

Dear Lokotech Group Shareholders and Stakeholders,

Oslo, 9th of March 2025

I was pleased to announce the pivotal moment in Lokotech's journey this Monday; one that positions us for substantial growth and long-term value creation.

After years of relentless development, we are now transitioning to mass production of our industry-leading Scrypt ASIC miner, a milestone that represents the culmination of meticulous engineering, rigorous testing, and long-term strategic partnerships.

The demand for high-performance Scrypt mining hardware is high and has continued to grow during the years of our R&D phase. The Scrypt network's total hash rate has surged over 200% in the past year, representing at least a \$1.4 billion market opportunity. Lokotech is now ready to launch a commercial product to go after a significant portion of that market. Lokotech's cutting-edge ASIC technology is engineered to outperform all existing solutions in speed and efficiency, positioning us at the forefront of this rapidly growing niche. Backed by strong market validation, we have already secured substantial pre-orders from retail buyers (B2C) and established framework agreements with key private operators in the United States, reinforcing our competitive advantage and growth potential.

To fully capitalize on this opportunity, we were lucky to launch a partially underwritten rights issue in an otherwise slow and challenging equity market. This method of capital raise gives preferential rights to our existing shareholders but are at the same time supported by the underwriters should some of the rights given to existing shareholders expire. This capital raised will enable us to complete the final tape-out and rapidly scale up production in collaboration with one of the leading semiconductor manufacturers in the US.

From the beginning of this process, it was considered important to reward our loyal shareholders with the opportunity to partake in this. All emails, SMS', comments, and continued activity in forums and social media groups made us confident that shareholders would be interested in participating in the equity raise. We therefore took extra measures to ensure that all existing shareholders can join in and benefit from this, but the structure ensures that the company is fully financed regardless of you as a shareholder partake or not. However, since we would like for as many as you as possible to partake, a continuation of this letter will be sent to each and every one of you with clear instructions on how to exercise the rights you are being issued some time after the General Assembly has been held.

Given this optimistic outlook, I want to share some arguments to why I think existing shareholders and potential new shareholders should consider to join Lokotech Group on this journey:

- Our Scrypt ASIC design is now derisked and ready for the manufacturing phase. Our ASIC significantly outperforms existing solutions even from a 12nm node. Energy efficiency is +135% compared to the closest competing ASIC. With a future proof design and the prospects of quadrupling the efficiency in coming generation. The future is bright, and it will be hard for any competitor to beat us unless they go back and try to create something new from scratch.
- Our ASIC design is derisked through extensive simulations, MPW-prototyping, testing and design optimizations. Now the financial risk is also mitigated. The remaining challenge in the mid-term future is to overcome any manufacture risk, deemed very manageable with the maturity of the production node.
- We have already made the first down payment towards mass production, with initial ASIC shipments expected in Q3 2025. The servers shipped from the production line, will prompt the client mine in Powerpool. This will lead to significant growth in [Powerpool.io](https://www.powerpool.io). Other revenue streams associated with synergies like self-mining will also contribute as we move forward.

- Our management team and key stakeholders are participating in the rights issue and have otherwise increased their stake in the company lately, something that should demonstrate our strong conviction.
- Existing shareholders at the time of approval at the upcoming EGM will receive tradable subscription rights to discounted stocks and bonus warrants, creating a significant upside potential for all shareholders. The Bonus Warrant are an additional upside for our investors that is important to take notice of. Investors allocated shares in the rights issue will receive these bonus warrants on a pro-rata basis. These warrants provide shareholders with the option to purchase additional shares at a discounted future price, increasing the attractiveness of the investment case' upside.

This is a defining moment for Lokotech. With secured funding, a market-ready design, strong demand, and structured financial incentives for our investors, we are poised for exceptional growth in 2025 and beyond. We appreciate your continued trust and support as we execute on this transformational opportunity, and I'd like to extend my invitations to stakeholders to join us in building the next big Norwegian semiconductor company.

A handwritten signature in black ink, appearing to read "Ola Stene-Johansen".

Ola Stene-Johansen
Group CEO