C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

RÉGIE DE L'ÉNERGIE

N° : R-4333-2026

HYDRO-QUÉBEC
Applicant

-et-

HIVE DIGITAL TECHNOLOGIES LTD

-et als-

Intervenors

SWORN STATEMENT OF LUKE ROSSY

I, the undersigned, Luke Rossy, having my professional address at 370-1095 West Pender St, Vancouver, BC, V6E 2M6, do solemnly declare :

1. I am the Chief Operating Officer of the intervenor HIVE Digital Technologies LTD ("**HIVE**") in the present case;

2. The present statement is intended to describe HIVE, its business operations, its business model and the context in which it decided to invest in Québec;

3. It also outlines the recent application submitted by Hydro-Québec (the "**Distributor**") to the Régie de l'énergie (the "**Régie**") regarding the electricity rates applicable to cryptocurrency-related activities and to data centers, as well as their potential impact on HIVE;

I. DESCRIPTION OF HIVE'S ACTIVITIES

4. HIVE builds and operates data centers and AI Factories powered by clean energy. A significant portion of its business is the export of renewably sourced computing power to its foreign customers in the form of hashrate. Its customers then direct the hashrate to mining pools which support cryptocurrency networks;

5. In 2017, HIVE's debuted its operation in Sweden and in Iceland, with data centers powered by hydroelectric and geothermal energy. It now operates data centers across Canada, Sweden, and Paraguay;

6. In 2020, HIVE expanded its operation in Québec through the acquisition of operations and equipment of a former graphite plant in Lachute, which was converted into a data center (the "**Lachute Site**");

7. It is powered by electricity supplied by the Distributor to HIVE's lessor, Trevi;

8. Additionally, HIVE operates clusters of graphics processing units ("**GPU**") in Montréal and Québec City, as part of a broader strategy to diversify its service offerings beyond cryptocurrency mining by providing computing capacity to third-party customers through the development of what are now called AI Factories;

9. A GPU cluster is a group of interconnected servers equipped with graphics processing units that work together to provide computing power. HIVE uses these clusters for artificial intelligence ("**AI**"), data processing, rendering and other high-performance computing ("**HPC**") workloads;

10. These operations are not tariffed under the CB Rate (as defined in paragraph 32) and are totally separate and distinct from the Lachute Site operations, but would be subject to the proposed CD Rate (defined below at paragraph 46);

11. HIVE is also aiming to grow in the AI and the HPC market, by developing and operating specialized computing infrastructure that customers can use for AI or other demanding workloads. These operations would be subject to the proposed CD Rate;

12. Currently, Hive's GPU infrastructure for AI customers are hosted at rented third party partner facilities in Montreal and in Quebec City. Electricity costs are passed through to HIVE and would be subject to the proposed CD Rate;

13. Consistent with its environmental, social and governance principles ("**ESG**") HIVE has implemented concrete measures to reduce energy waste, including through the design of its facilities and its operational practices;

14. HIVE's data centers are among the most efficient in the industry;

15. One of the factors ensuring the efficiency of its facilities is the maintenance of a constant airflow from the outside and an architecture that enables so-called "passive" cooling, which allows for a rationalized use of energy;

16. HIVE prides itself in being a positive actor in the regions where it establishes itself;

17. For example, at the Lachute Site, the heat produced by the data center is redistributed to adjacent facilities of the Québec-based company Trevi, a pool manufacturer and HIVE's lessor. This heat recovery loop contributes directly to the circular economy while reducing the energy requirements of the region's industrial sector;

18. HIVE also provides quality employment opportunities in the region of Lachute;

19. As of today, HIVE directly employs ten full-time employees at the Lachute Site, in addition to supporting indirect employment related to maintenance, as well as ongoing engineering and construction projects at the Lachute Site;

20. HIVE firmly believes that its operations generate a positive and lasting impact on the economic development and environmental sustainability of the regions in which it operates;

21. When it first established itself in Québec, in 2020, HIVE was confident in its growth prospects within the province and anticipated continued expansion;

22. To the best of my knowledge, this business decision was made following an important publicity campaign by the Distributor towards various actors of the cryptocurrency industry, to attract them to establish their operation in Québec;

23. It also followed the establishment in 2019 by the Régie of the CB Rate in Decision 2019-052 (the "**CB Decision**");

24. These initiatives reinforced HIVE's decision to invest in the province, with the expectation that the necessary resources would be available to support its operations under optimal conditions in a manner consistent with its ESG commitments, further trusting that the electricity rate framework by then established would provide a stable pricing environment;

II. THE PROMOTION CAMPAIGN OF THE DISTRIBUTOR AND THE GOVERNMENT OF QUÉBEC TOWARDS CRYPTOCURRENCIES BUSINESS

25. From 2017 through early 2018, the Distributor actively promoted Québec as a highly attractive jurisdiction for the establishment of data centers and cryptocurrency mining operations using blockchain technology, as it appears from a Global News article dated January 18, 2018, produced in support hereof as **Exhibit HIVE-1**;

26. As a result of these representations, HIVE sought to establish their operations in Québec based on the prevailing electricity rates established by the CB Decision;

27. Following this publicity campaign and the CB Decision, HIVE started building its infrastructure and developing its operation in Québec, based on the prevailing assumption of jurisdictional stability and rule of law, investing over CAD 80,000,000 in the establishment of its data center at the Lachute Site between April 8, 2020, and March 31, 2026;

28. At the time, HIVE was led to believe that Québec offered optimal conditions for the growth of its business, by providing access to a reliable, affordable and environmentally responsible electricity supply, with pricing governed by mechanisms insuring that it would remain fair and reasonable;

29. Accordingly, HIVE actively worked towards the building of its business in Québec, and the diversification of its offer;

30. However, this favourable outlook proved to be misleading, as the Distributor now advocates before the Régie to completely overhaul the electricity pricing regime

applicable to cryptocurrency-related businesses and to raise rates to punitive levels, creating something akin to a rate shock, making any cryptographic use commercially unsustainable;

31. Had HIVE been aware, in 2020, that electricity costs would be subject to an increase of the magnitude currently under consideration before the Régie, it would have never invested CAD 80,000,000 in developing the Lachute Site and creating a business model fundamentally dependent on Québec's electricity framework;

III. THE CURRENT ELECTRICITY RATE

32. As the Distributor categorized HIVE as a blockchain-based cryptographic business, it is subject to a special electricity rate, the "*Catégorie de consommateurs d'électricité pour un usage cryptographique appliqué aux chaînes de blocs*", which was established in 2019, following decision 2019-052 of the Régie de l'énergie (the "**CB Rate**");

33. The CB Rate currently distinguishes between two categories of customers, namely medium-power and large-power users. With a consumption of 34.5 MW at the Lachute Site, HIVE is a large-power consumer subject to the large-power CB Rate, which is as follows:

a) $ 16.735 per kilowatt of billing demand, plus;

b) 4.366¢ per kilowatt-hour for authorized consumption, plus;

c) 18.951¢ per kilowatt-hour for any consumption above or other than the authorized consumption, this amount being the punitive rate currently in effect.

34. The cost of electricity represents a substantial portion of HIVE's operating expenses at its Lachute Site, accounting for approximately 80% of all these expenses;

35. HIVE's business model is built upon access to stable, predictable and competitively priced renewable electricity. Given that electricity constitutes one of its most significant operating costs, HIVE's profitability, and ultimately, its economic viability is highly sensitive to any variation in electricity rates;

IV. THE NEW SUGGESTED RATES

36. In February 2026, through what seems to be a concerted effort with the Government of Québec, the Distributor applied to the Régie for a fundamental revision of electricity pricing framework governing blockchain-based cryptographic operations, proposing the replacement of the current CB Rate with a significantly higher rate structure;

37. It also proposed the creation of a data centre rate (the "**CD Rate**");

38. The new suggested CB Rate would namely :

    a) Abolish the distinction between the CB Rate for large-power and medium-power customers;

    b) Increase the billed demand charge per kilowatt from $18.423 for medium-power subscriptions and $16.735 for large-power subscriptions to $49.056 across the board;

    c) Abolish, for medium-power subscriptions, the existing tiered structure applicable to authorized consumption, under which the first 210,000 kilowatt-hours are billed at a different rate than subsequent consumption (no such distinction currently applies to large-power subscriptions);

    d) For medium-power subscriptions, increase the price per kilowatt-hour of authorized consumption from 6.354¢ for the first 210,000 kilowatt-hours and 4.712¢ for the remaining authorized consumption to 13.065¢ for all authorized consumption;

    e) For large-power subscriptions, increase the price per kilowatt-hour of authorized consumption from 4.366¢ to 13.065¢; and

    f) Increase the price per kilowatt-hour for any consumption exceeding or otherwise outside authorized consumption (the punitive rate) from 18.951¢ to 50.000¢.

39. The proposed rate modification also includes a transitional rate, applicable until March 31, 2028, for consumers, such as HIVE, that were benefiting from the existing CB rate as of November 2026;

40. This transitional rate would be structured as follows:

    a) $32.704 per kilowatt of billed demand, plus;

    b) 8.710¢ per kilowatt-hour, plus;

    c) 17.420¢ per kilowatt-hour for any consumption during hours in which demand exceeds 110% of the projected ramp-up demand.

41. A customer whose subscription is eligible for CB Rate (such as HIVE) as of November 1st, 2026, will be entitled to a reduction on their electricity bill until March 31, 2028;

42. In sum, for cryptocurrency mining customers, in particular, the initial rate increase will be more than 62% in the first year, around 38% in the second year and 28% in the third year;

43. The total rate increase over the next three years for the CB Rate will be 185%;

44. The proposed CB Rate would fundamentally alter the material conditions under which blockchain-based cryptographic business users such as HIVE operates, to the extent that the continued viability of HIVE's operations in Québec would be seriously jeopardized;

45. Whereas the Distributor actively promoted, less than a decade ago, the establishment of businesses engaged in blockchain-based cryptographic operations in Québec on the basis of competitive electricity rates, it now seeks to implement a pricing framework that is materially more onerous and effectively prohibitive, thereby placing the continued operation of such businesses at risk;

46. As for the CD Rate, it would subject data centers who have a power demand of at least 5 000 kilowatts to a new rate identical to that of the transitional CD Rate, structured as follows:

    a) $32.704 per kilowatt of fixed power demand, plus;

    b) ¢8.710 per kilowatt-hour, plus;

    c) ¢17.420 per kilowatt-hour for any consumption during hours in which demand exceeds 110% of the projected ramp-up demand.

47. The proposed CD Rate would fundamentally alter the material conditions under which data center operates, by significantly increasing the cost of electricity, thereby imposing an additional financial burden on HIVE, who operates data center in the Lachute Site, and rents facilities with passthrough electrical costs for its GPU business;

48. Should the proposed CB and CD Rates be approved by the Régie, the resulting impact on HIVE would be severe;

V. THE IMPACT OF THE NEW PROPOSED CB AND CD RATES ON HIVE'S ACTIVITIES

49. HIVE opened its data center and developed its business model on the basis of access to stable, predictable and competitively priced supply of renewable electricity, as promised by the Distributor;

50. HIVE invested over CAD 80,000,000 in building the required infrastructure at the Lachute Site;

51. As stated above, the proposed CB Rate would cause a total increase of 185% in electricity costs;

52. Given that electricity costs account for 80% of the Lachute Site's operating expenses, increases of this magnitude, would involve cascading and material consequences on HIVE's business and operations;

53. In particular, the proposed adjustment to the CB Rate would increase the average rate to a level that is no longer consistent with the assumptions under which HIVE originally invested in and operated its Québec mining facilities;

54. At those rate levels, and based on current market conditions, cryptocurrency mining difficulty, cryptocurrency price, and equipment efficiency, HIVE expects that its existing operations in Québec would become uneconomic;

55. HIVE's operation in Lachute are approximately breaking even on a monthly basis. Any increase in the electricity rate would materially increase the operating expenses, causing the operations to generate negative cash flow;

56. The proposed CD Rate would also impact HIVE's GPU and high-performance computing operations in Québec, including its GPU clusters in Montréal and Québec City, as the electricity rate of the facilities hosting HIVE's GPU operation are passed through to HIVE;

57. A material increase in electricity pricing such as that proposed by the Distributor with the CD Rate would reduce the competitiveness of these operations, lower expected margins, and impair the business case for continuing to expand GPU-based infrastructure in Québec;

58. The impact is not simply a reduction in margin. The proposed CB and CD Rates would change the viability and competitiveness of HIVE's Québec operating model, as any material increase in electricity rates would reduce operating margins, extend the payback period and lower the expected return on invested capital;

59. Indeed, cryptocurrency mining requires continuous optimization of power cost, mining equipment efficiency, network difficulty and operating overhead, the whole in accordance with the prevailing cryptocurrency value;

60. Similarly, GPU and HPC operations require competitive power pricing in order to support long-term customer contracts, infrastructure investment, and utilization-based revenue models;

61. A material increase in electricity pricing would reduce HIVE's ability to operate its existing mining fleet and limit its flexibility to manage market volatility;

62. It would also undermine trust in Québec's rule of law and stability as a safe investment jurisdiction for HIVE's ability to grow AI and HPC operations in the province;

63. In sum, the proposed CB and CD Rates would effectively undermine HIVE's business model and could ultimately compel the cessation of its operations at the Lachute Site;

64. Had HIVE known that the Distributor would breach its promise of reliable and reasonably priced renewable energy, HIVE would have never invested over CAD 80,000,000 in establishing its operations at its Lachute Site in Québec, nor positioned itself as a long-term economic partner in the regions in which it operates, as its business model is now placed at serious risk by the proposed rate modifications;

65. All the facts alleged in the present statement are to my knowledge, true and correct.

AND I HAVE SIGNED :

Signed by:
Luke Rossy
1A98D86126D8415...

LUKE ROSSY

Declared under oath before me, by technological means (Microsoft TEAMS), in Montréal, on July 20, 2026

Commissioner for Oaths for Québec

COMMISSAIRE À L'ASSERMENTATION
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POUR LE QUÉBEC ET POUR L'EXTÉRIEUR DU QUÉBEC

EXHIBIT
HIVE-1

AI

CANADA

Quebec poised to become bitcoin mining hub as China cracks down on energy-sapping miners

By Rahul Kalvapalle • Global News
Posted January 18, 2018 10:25 pm
3 min read

Bitcoin mining computers are pictured in Bitmain's mining farm near Keflavik, Iceland, June 4, 2016.
REUTERS/Jemima Kelly/File Photo

Hampered by their own government, Chinese **bitcoin** miners are increasingly looking to Canada to house their lucrative but energy-sapping facilities.

Earlier this month, a **leaked document** obtained by an employee of U.K.-based **blockchain** platform Blockchain appeared to show China's internet finance regulator instructing local authorities to use a variety of measures to disincentivize bitcoin miners.

"Currently, there are some so-called 'mining' enterprises that produce 'virtual currencies.' They have consumed huge amounts of resources and stoked speculation of 'virtual currencies,'" read a translation of the document, **according to Quartz**.

READ MORE: South Koreans petition government to stop cryptocurrency crackdown

Multiple bitcoin miners also told Reuters that local authorities were taking various steps to clamp down on their operations.

That's prompting them to consider expanding abroad, and it looks like one of their first ports of call might be Quebec.

WATCH: Montreal is becoming a hub for bitcoin and blockchain

2:01

Montreal is becoming a hub for bitcoin and blockchain

On Wednesday, Montreal-based blockchain consulting entrepreneur and bitcoin evangelist Francis Pouliot pitched bitcoin mining to representatives from the data storage, telecom and power industries at the **Greater Montreal & Quebec Data Centre Summit**.

He was there on **Hydro Quebec**'s invitation.

FRANCIS ⚜ BULLBITCOIN.COM
@francispouliot_ · **Follow**

Thank you so much @hydroquebec for inviting me to speak at the Data Center conference about Bitcoin mining! Unique opportunity to address all major players. High impact!

Making Quebec a global hub for Bitcoin mining has been my mission since 2013 - it's finally happening 🚀

3:08 PM · Jan 17, 2018

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Why Quebec?

It all comes down to cheap energy.

Hydro Quebec offers some of the lowest electricity rates in North America. The utility says the province has an energy surplus equivalent to 100 terawatt hours over 10 years. A single terawatt hour powers 60,000 homes in Quebec during a year.

“We have the energy available,” Eric Filion, customer vice-president for Hydro Quebec’s distribution division, told Reuters. “It’s a question of finding land and buildings quickly.”

READ MORE: Bitcoin price plunges 18% on crackdown fears; cryptocurrency rivals also fall

Hydro Quebec wouldn’t divulge the names of miners interested in moving their facilities to the province, but said companies are eyeing operations from about 20 megawatts, the size of a data centre, to sites as large as 300 megawatts.

“Of the world’s top five largest blockchain players, we have at least three or four,” David Vincent, director of business development at Hydro Quebec distribution, told Reuters.

WATCH: Bitcoin plunges amid crackdown fears

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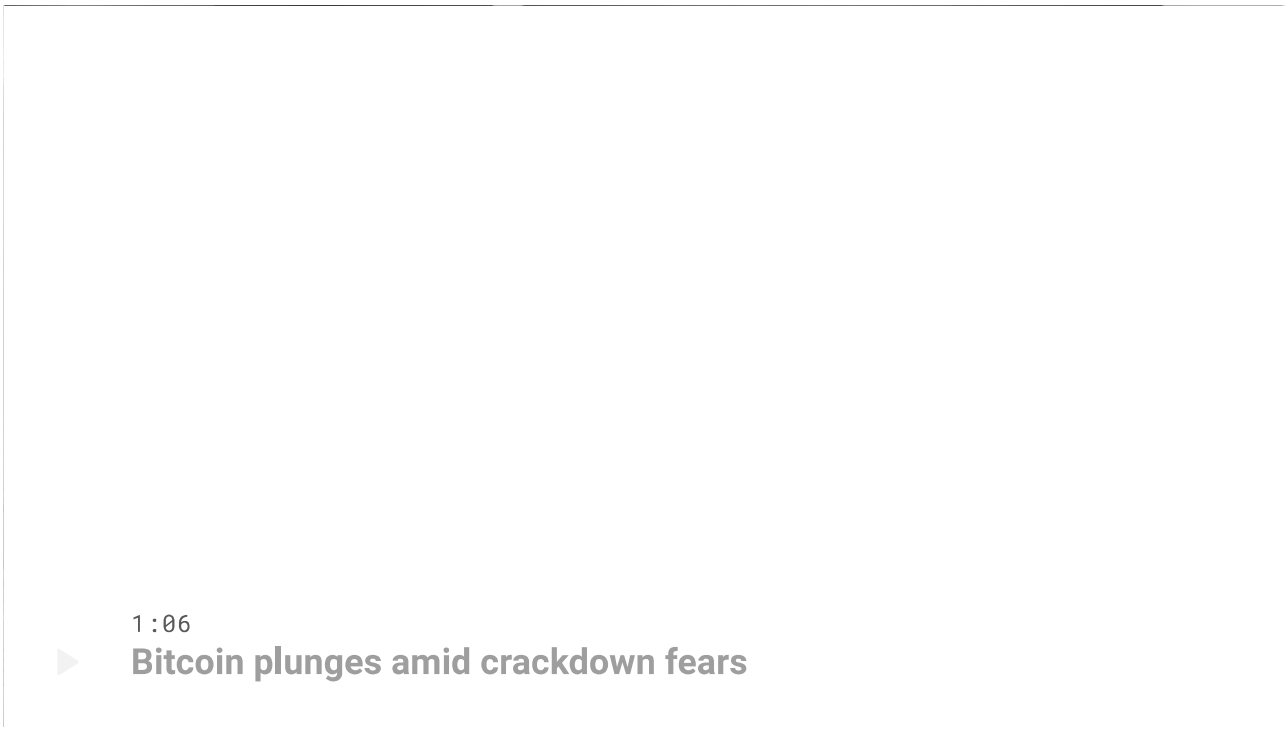

Last week, a spokesman for China-based Bitmain Technologies confirmed that the company was in talks with regional power authorities in Quebec, with an eye towards identifying potential bitcoin mining sites in the province.

What is bitcoin mining?

Bitcoin is a decentralized digital currency, meaning all transactions and records must be verified and stored on a public ledger, called the blockchain. In order to ensure that these records can't be tampered with, transactions have to be verified and sealed using cryptography.

This process is carried out by bitcoin miners, who use powerful computers to navigate through complex cryptographic problems. They are then rewarded for their contribution to the public ledger with newly minted bitcoins.

WATCH: Bitcoin 101 for Canadians: a beginner's guide to the digital currency

Trouble is, bitcoin mining takes up humongous amounts of energy, with its estimated annual electricity consumption exceeding that of 159 countries, according to data **maintained by Digiconomist**. This may explain the Chinese government's apparent push to guide bitcoin miners out of the business.

For miners forced to look for alternatives, energy-rich Quebec could provide the perfect alternative.

— With files from Reuters

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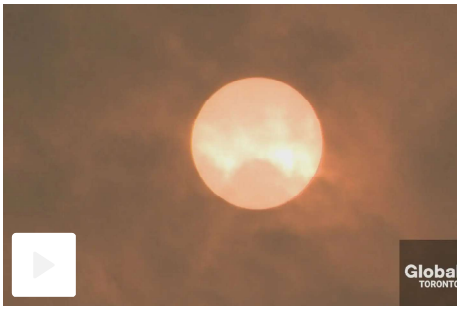

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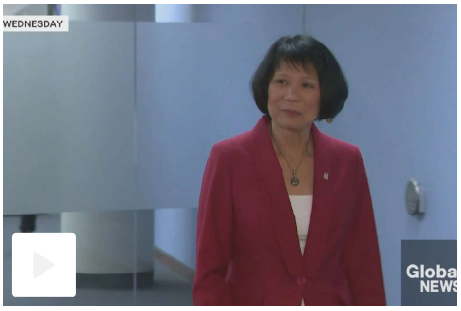

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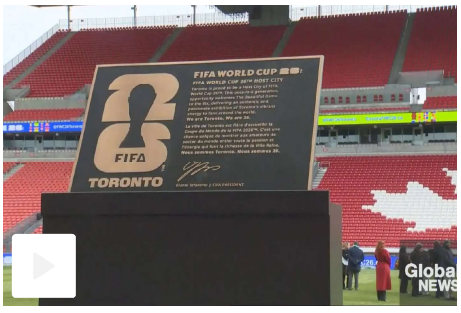

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