing Page. Source: BitFuFu Website

BitFuFu also sells mining equipment, earning a sourcing commission from these transactions, either as a percentage of the purchase price or as the net amount after paying suppliers

In the first nine months of 2024, revenue from miner hosting services and related activities, including the sale of mining equipment, constituted approximately 1.0% of BitFuFu's total revenue.

BitFuFu's Distinctive Business Strategy and Operational Model

BitFuFu employs a clear and effective business strategy and operational model that addresses the demands of the cryptocurrency mining industry. At the core of its approach is the integration of advanced technology and structured processes that enhance operational efficiency and scalability.

Technology Deployment and System Integration

BitFuFu has strategically developed and implemented a robust proprietary and patented technological framework known as the Aladdin system to enhance its operational efficiency and scalability. The Aladdin system is engineered to manage and dispatch hash calculations on an ultra-large scale, connecting millions of miners simultaneously. This capability is crucial in

addressing and resolving the critical challenges of scalability, efficiency, authenticity, and security in hash power management within the digital asset mining industry.

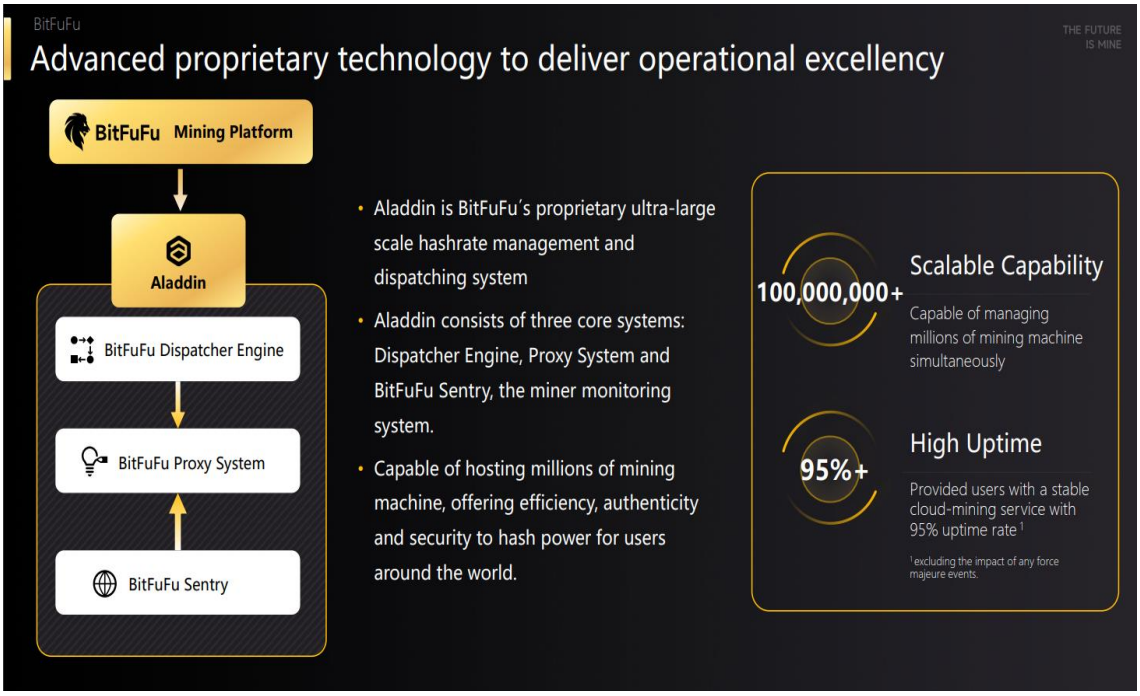


Exhibit 10: BitFuFu's Aladdin Technology Platform. Source: Company Presentation

BitFuFu's Aladdin system enhances operational efficiency and scalability by managing and dispatching hash calculations on a large scale, connecting millions of miners. It addresses scalability, efficiency, authenticity, and security challenges in hash power management

The Aladdin system is comprised of three major components:

1. **FuFu Sentry (Miner Monitoring System):** This subsystem offers real-time monitoring, system alerts, data insights, and automated operation functions. It enables users to efficiently monitor the status of hash calculations, thereby facilitating proactive management and informed decision-making.
2. **FuFu Proxy System (Mining Capacity Slicing System):** This component connects miners with mining pools and accurately submits the hash calculations from each miner. It enhances the precision of mining capacity slicing and increases the transparency of hash calculation distribution, crucial for maintaining integrity and trust in decentralized mining operations.
3. **FuFu Dispatcher Engine (Hash Calculation Dispatching Engine):** Responsible for distributing the protocols that apply hash calculations, this engine ensures the stable operation of these protocols, thereby supporting continuous and uninterrupted mining operations.

A key strategy for BitFuFu is its ability to dynamically allocate hashrate between Cloud-Mining and Self-Mining operations. This flexibility is central to BitFuFu's business model, allowing the company to optimize profitability and manage risk by adjusting hashrate allocation based on market conditions. Unlike traditional Bitcoin miners, BitFuFu can swiftly shift resources to where they are most effective, ensuring resilience and adaptability in a volatile market.

Moreover, BitFuFu's dual approach of mining BTC itself while simultaneously selling hashrate to customers contributes to a more sustainable business model. This strategy allows BitFuFu to

generate multiple revenue streams, potentially outpacing competitors who rely solely on either self-mining or cloud mining. Additionally, by selling hashrate, BitFuFu's revenue and profitability are less dependent on BTC price fluctuations, providing a buffer against market downturns. This was evident in Q2 2024, when, despite a drop in BTC prices, BitFuFu maintained stable revenues and profits, demonstrating the robustness of its business model.

Sales and Marketing Strategies

BitFuFu utilizes a combination of grassroots marketing tactics and strategic partnerships to market its cloud-mining and hosting solutions. While traditional advertising plays a role, the company primarily relies on word-of-mouth, press releases, and collaborations with leading industry players to reach potential customers. BitFuFu's online presence is dynamically managed, with regular updates on product launches, mining and hosting capacity availability, and industry trends via its website and social media platforms.

BitFuFu has strategic supply agreements with key suppliers like Bitmain, ensuring a steady supply of the latest mining equipment and necessary maintenance services, vital for maintaining competitiveness and efficiency

Supplier Relationships and Management

In the digital asset mining industry, hardware is paramount, and BitFuFu relies heavily on specialized mining hardware, predominantly utilizing ASIC chips manufactured mostly in Asia. BitFuFu has forged strategic supply agreements with key suppliers like Bitmain, which not only provides the miners, but also the necessary maintenance and repair services. These agreements are critical as they ensure a steady supply of the latest and most efficient mining equipment, which is vital for maintaining competitiveness and operational efficiency in the fast-evolving mining industry.

Hash Rate Server Cooperation and Procurement

BitFuFu's strategic approach to maintaining a robust supply of mining capabilities involves detailed hash rate server cooperation arrangements with its key suppliers. Under these agreements, suppliers lease miners to BitFuFu, which are then incorporated into its expansive mining operations. The procurement process is carefully planned and executed, with BitFuFu making procurement orders before the beginning of each month, based on a quarterly business plan that takes into account the expected demand for cloud-mining services and the availability of miners from suppliers. These procurement orders are placed on a monthly basis, ensuring that the company can adapt to shifts in market demand and technological advancements swiftly.

The leased miners are integrated into BitFuFu's advanced Aladdin system, which is designed to standardize and dispatch the hash calculations necessary for efficient and effective mining operations. This system allows BitFuFu to maximize the utilization of the leased miners, enhancing the overall efficiency of its cloud-mining services. The agreements for leasing miners are generally renewed automatically, providing BitFuFu with a stable and predictable supply of mining resources.

Digital Asset Management and Compliance

BitFuFu meticulously manages its digital assets to support operational stability and ensure regulatory compliance. The company accumulates Bitcoin through its self-mining operations and exchanges it for fiat currencies at established cryptocurrency exchanges like Coinbase to manage its working capital needs. BitFuFu also complies with anti-money laundering and counter-terrorist financing laws across jurisdictions. It has implemented a comprehensive KYC procedure and a risk-based anti-money laundering program to prevent illicit activities. This includes detailed checks and verification processes for both individual and corporate customers, ensuring adherence to regulatory requirements and safeguarding the integrity of its operations.

Intellectual Property and Innovation

BitFuFu actively protects its innovations in cryptocurrency mining technology through a strategic approach to intellectual property management. The company has filed patent applications in various jurisdictions, including the United States, focusing on technologies such as blockchain computing power supply, dispatching of blockchain hash calculations, and mining capacity slicing. Additionally, BitFuFu secures its intellectual property by requiring employees, contractors, and other collaborators to sign confidentiality and proprietary rights agreements. This ensures that the technological advancements remain proprietary, supporting BitFuFu's efforts to maintain its competitive position in the digital asset industry.

BitFuFu's strategic partnerships with Bitmain and AntPool are crucial for operational success, providing a stable supply of cost-efficient mining resources and access to cutting-edge technology. These alliances enhance BitFuFu's competitiveness and efficiency in the cryptocurrency mining industry

BitFuFu's Strategic Partnerships and Alliances

In the competitive landscape of cryptocurrency mining, strategic partnerships and alliances are crucial for operational success and growth. BitFuFu's strategic alliances and partnerships play a pivotal role in its operational and strategic roadmap. Central to these alliances is BitFuFu’s collaboration with Bitmain, a leader in cryptocurrency mining hardware manufacturing, and AntPool, one of the major digital asset mining pools. These partnerships are instrumental in providing BitFuFu with a stable supply of cost-efficient mining resources and access to cutting-edge technology and infrastructure.

Deepening Ties with Bitmain and AntPool

Bitmain Technologies Ltd. is a world-renowned leader in the production of ASIC (Application-Specific Integrated Circuit) chips used in Bitcoin mining, and is widely recognized for its advanced Antminer series, a leading choice among global cryptocurrency miners. Founded in 2013 and headquartered in Beijing, China, Bitmain not only manufactures mining hardware but also backs AntPool, one of the largest multi-currency mining pools in the world. The company has been instrumental in shaping the blockchain sector by providing high-performance computing power essential for maintaining network security and processing transactions across various cryptocurrencies.

Exhibit 11: Bitmain's Antminer S19's. Source: CoinDesk

BitFuFu has cultivated a close collaboration with Bitmain, which began with a seed investment in July 2021 and was further strengthened by additional investments in February 2024 under the Amended and Restated PIPE Subscription Agreements. As the digital asset industry becomes increasingly competitive, with companies vying for superior hash rates, hosting capacity, and power supply, the strategic relationship with Bitmain provides BitFuFu with crucial advantages. These include access to advanced mining hardware like the Antminer S21 series and enhanced operational capacities through stable and competitive hosting arrangements.

BitFuFu is uniquely positioned as the only cloud-mining strategic partner of Bitmain, holding the status of an S-level client, the highest recognition among Bitmain's clients. This status affords BitFuFu priority in terms of miner availability and delivery schedules. Furthermore, the two companies have entered into a ten-year collaboration agreement, ensuring BitFuFu can secure 300 MW of hosting capacity and benefit from stable power and hosting fee arrangements worldwide. This long-term partnership not only secures critical resources for BitFuFu but also enhances its ability to scale operations efficiently and meet the growing demand from its customer base.

Financial and Operational Integration with Bitmain

BitFuFu's relationship with Bitmain extends beyond strategic collaboration into significant financial and operational integrations. Bitmain is a notable shareholder, owning 7.1% of BitFuFu's issued and outstanding ordinary shares as of February 2024.[1] This investment relationship is further augmented by comprehensive service agreements under which BitFuFu has procured substantial hosting services and equipment from Bitmain. In recent years, payments to Bitmain under these agreements have constituted a significant portion of BitFuFu's expenditures, reflecting the depth of the operational reliance on Bitmain for maintaining competitive mining facilities. Moreover, most of BitFuFu's hosting facilities were sourced through Bitmain, illustrating a heavy

[1] 20-F Filing

dependency on this single supplier for infrastructure needs. While this relationship has provided stability and access to premium resources, it also underscores a critical reliance that poses potential risks in terms of supply chain diversification. Recognizing this, BitFuFu has begun to develop relationships with other hosting facility suppliers to mitigate this dependency and enhance its operational resilience.

BitFuFu's Comprehensive Growth Strategy

BitFuFu's growth strategy is articulated around a series of strategic initiatives aimed at enhancing its operational efficiency and expanding its market presence within the competitive cryptocurrency mining industry. This strategy focuses on leveraging technological advancements, optimizing resource management, and forging strategic partnerships, thereby positioning BitFuFu for sustained growth and improved market competitiveness.

BitFuFu's growth strategy focuses on leveraging technology, optimizing resources, and strategic partnerships. The company emphasizes vertical integration, ESG-focused mining expansion, service upgrades, strategic acquisitions, and regulatory adaptation for sustained growth and competitiveness

1. Strategic Infrastructure Development

A key component of BitFuFu's strategy is to build or acquire its own mining sites, moving away from reliance on leased capacity. This shift enables greater operational control, reduces long-term costs, and enhances scalability, allowing BitFuFu to respond more effectively to market demands. In line with this strategy, BitFuFu has acquired a majority stake in an 80 MW mining facility in Ethiopia, which will utilize the latest Bitmain S21-series miners to enhance operational efficiency. This acquisition is expected to increase BitFuFu's total hosting capacity to over 600 MW and its mining capacity to a potential 29.3 EH/s, assuming full deployment of the S21 miners.

In addition to this acquisition, BitFuFu continues to explore opportunities in regions with favorable energy costs, regulatory environments, and climates that support efficient mining. Regions with abundant renewable energy sources are of particular interest, helping reduce operational costs and enhance sustainability. By owning its mining sites, BitFuFu can expand both its hosting capacity (measured in megawatts, MW) and mining capacity (measured in exahashes per second, EH/s). This infrastructure growth allows the company to accommodate a larger fleet of miners, optimize efficiency, and strengthen its competitive position in the cryptocurrency mining industry.

2. Facilitating Industry Vertical Integration

BitFuFu is committed to enhancing its role within the digital asset industry by fostering vertical integration. This strategy involves improving collaborations with key upstream suppliers of mining capacity resources, transaction enablers, and various service providers. By strengthening these relationships, BitFuFu aims to streamline its supply chain from hardware acquisition to customer delivery of hash calculations. This integrated approach helps to stabilize the infrastructure needed for the efficient distribution of mining resources and promotes a more interconnected industry ecosystem.

3. Scaling Mining Farms with an ESG Focus

BitFuFu is strategically expanding its mining farms with a strong emphasis on environmental, social, and governance (ESG) principles. Over the past year, the company has significantly upgraded its mining equipment, with the Antminer S19 XP series now comprising majority of its total mining capacity. The planned deployment of the latest Bitmain S21-series miners will further enhance efficiency and reduce operational costs, strengthening BitFuFu's competitive position. Additionally, the company aims to enhance its hosting capabilities through better facility management, expanded geographic coverage, and improved power supply efficiency. This growth involves deepening relationships with existing suppliers and exploring new partnerships that provide access to clean energy sources, such as wind and hydroelectric power. By negotiating directly with utility providers for more favorable terms and engaging with partners in jurisdictions that support sustainable mining practices, BitFuFu seeks to increase service quality while adhering to responsible environmental standards. As advancements in technology bring even more energy-efficient machines to the market, there remains scope for further enhancing this efficiency.

4. Upgrading Service Capabilities

BitFuFu is dedicated to upgrading its service capabilities to meet the evolving needs of its diverse customer base. This involves integrating advanced technologies such as blockchain, big data, and artificial intelligence into its operations. BitFuFu's focus on innovation extends to refining its mining capacity slicing technologies and supporting new blockchain features, which enhances the overall efficiency and security of its services.

5. Regulatory Adaptation and Market Expansion

BitFuFu recognizes the importance of adapting to the rapidly changing regulatory environment of the digital asset market. As part of its growth strategy, the company is committed to expanding its geographic reach to areas with favorable regulatory policies and economic conditions conducive to mining. This not only mitigates risks associated with regulatory changes but also maximizes profitability by capitalizing on cost-effective energy resources and stable political climates.

Industry and Market Opportunity

The digital asset industry, encompassing a wide array of technologies such as cryptocurrencies, tokenized assets, and blockchain-based financial instruments, has rapidly evolved from a niche market to a mainstream financial industry. This transformation has been driven by significant technological advancements, increasing institutional and retail interest, and growing recognition of the potential for digital assets to disrupt traditional financial systems. From the early days of Bitcoin to the current landscape that includes decentralized finance (DeFi) platforms and non-fungible tokens (NFTs), the digital asset industry has continuously pushed the boundaries of innovation. Since the launch of the first cryptocurrency (Bitcoin) in 2009, the cryptocurrency market has experienced rapid growth and volatility, soaring from just $1.5 billion in 2013, with its current valuation of approximately $2.4 trillion.[2]

[2] https://www.coingecko.com/en/global-charts

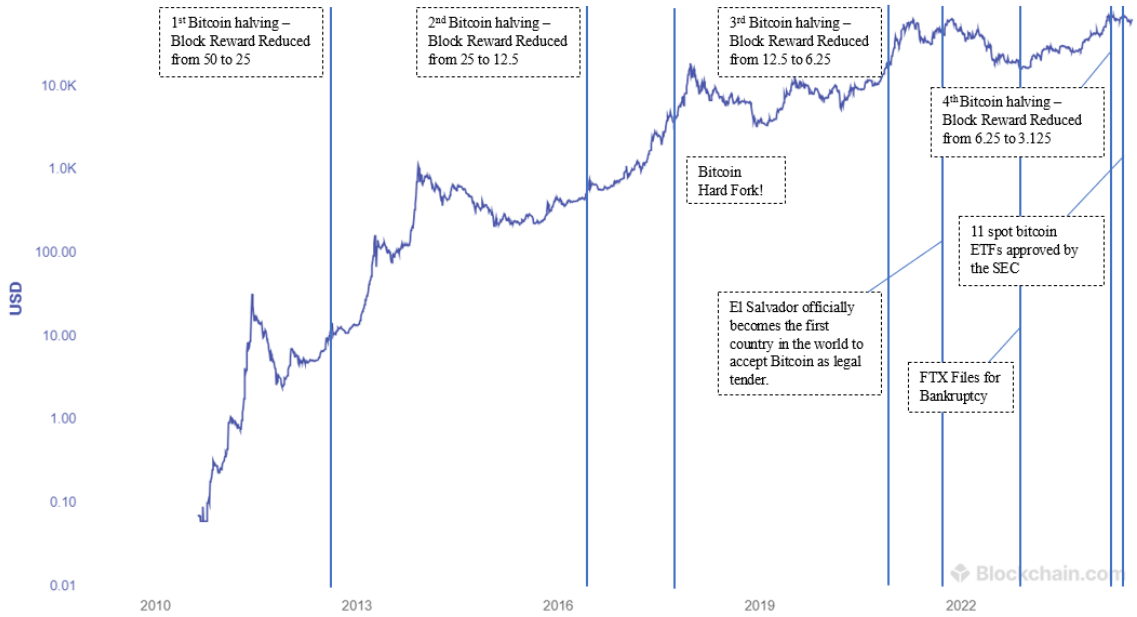


Exhibit 12: Bitcoin's Price Performance (Log Scale) and Key Events and News. Source: blockchain.com, Diamond Equity Research.

The digital asset industry has evolved from niche to mainstream, driven by technological advancements and growing interest. From Bitcoin's launch in 2009 to the rise of DeFi and NFTs, the market's valuation peaked at $3 trillion in 2021 and currently stands at approximately $2.4 trillion

The evolution of the World Wide Web can be divided into three distinct phases. Web1, the first generation, featured basic, static web pages and limited connectivity. Web2 marked a shift to dynamic, user-generated content and the rise of social media platforms, giving birth to tech giants like Google and Meta (formerly Facebook). Web3, the latest phase, envisions a decentralized web where data is interconnected through blockchains, enabling a new generation of decentralized applications and digital assets. Central to this transformative journey is Bitcoin, the pioneering cryptocurrency that revolutionized the financial landscape by presenting a peer-to-peer electronic cash system that operates without intermediaries such as banks and financial institutions. Its underlying blockchain technology, providing a secure, transparent, and immutable ledger, established a novel paradigm in digital finance. Over the years, Bitcoin has retained its pre-eminence and continues to be a leading and integral component of the digital asset industry, influencing technological advancements, market dynamics, and regulatory frameworks.

Exhibit 13: Number of Cryptocurrencies (Left), Bitcoin 5-year price chart (Right). Source: Diamond Equity Research

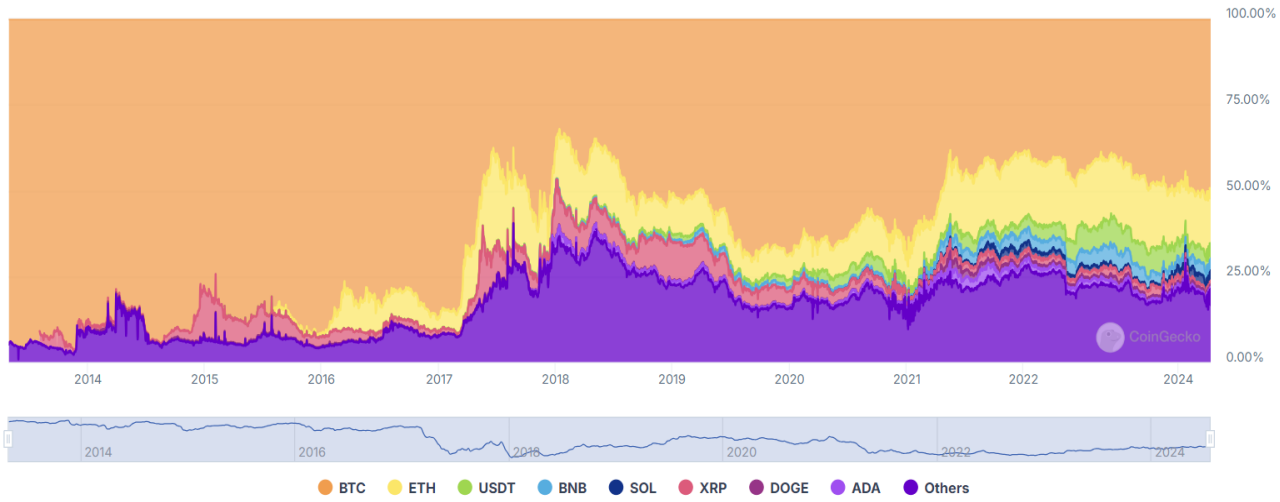


Exhibit 14: Bitcoin's Dominance as Showcased by Market Share Trends of Leading Cryptocurrencies. Source: Coingecko

As the foundation of this emerging industry, Bitcoin's journey from a novel concept to a potentially mainstream currency option underscores its significance and lasting impact on the evolving digital financial ecosystem. In the past decade, Bitcoin's market capitalization has grown by over 700x to over $1 trillion, maintaining a dominant share of the overall cryptocurrency market. While there are estimated to be over 10,000 cryptocurrencies, the top 3, i.e., Bitcoin, Ethereum, and USDT, account for approximately 70.28% of the total cryptocurrency market value. This innovation of decentralized digital currencies has enabled faster, more secure transactions. It has spurred the development of a vast ecosystem that includes thousands of alternative coins (altcoins) like Ether and stablecoins like USDT. Cryptocurrencies offer unique advantages such as borderless transactions, low fees, and resistance to censorship, making them attractive for both retail and institutional investors. As the market matures, regulatory frameworks are evolving to ensure security and compliance, further solidifying cryptocurrencies' role in the global financial system.

The substantial growth of the Bitcoin mining market is driven by financial rewards, increasing Bitcoin adoption, rising prices, and advancements in mining technology. As of mid-2024, daily Bitcoin mining revenue is approximately $30.91 million, or about $11.3 billion annually

Bitcoin Mining Market Size and The Opportunity for Cloud Mining

Bitcoin mining is the process by which new bitcoins are introduced into circulation, and the network is maintained and secured. It involves using computational power to solve complex mathematical problems, known as proof-of-work puzzles, to validate and record transactions on the blockchain. When a miner successfully solves one of these puzzles, they are rewarded with a certain number of newly created bitcoins and transaction fees from the transactions included in the new block they have mined. This reward mechanism is what incentivizes miners to participate in the network.

The financial reward from mining, increasing acceptance and adoption of Bitcoin, substantial rise in Bitcoin prices, and the growing technological advancements in mining hardware and software have collectively driven the substantial growth of the Bitcoin mining market. As of mid-2024, the daily revenue from Bitcoin mining stands at approximately $30.91 million, translating to an annual revenue rate of about $11.3 billion. This revenue, which comes from both block rewards and transaction fees, is heavily influenced by Bitcoin's market price, mining difficulty, and transaction volume. These factors make the mining market highly competitive and lucrative, attracting substantial investment and continuous innovation.

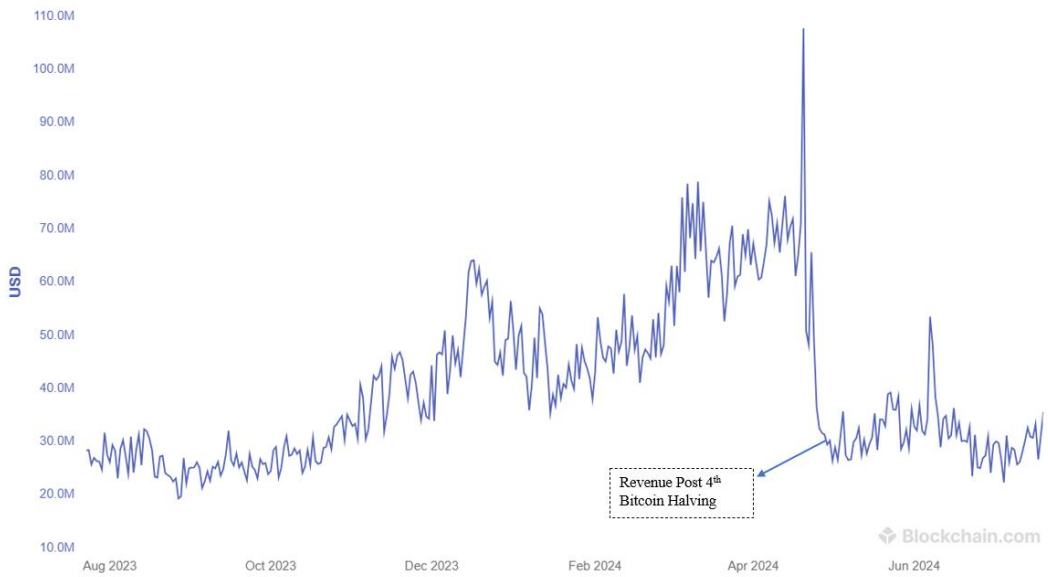


Exhibit 15: One Year Daily Mining Bitcoin Revenue. Source: blockchain.com, Diamond Equity Research

For individual participants, the viability of Bitcoin mining can be challenging. The high costs of equipment, electricity, and maintenance, coupled with the increasing difficulty of mining, make it difficult for individual miners to compete with industrial-scale operations. This has led many potential small-scale miners to explore alternative options, such as joining mining pools, where they can contribute their computational power to a collective effort and share the rewards based on their contribution. Nonetheless, even within mining pools, individual miners are still responsible for maintaining their own hardware, managing electricity costs, and addressing the operational challenges associated with mining equipment, such as heat dissipation and noise control.

Cloud mining presents a more viable alternative for individuals seeking to engage in Bitcoin mining without the burdensome investment in physical infrastructure. Through cloud mining, users can lease mining power from established data centers, thereby participating in mining activities remotely. This model obviates the need for significant capital expenditures on mining rigs and the recurring costs associated with electricity and equipment maintenance. Instead, participants enter into contracts that stipulate the amount of computational power they are renting and the duration of the contract. This approach affords greater flexibility and scalability, allowing individuals to initiate mining operations with a lower financial commitment and adjust their investments in accordance with their risk appetite and prevailing market conditions. Several reputable companies offer cloud mining services, providing individuals with the opportunity to participate in Bitcoin mining. According to Frost & Sullivan, Global cloud mining solutions revenues have increased from $238.8 million in 2019 to $442.4 million in 2023, representing a CAGR of 16.7%. Global Revenues from Cloud mining solutions are further expected to increase to $1.04 billion by 2027. In terms of the revenue in 2023, BitFuFu, Bitdeer, Binance, RHY are among the leading providers in the industry. BitFuFu remains the leading global player with a market share more than two times greater than the next largest competitor.

Key Industry Trends and Growth Drivers

- **Adoption and Acceptance of Cryptocurrency -** The adoption and acceptance of Bitcoin and other cryptocurrencies have seen substantial growth, driven by both retail and institutional interest. As of 2023, the global number of cryptocurrency users surpassed half a billion, highlighting widespread individual adoption. Cryptocurrencies have also gained acceptance from major companies such as Microsoft, Overstock, PayPal, and, more recently, Ferrari, as well as numerous small businesses.[3] Currently, over 15,000 businesses worldwide accept Bitcoin, including about 2,300 in the United States.[4] In California alone, over 400 companies, ranging from nail salons and sushi restaurants to convenience stores and auto repair shops, now accept cryptocurrency.

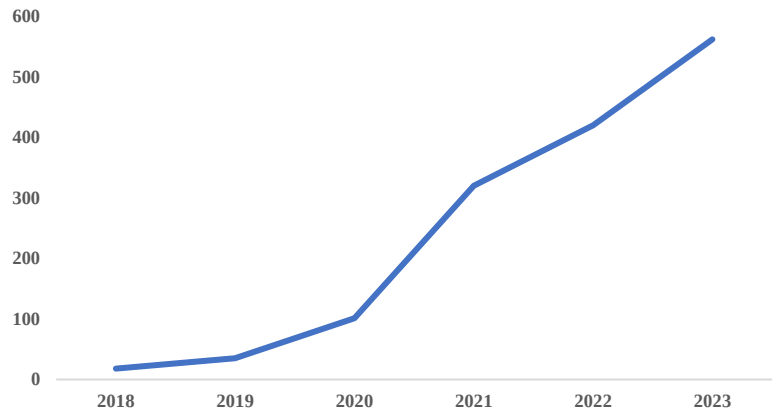


Exhibit 16: Number of Cryptocurrency Users Worldwide. Source: Diamond Equity Research

- **Regulation -** Regulatory concerns hinder the mainstream adoption of cryptocurrencies globally, with issues like money laundering and fraud being top priorities for governments. However, regulation is evolving as countries seek to balance innovation with consumer protection. The U.S. is improving clarity through new legislation, and recent approvals of Bitcoin and Ethereum spot ETFs by the SEC have significantly boosted market confidence, making cryptocurrencies more accessible to traditional investors. The EU's MiCA framework aims for a unified approach, while Japan maintains stringent standards. Crypto-friendly countries like Singapore and Switzerland offer clear guidelines to encourage growth. As regulations mature worldwide, they aim to reduce uncertainty and promote broader adoption of cryptocurrencies.

- **AI and Cryptocurrencies -** Artificial Intelligence is playing a crucial role in the field of digital assets by transforming how these assets are managed, traded, and secured. AI-led cryptocurrencies, or AI-driven crypto tokens, represent the convergence of two emerging technologies, AI and Blockchain. These tokens leverage AI to optimize the security, efficiency, functionality, and potential of decentralized platforms. A few of the major AI tokens include NEAR Protocol (NEAR), Artificial Superintelligence Alliance (FET), Render (RNDR), Injective (INJ), and Graph (GRT).

[3] https://www.motor1.com/news/691603/ferrari-accept-crypto-payment-united-states/
[4] https://crypto.com/bitcoin/who-accepts-bitcoin-payments-in-2024

- **Funding, Mergers, and Acquisitions in the Crypto Market -** The year 2022 marked the beginning of significant turbulence for the crypto markets, triggered by the collapse of Terra USD, the downfall of Three Arrows Capital (3AC), the bankruptcy of FTX with several other companies falling like dominos including, Celsius Capital and Genesis. This period highlighted the vulnerabilities and resilience within the crypto industry, severely impacting the funding environment and resulting in a sharp decline in M&A deals. The year 2024 showed signs of recovery, with a 22% increase in M&A deal activity in Q1 compared to the previous quarter and a 36% rise in total capital raised during the same period.

Cryptocurrency adoption is growing, with over half a billion users and major companies accepting Bitcoin. Evolving regulations and AI advancements are boosting confidence and security. After a turbulent 2022, the crypto market is recovering, with a 22% increase in M&A deals and a 36% rise in capital raised in early 2024

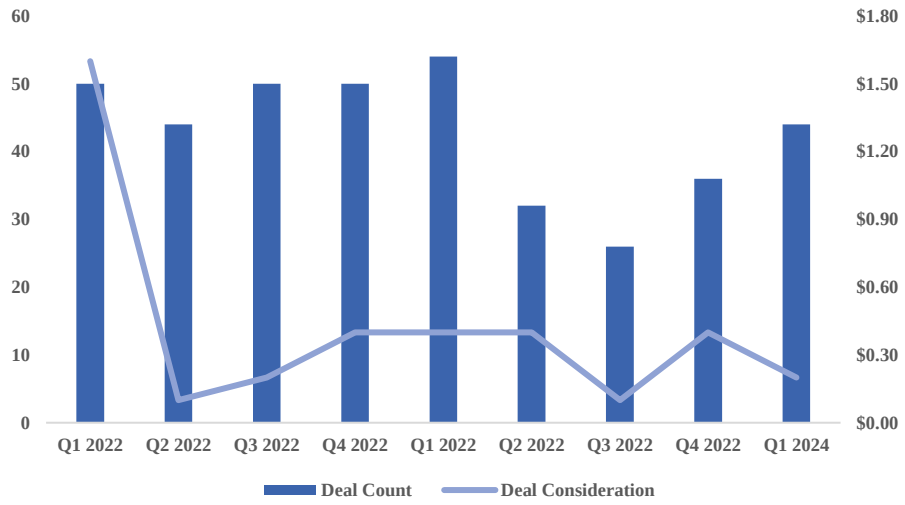


Exhibit 17: Crypto Mergers & Acquisitions Deal Count & Consideration Paid. Source: Architect Partners, Diamond Equity Research

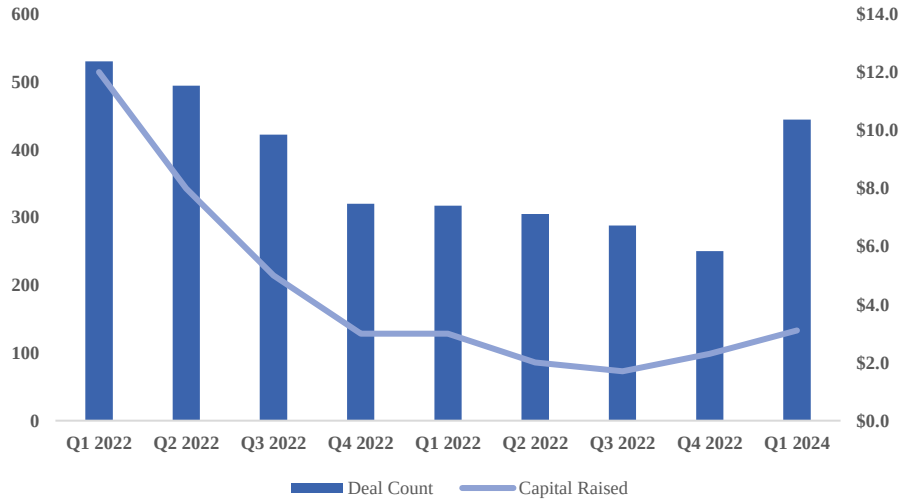


Exhibit 18: Crypto Private Financing Deal Count & Capital Raised. Source: Architect Partners, Diamond Equity Research

- **2024 Bitcoin Halving, A Key Event:** In April 2024, Bitcoin underwent its fourth halving event, reducing the block reward for miners from 6.25 BTC to 3.125 BTC. This halving, a pivotal component of Bitcoin's monetary framework, is intended to curb the supply of

new bitcoins and enhance their scarcity over time. Historically, such events have correlated with substantial price appreciation due to the reduced rate of new issuance coupled with sustained or increasing demand. The halving's impact on mining economics often precipitates a market consolidation, compelling less efficient miners to exit. As block rewards are halved, profit margins narrow, rendering operations with higher costs or outdated equipment unsustainable. This dynamic leads to a market consolidation where only the most efficient and financially robust mining operations endure. The impact of the halving is apparent, with daily Bitcoin mining revenue dropping to $30.27 million, a significant decrease from levels immediately before the halving. Miner capitulation is further evidenced by a 20% decline in the Bitcoin hash rate from its peak in April 2024.

In April 2024, Bitcoin's fourth halving reduced the block reward to 3.125 BTC, enhancing scarcity and potentially driving price appreciation

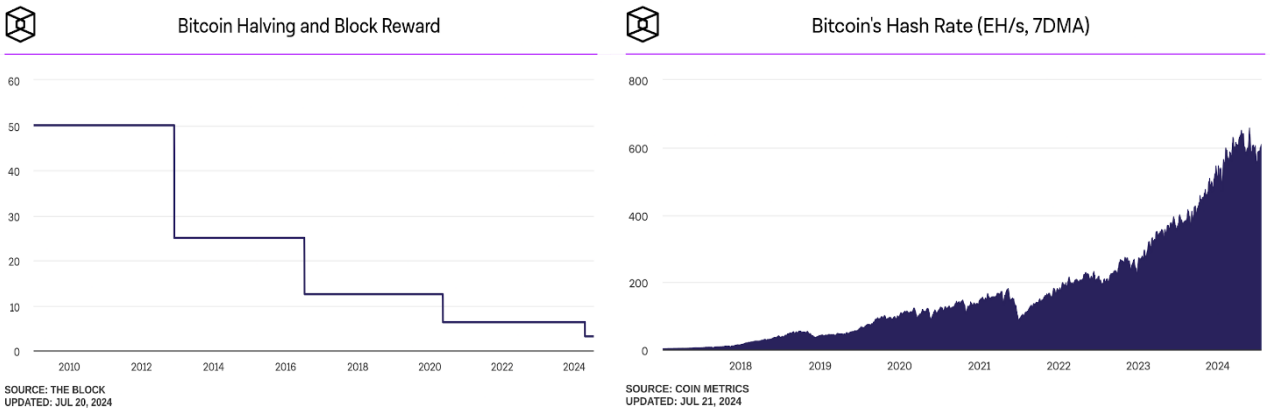


Exhibit 19: Bitcoin Block Reward (Left) and Hash Rate (EH/s) (Right). Source: The Block

Bitcoin Halving	Price on halving day	Price 6 months later	Price one year later	Return (6M)	Return (12M)
28 Nov 2012	$12.35	$128.73	$1,031.95	951.34%	8,310.35%
9 July 2016	$650.53	$970.40	$2,523.16	49.07%	287.61%
11 May 2020	$8821.42	$15,703.26	$56,992.32	78.01%	546.06%

Exhibit 20: Bitcoin Price Performance (6 Months and 1 Year Post Halving). Source: Diamond Equity Research

Competitive Landscape

Bitcoin mining is highly competitive and fragmented, characterized by thousands of players worldwide vying for limited block rewards. This high level of competition stems from the low barriers to entry, such as accessible ASIC hardware and inexpensive electricity, which continually draw new entrants, especially during Bitcoin price surges. Unlike many industries where consolidation leads to increased market power and profitability, Bitcoin mining is structured as a monopsony, with the Bitcoin network exerting extreme bargaining power over miners who have no leverage to negotiate prices. The creation of mining pools, with the top 2 mining pools controlling more than 50% of the hash rate, has raised concerns about potential centralization. However, the key factor remains the self-interest of miners, which discourages any single pool from attempting to dominate the network. Miners understand that maintaining the decentralized nature of Bitcoin is crucial for the network's security and continued profitability. Additionally, the Bitcoin community closely monitors hash rate distribution and can act, such as by forking the network, to preserve its decentralized structure.

Bitcoin mining is competitive and fragmented due to low entry barriers like accessible hardware and cheap electricity, with thousands of players vying for limited rewards. Mining pools, with the top 2 controlling over 50% of the hash rate, raise centralization concerns, but miners' self-interest and community vigilance maintain network decentralization

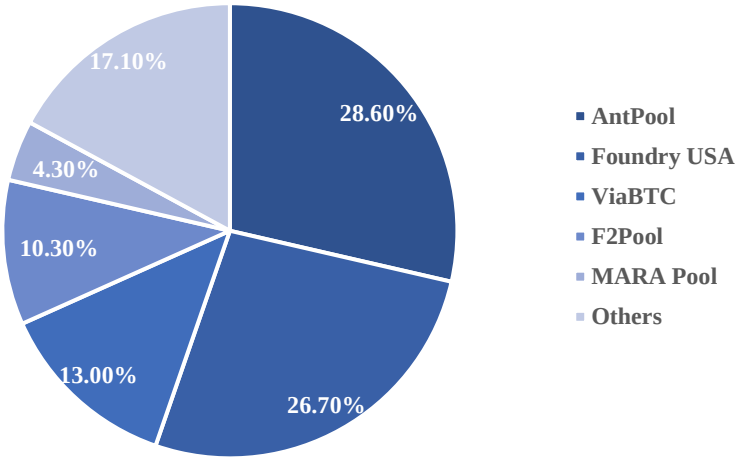


Exhibit 21: Hash Rate Mining Pool Market Share. Source: Hashrate Index, Diamond Equity Research

Several notable companies play significant roles in the Bitcoin mining landscape. Marathon Digital Holdings is one of the largest publicly traded Bitcoin mining companies, contributing more than 6% to the global hash rate. Aside from BitFuFu, which controls approximately 4.5% of the total Bitcoin mining hash rate, other notable companies include Core Scientific, Riot Blockchain, BitFarms, and CleansSpark. These companies collectively illustrate the dynamic and fragmented nature of Bitcoin mining, where competition and innovation drive the sector forward while maintaining the essential decentralized structure of the network.

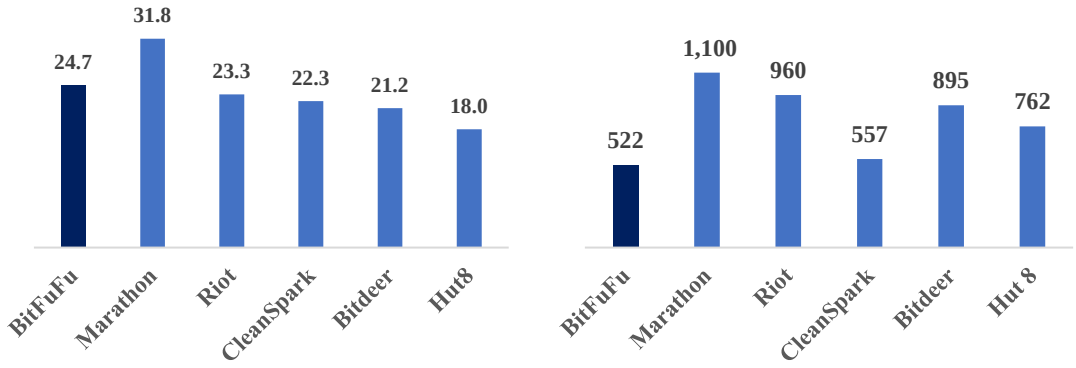


Exhibit 22: Major Listed Bitcoin Miners, their Hash Rate Under Management and Hosting Capacity as of June 30, 2024. Source: Company Presentation

Management Overview

BitFuFu Inc. features a leadership team and board of directors with diverse experience in technology, finance, and global markets. This group of professionals guides the company's strategies and operations within the digital asset mining and blockchain sectors. Below is an overview of the key management.

Mr. Leo Lu – Chief Executive Officer and Chairman of the Board

Mr. Leo Lu serves as the Chief Executive Officer and Chairman of the Board of BitFuFu Inc., roles he assumed following the successful closing of the business combination with Arisz Acquisition Corp. Before his entrepreneurial journey with BitFuFu (formerly known as Finfront), Mr. Lu held the position of Business Director at Bitmain from July 2018 to November 2019. During his tenure at Bitmain, he was instrumental in co-founding the company's cloud-mining department, designing innovative cloud-mining pricing models, and spearheading the development of digital asset-related products. Prior to his time at Bitmain, Mr. Lu was the General Manager of the Information Service Department at the China Financial Assets Exchange (CFAE.cn). His role involved overseeing technology and information services, enhancing operational efficiencies, and driving digital transformation initiatives within the financial assets sector. Mr. Lu holds dual bachelor's degrees in Computer Science & Technology and Literature from the University of Electronic Science and Technology of China.

Ms. Calla Zhao – Chief Financial Officer

Ms. Calla Zhao has been appointed as the Chief Financial Officer of BitFuFu Inc., effective May 2024. Prior to her appointment, she had been serving as the Financial Controller of BitFuFu since September 2021, where she played a pivotal role in the company's financial management and was instrumental in BitFuFu's successful listing on NASDAQ. Before joining BitFuFu, Ms. Zhao held significant financial leadership roles in the industry. From 2017 to 2021, she served as the Head of Finance at GGG Limited, an investment division of a large conglomerate. In this role, she was responsible for overseeing the financial strategies and operations, enhancing financial reporting processes, and contributing to the firm's overall financial health. Her earlier career includes a substantial tenure at KPMG, where from 2005 to 2011, she worked as an auditor, gaining extensive experience in financial audits, compliance, and advisory services. Ms. Zhao is a Certified Public Accountant (CPA) and holds a Bachelor of Arts in Management from Peking University, with a major in accounting.

Ms. Celine Lu – Director

Ms. Celine Lu has joined the Board of Directors of BitFuFu Inc. following the successful closing of the business combination. Ms. Lu brings a wealth of experience and expertise in digital assets and technology management, having served as the Senior Director at Bitmain. During her tenure at Bitmain, from September 2018 to March 2020, she founded and led Bitmain's digital assets mining service business, significantly contributing to its strategic development and operational excellence. Prior to her role at Bitmain, Ms. Lu was deeply involved in the gaming industry as the Managing Director at 360 Security Technology Inc. (SHEx: 601360) from January 2011 to

September 2018. In this capacity, she oversaw strategic investments, business operations, and project innovations, driving substantial growth and market expansion. Ms. Lu holds a bachelor's degree in Computer Science and Technology from the University of Electronic Science and Technology of China.

Name	Designation	Description
Alex Fan	Chief Technology Officer	With a robust background in Internet research and development, Alex Fan has significant experience working in blockchain and major Internet companies.
Cheng Yao	Independent Director	Cheng Yao has a diverse background spanning investment management and automotive engineering. He has been a partner at Delta Capital since 2018.
Huaiyu Liu	Independent Director	Mr. Liu is an experienced finance professional currently serving as CFO and company secretary of YNBY International Limited, and holds key positions in other publicly listed companies, with over 25 years of experience in finance and management.
Joshua Kewei Cui	Independent Director	Mr. Joshua Kewei Cui is a seasoned finance professional with over a decade of experience, currently serving as co-founder and executive director of SOCC Capital Consultancy, and previously held key financial roles in publicly listed companies.
Yeeli Hua Zheng	Independent Director	Yeeli Hua Zheng has extensive experience with major financial markets, having led NASDAQ Group's China practice and worked at NYSE Euronext and the United Nations.

Financial Performance Analysis

Hash Power Expansion, Rising Bitcoin Prices, and Revenue Growth - In the past two years, the company has experienced significant growth, evidenced by its revenue increasing from $103.04 million in 2021 to $284.10 million in 2023, representing a CAGR of approximately 66%. Similar growth was observed in the first nine months of FY 2024, with the company recording a revenue of $364.17 million, an increase of 86.24% compared to the same period in the previous year. This impressive growth can be attributed to the expansion of hash power, rising Bitcoin prices, and the company's strategic focus on cloud-mining solutions and self-mining operations. Moreover, the company's results post the Bitcoin halving event and reduced block rewards in April have exhibited strong resilience with the continuation of robust growth trends. The company reported a revenue of $90.34 million in Q3 2024, a substantial increase of 47% from $61.29 million in the same period of 2023. The company's total managed hash power surged from 3 EH/s at the end of 2021 to 26.2 EH/s currently, while its total hosting capacity increased from 100MW to 556MW during the same period. Cloud Mining, which accounts for 62.7% of total revenue for the year ended 2023, had a realized net dollar retention of 140% for the same year. For Q3 2024, cloud mining accounted for 76.1% of the total revenue, with a net dollar retention rate of 95.6%. The registered users of the company's cloud mining business significantly expanded from 188,460 as of December 31, 2022, to 455,764 as of September 2024. Early investment from Bitmain, a world-leading digital asset mining hardware manufacturer, has been pivotal, establishing the company as Bitmain's sole strategic partner in the cloud mining space. This partnership and its collaboration with Antpool have enabled the company to secure access to a stable supply of cost-efficient mining resources supporting its rapid growth. Additionally, a significant rebound in BTC prices after the 2022 'crypto winter' remains a major factor that has contributed to the accelerated revenue growth. Revenues post-halving haven't been immediately impacted by a decrease in mining rewards and output. We expect the current growth to continue, supported by a potential rise in BTC prices, as observed after the previous three halving events supplemented by the company's efforts at scaling its mining operations.

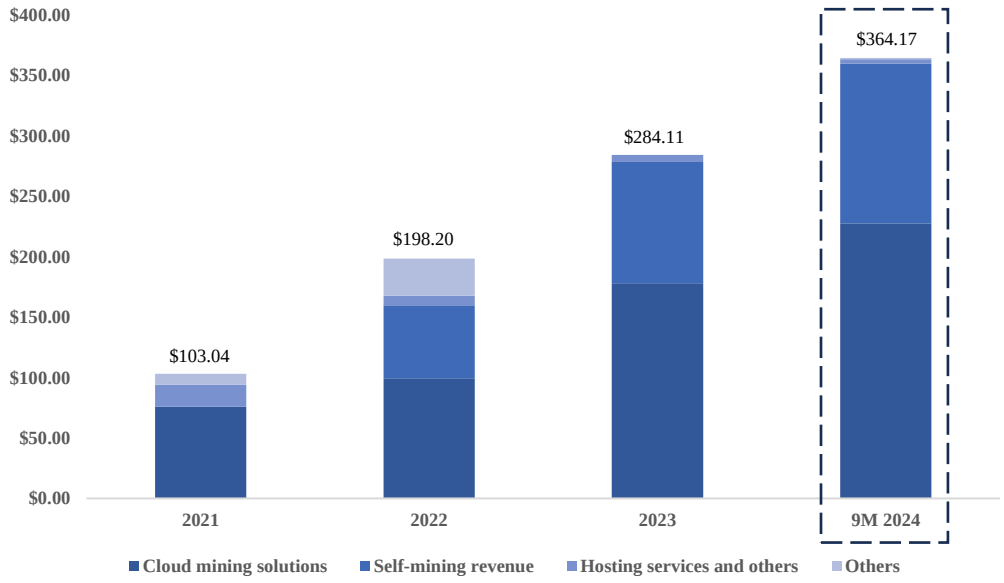


Exhibit 23: Significant Growth Observed in Cloud-Mining and Self-Mining Operations. Source: Diamond Equity Research, Company Filings

Margin Profile - BitFuFu's gross margins were 8.8%, 18.3%, and 4.4% for the financial years ended 2021, 2022 and 2023 respectively. This significant volatility has been majorly attributed to fluctuating Bitcoin prices, variations in electricity costs, and changes in operational efficiency. Additionally, the evolving revenue composition, including a strategic shift towards cloud mining services and self-mining operations, has also impacted gross margins. Gross margins for the first nine months of 2024 were 9.23%, compared to just 5.50% in the same period of the previous year. This material expansion was majorly the result of a significant rise in Bitcoin prices, which also contributed to rising costs. With the rising Bitcoin prices, the mining difficulty significantly increased, impacting the mining output and per BTC cost of mining that increased from $25,618 in Q3 2023 to $59,452 in Q3 2024. Additionally, the rising prices of Bitcoin have also contributed to higher costs for procuring hash rate or leased miners. Moreover, the company's move towards efficient miners in the past year, with majority of the mining capacity being derived from the Antminer S19 XP series, has allowed it to achieve an average fleet mining efficiency of 21.1J/TH. The planned deployment of the latest Bitmain S21-series miners will further enhance efficiency and reduce operational costs, strengthening BitFuFu's competitive position Improving mining efficiency and rising bitcoin prices more than offset the increase in mining cost per unit, contributing to the expansion of gross margins.

Balance Sheet Strength – BitFuFu is transitioning from a model that relied heavily on leasing and partnerships for its mining operations to a more balanced approach, combining leased resources with owned infrastructure. This shift enables the company to integrate its mining operations vertically, offering greater control and efficiency while also allowing for resources to be allocated to different strategic initiatives such as sustainable energy solutions and technological advancements. As of December 2023, approximately 89% of the company's mining capacity has been sourced from leased miners, with the rest being generated from self-owned miners and hosted miners. The company concluded Q3 2024 with cash and cash equivalents and a digital asset balance amounting to $142.73 million. BitFuFu also has a manageable interest-bearing payable of $102.44 million as of September 2024. The long-term payables are amounts owed to a supplier for mining equipment purchased in 2022. According to the original and supplemental agreements, these debts are due by June 30, 2025, and are unsecured, carrying an interest rate of 3% - 6% p.a.

Year-end 31 Dec. (in $mm)	2022A	2023A	2024E	2025E	2026E
INCOME STATEMENT					
Revenue	$198.20	$284.11	$466.84	$591.97	$770.76
Gross Profit	$36.23	$12.71	$41.30	$72.61	$120.49
Total Operating Income / (Exp.)	($32.33)	$3.86	$13.65	$8.94	$17.19
Income From Operations	$3.90	$16.57	$54.94	$81.55	$137.68
Interest Income/Expense	($2.12)	($3.89)	($4.64)	($4.21)	($3.54)
Profit Before Tax (PBT)	$1.78	$12.68	$50.30	$77.34	$134.15
Profit After Tax (PAT)	$2.44	$10.49	$41.75	$64.20	$111.34
Basic Shares Outstanding (M)	149.38	150.00	160.50	163.71	166.98
EPS - basic	$0.02	$0.07	$0.26	$0.39	$0.67
BALANCE SHEET					
Cash and cash equivalents	$60.43	$32.00	$61.11	$105.73	$135.69
Digital Assets	$8.01	$43.98	$136.25	$192.74	$280.18
Other current assets	$19.13	$45.29	$50.78	$53.29	$56.86
Total current assets	$87.57	$121.27	$248.14	$351.76	$472.73
Non-current assets	$110.76	$88.76	$81.04	$73.74	$67.05
Total Assets	**$198.34**	**$210.03**	**$329.19**	**$425.49**	**$539.78**
Short-term borrowing	$0.00	$0.00	$30.23	$30.23	$30.23
Other current liabilities	$82.06	$86.36	$59.53	$61.64	$64.59
Total current liabilities	$82.06	$86.36	$89.76	$91.87	$94.82
Long-term borrowing	$109.44	$102.44	$102.44	$102.44	$102.44
Other non-current liabilities	$0.00	$3.90	$3.90	$3.90	$3.90
Total liabilities	$191.50	$192.70	$196.10	$198.21	$201.16
Total Equity	$6.84	$17.33	$133.09	$227.28	$338.62
Total Liabilities & Equity	**$198.34**	**$210.03**	**$329.19**	**$425.49**	**$539.78**

Exhibit 24: Income Statement and Balance Sheet Snapshot. Source: Diamond Equity Research

Valuation

BitFuFu as a company offers industry-leading hash rate capacity (market share of approximately 4.5%), highly efficient mining operations with advanced miners, strong strategic partnerships, and robust balance sheet strength. These factors collectively positively impact the company's resilience during market downturns while also positioning it to capitalize on growth opportunities during market upturns. The company's performance is closely tied to Bitcoin's market dynamics, including its price fluctuations, mining outputs, and the broader acceptance of Bitcoin as a vital digital asset.

The recent Bitcoin halving, which reduced the block reward from 6.25 BTC to 3.125 BTC, has significant implications for both the price and total network hash rate capacity. Historically, such events have led to a rise in Bitcoin prices due to the reduced rate of new supply, creating scarcity and driving up demand. Simultaneously, it also leads to decreased mining output and increased mining difficulty, making it less profitable for less efficient miners. The resulting industry consolidation enables BitFuFu to expand its market share and capitalize on its efficient operations and advanced technology to sustain profitability and enhance its competitive edge. In addition, following the company’s recent acquisition of a majority stake in an 80MW mining facility in Ethiopia, BitFuFu's total hosting capacity will exceed 600MW, with around 13% of that capacity housed in facilities fully owned and managed by the company. The expanding Bitcoin ecosystem, driven by Layer-2 scaling solutions, DeFi applications, NFTs, and the recent approval of a spot ETF by the SEC, significantly enhances the utility and value of the Bitcoin network. This increased utility not only solidifies Bitcoin's position as a digital asset but also drives greater demand and investment, ultimately contributing to the network's long-term growth and stability.

These industry tailwinds, including potentially rising Bitcoin prices, an expanding Bitcoin ecosystem, and an improving regulatory environment, create a favorable landscape for leading mining companies like BitFuFu, allowing them to leverage their advanced technology, efficient operations, and strategic partnerships to generate value for shareholders.

We have determined BitFuFu's valuation using a combination of Discounted Cash Flow (DCF) and Comparable Company Analysis methods. This blended approach allows for a comprehensive assessment of the company's intrinsic value by considering both its future cash flow projections and the current market valuations of similar companies in the industry. We have discounted our estimated free cash flows at an assumed discount rate of 16.5% under our DCF approach. For comparable company analysis, we have used the EV/Revenue multiple of comparable Bitcoin mining companies to arrive at an average multiple. Combining both these approaches has yielded a valuation of $10.27 per share, contingent on successful execution by the company.

Calculated Equity Value ($ mm)	
Enterprise Value	993.04
- Debt and Preferred Stock	102.44
+ Cash	142.73
Net Debt	40.29
Equity Value	**1,033.34**

Approaches (in $ mm)	Value (USD)	Weight	Wtd. Value
DCF	$1,033.34	80%	$826.67
GPCM	$4,229.34	20%	$845.86
GTM	-	0%	$0.00
Wtd. Avg. Equity Value (USD)			**$1,672.54**
No of Diluted Shares Outstanding			**162.90**
Intrinsic Value Per Share			**$10.27**

Company Name	Ticker	Price	Currency	Country	Mkt Cap.	EV/S*
Marathon Digital Holdings, Inc.	MARA	25.23	USD	US	7,434.01	13.30
Phoenix Group Plc	PHX	1.46	AED	AE	8,829.15	11.30
Riot Platforms, Inc.	RIOT	14.45	USD	US	4,800.44	13.70
Bitdeer Technologies	BTDR	10.97	USD	SG	1,616.46	3.50
Cipher Mining	CIFR	7.35	USD	US	2,556.38	16.80
Hut 8 Corp.	HUT	23.86	USD	US	2,228.34	14.10
Bitfarms Ltd.	BITF	2.69	USD	CA	1,731.35	6.50
Bit Digital, Inc.	BTBT	5.52	USD	US	815.10	8.90
HIVE-Digital Technologies Ltd.	HIVE	5.24	USD	CA	655.55	5.20
Argo Blockchain plc	ARBK	1.35	USD	GB	59.96	2.10
Median						**10.10x**
Mean						**9.54x**

Exhibit 25: Valuation Snapshot. Source: Diamond Equity Research
(Valuation multiple is based on LTM figures) *

Risks Profile

- **Impact of Digital Asset Price Fluctuations:** BitFuFu Inc.'s financial performance is heavily influenced by the prices of digital assets, particularly Bitcoin. The viability of the company's services and products is closely tied to the economic returns of digital asset mining, which are in turn, affected by Bitcoin's market prices, among other factors. Bitcoin's price history has been highly volatile, with significant fluctuations observed over the years. For example, Bitcoin's price ranged from approximately US$30,000 to US$68,000 in 2021, from US$16,000 to US$46,000 in 2022, and from US$16,600 to US$43,700 in 2023. A significant price drop could substantially reduce the demand for BitFuFu's cloud-mining services and mining equipment and adversely impact the profitability of its self-mining operations.

- **Innovation and Adaptation Challenges:** BitFuFu Inc. is exposed to the fast-paced characteristics of the blockchain and digital asset industries, including rapid technological advancements and shifting customer demands. The company’s future success depends on its ability to continuously innovate and align its offerings with market expectations. If BitFuFu fails to effectively adapt or if its technologies become obsolete due to new developments, it could lose customer interest and face significant declines in revenue and profitability. Such challenges could materially and adversely impact the company's business and financial condition.

- **Risk of Supplier Dependence and Supply Chain Vulnerability:** BitFuFu Inc. is heavily reliant on a limited number of suppliers, such as Bitmain and Burdy Technology Limited, which significantly impacts its operational and financial stability. Supply constraints, especially in the rapidly fluctuating market of digital assets, could lead to shortages and increased costs, jeopardizing BitFuFu’s ability to meet customer demand effectively. Additionally, the company's dependence on third-party mining pools for reward distributions introduces further operational risks, where inaccuracies can lead to reduced earnings. Such vulnerabilities in supply chain and operational dependencies could materially and adversely affect BitFuFu's growth prospects and financial condition.

- **Risk of Rising Power Costs and Supply Uncertainty:** BitFuFu Inc.'s operations depend heavily on electric power, with costs forming a significant part of its expenses and susceptible to seasonal fluctuations. The company's need for electricity will grow with its service demand, and any increases in power costs or supply disruptions—potentially unmitigated by its service agreement with Bitmain—could materially harm its financial condition and operational capabilities.

- **Risk of Misestimated Contract Pricing:** BitFuFu Inc.'s profitability hinges significantly on its ability to accurately price service contracts, which are influenced by a variety of factors including miner costs, market demand, and the price of digital assets. Misestimating these factors can lead to reduced profit margins or even losses. Market conditions, competitive pressures, and changes in bargaining power may force BitFuFu to lower prices, which could further erode profitability. Additionally, an inability to fully

pass on cost increases from miners and hosting facilities to customers could adversely affect the company's financial health and operational results.

- **Capital and Financing Risks:** BitFuFu Inc.'s operations require substantial capital to maintain and upgrade mining equipment and facilities, crucial for remaining competitive in the digital asset mining industry. Financing these activities is challenging, particularly as financing may not always be available or favorable. Additionally, fluctuations in digital asset values and decreased investor confidence could further complicate funding efforts. Inadequate funding could limit BitFuFu's operational capabilities and competitiveness, materially and adversely impacting its business and financial results.

- **Risk of Cybersecurity Threats and Data Breaches:** BitFuFu Inc. faces significant cybersecurity risks that could disrupt operations, expose confidential customer data, and lead to substantial financial and reputational damage. The company manages sensitive data, which is vulnerable to cyber-theft, unauthorized access, and other malicious activities. Security breaches could occur despite preventive measures, potentially resulting in legal and regulatory consequences, financial losses, and damage to BitFuFu's reputation. The dynamic nature of security threats means that BitFuFu must continuously adapt its defenses, but there is no guarantee that these measures will prevent future breaches. High costs to mitigate and rectify breaches, along with potential litigation, could materially and adversely affect BitFuFu's business, financial condition, and operational results.

These risk factors are not comprehensive. For a full list of risk factors, please read BitFuFu Inc.'s latest prospectus and/or annual filings

Disclosures

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