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Earnings Call

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Call Participants

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Presentation

Operator

Good afternoon, my name is Greg and I will be your conference operator today. At this time, I would like to welcome everyone to CleanSpark's First Quarter Fiscal Year Financial Results Conference Call. [Operator Instructions]

And at this time, I would like to turn the floor over to Isaac Holyoak, Chief Communications Officer. You may begin.

Isaac Holyoak

Chief Communications Officer

Hey, thanks, Greg. And thank you for joining us today for our first quarter fiscal year financial results call, covering the period October 1 through December 31, 2023. Our press release was issued about 30 minutes ago and is available on our website at cleanspark.com. Today's call is also being webcast and a replay and transcript will be available on our website.

On the call with me today is Zach Bradford, our Chief Executive Officer; and Gary Vecchiarelli, our Chief Financial Officer.

Keep in mind that some of the statements we make today are forward-looking and based on our best view of the world and our business as we see them today. The statements and information provided remain subject to the risk factors disclosed in our most recently filed annual report. We will also discuss certain non-GAAP financial measures concerning our performance during today's call. You can find the reconciliation of non-GAAP financial measures in our press release, which is available on our website.

And with that, it is my pleasure to turn the call over to Zach.

Zachary K. Bradford

CEO, President & Director

Thank you for joining us this afternoon as we discuss our business and financial results from the first quarter of our fiscal year. I'm looking forward to walking you through an exceptional quarter.

Today, we will highlight our key achievements, focusing on our outstanding quarterly revenue performance, strategic machine acquisitions, and our roadmap to achieving 20 exahash per second in mining capacity during the first half of this year. And our pathway to 50 exahash per second. I'm also looking forward to providing additional details about the ongoing Sandersville energization and our just announced move into Mississippi.

Our financial performance this quarter has been exceptional. We achieved the highest revenue in our company's history, a testament to our team's hard work and the strategic decisions we've made over the past few months.

Our revenue soared to \$74 million, a 90% increase from our year ago first quarter revenue. For perspective, our annual revenue for fiscal year 2023 was \$168 million. In a single quarter, we have covered nearly half the distance to reach our total revenue from last year. This achievement is not just a number. It's a reflection of our growing efficiency, our strategic acquisitions, and our deep commitment to smart growth. It underscores our position as leaders in the Bitcoin mining industry and fortifies the trust that you, our investors, place in us.

What's more, our quarter ended with a net income of \$26 million, and our adjusted EBITDA, an essential measure of our operational efficiency and financial health, also saw remarkable growth, reaching \$69 million for the quarter. This figure represents not just profitability, but our ability to generate significant cash flow while investing in future growth.

In addition to our financial metrics, our operational achievements this quarter have continued to build on our track record of success. We finished our infrastructure for our Sandersville expansion, and as of this moment, machines have already started hashing.

On the 6th, our first day of energization, we set a record, racking over 7,000 machines in 24 hours, and then successfully started hashing with over 8,900 miners, which produced approximately 1.25 exahash per second. We are now on our third day of energization, and we have exceeded 3 exahash. This is an additional 3 exahash per second under 72 hours. We expect to have the full 4.2 exahash per second of additional hashrate live within the coming days.

This is a testament to our strategies and the teams behind them coming together at the optimal time. While maintaining our operational effectiveness during high growth is challenging, it's a challenge we've embraced. We have excelled at hitting all the marks we set out to reach.

We've also worked hard to optimize our energy consumption through strategic machine purchases that position us well for the future, and by deploying the best software on the market. Each of these steps have been carefully aligned with our long-term vision, ensuring that we continue to deliver value to our shareholders while leading the way in what a strategic, community-focused, and transparent Bitcoin mining company looks like.

This quarter has been a period of significant achievement

for CleanSpark. Our record-breaking revenue, alongside substantial improvements, inefficiency, and profitability, have laid a solid foundation for our future growth.

Now let's delve into the specifics of our path to 20, 32, and 50 exahash per second, and our strategic initiatives that will drive our success in the coming quarters.

Last month, we announced a strategic purchase agreement for up to 160,000 Bitmain S21 miners, which, if fully exercised, provides us the servers needed to reach 50 exahash per second. This purchase is made of 2 parts, and I want to spend some time describing our thoughts around this substantial purchase.

The first part of the agreement includes an initial purchase of 60,000 units at \$16.10 per terahash, which will begin delivery in April of '24.

The second part of the agreement is an option to buy an additional 100,000 units at \$16 per terahash. We've already paid 10% down for this option as a demonstration of our commitment to our growth prospects. To put this in plain language, you see a lot of bluster in press release headlines when a bull market is on the horizon, and I want to be clear that we aren't being rhetorical. With that in mind, we paid \$32 million to secure 100,000 units at an even lower price than the initial units we acquired. This move is intended to provide us with maximum flexibility as we position the company for expansion in anticipation of a bull market. Crucially, it provides cost certainty and allows us to be strategic about our growth timing.

Our approach, focused on the certainty of cost and expectations for robust growth, positions us uniquely in the market. The S21 is the most efficient miner, and it aligns well with our focus on energy efficiency and high uptime. But to be useful, of course, machines need to be plugged in. So allow me to spend some time discussing how we expect to make good on our plans.

The first step is a robust milestone to reach 20 exahash per second in the first half of 2024. We have previously guided a 16 exahash per second with the expansion of Sandersville. So the 20 exahash per second is a 25% increase in hashrate over 16 exahash per second, and 100% increase from where we started 2024. This ambitious growth is propelled by several key expansions and acquisitions that we recently announced.

Energization, as I mentioned, commenced earlier this week in Sandersville. This development is a significant milestone in our growth journey. And I want to pause a moment to thank the city, the county, the various trades on our teams at CleanSpark that have executed on this remarkable build. This massive site, capable of hashing at over 8 exahash per second is one of the largest Bitcoin mining sites in the United States.

As I stated earlier, as of this week, a majority of the site has been energized and we expect about 4.6 exahash per second of operating hashrate to come online in the next few days. As you're aware, we have got it to 6 exahash per second for the full expansion. And thus, there's a small gap of 1.4 exahash per second.

We have learned that a utility substation transformer has not passed its most recent inspection. And we are eagerly awaiting a timeline to it coming online. We'll provide an update as soon as possible. And although we don't have a specific timeline, we are still planning for the remaining power to be delivered within the first half of 2024.

Even then, we are positioned to continue our growth without missing a beat because of our newly announced Mississippi acquisition and Dalton acquisition. These facilities are slated to get us over 17 exahash per second by April of 2024. These, along with the expansion of our existing Dalton facilities and the final megawatts from Sandersville are expected to propel us over 20 exahash per second, again, in the first half of this calendar year.

We've begun the permitting process to expand our existing Dalton campus. Currently at 0.8 exahash per second, the campus will double to 1.6 exahash per second once complete. We're calling this campus Dalton 1 to distinguish it from our newly announced acquisition of a second Dalton campus, which we'll refer to as Dalton 2 during the construction process.

Dalton 2 is an investment in our future in Dalton, Georgia. Well, not a large site. It is expected to deliver about 0.8 exahash per second and will contribute to a cluster of sites in Georgia that are now supplying a critical need for the community that goes beyond Bitcoin mining.

We have a unique relationship with the city of Dalton, which owns and operates its own utility. We are currently the city's only interruptible load customer, meaning we have signed an agreement that in the case of a grid emergency, we will shut off, making the power we use available to other grid users. We earn a fixed power credit for performing the service, which supports the grid and its stability. We view this as a best-in-class partnership and as an example of some of the creative ways that Bitcoin miners are working with utilities to improve grid performance, even in regulated markets like Georgia. We expect the Dalton 2 site to start hashing this coming April.

In addition to the Dalton expansion, we are marking a significant milestone by venturing into new territory with the acquisition of 3 sites in Mississippi. Mississippi is a logical place for us to expand given our familiarity with the energy landscape in the southern United States. The expansion not only diversifies our operational footprint, but also enhances our resiliency and capacity for innovation.

Our Mississippi expansion consists of 3 turnkey acquisitions. 2 acquisitions are in central Mississippi, along the I-20, one in the Delta in Vicksburg, and another in the Pines in Meridian. The third campus is in southern Mississippi in Wiggins. These 3 campuses draw power from 2 utilities. One is Mississippi Power, which is a sister company to Georgia Power and is owned by Southern Company. The second utility is Entergy.

All the acquired sites come with a favorable, fixed 5-year power purchase agreement and an all-in power cost in the \$0.05 range. We expect to formally close the purchase before the end of February. We will immediately begin racking our own machines, which will start hashing just as soon as they are plugged in. The combined hashrate in Mississippi will be about 2.4 exahash per second, or just over 10% of our operations once we reach our 20 exahash per second milestone.

Already, our deployment teams are finalizing plans, including staffing and hiring, property improvements, community relations, and other core initiatives that have come to be part of what we call the CleanSpark Way. We are confident in our ability to execute in this new environment and look forward to passing these gains on to our shareholders.

Looking ahead, the next time we discuss our financial results with you will be May. The halving event will have passed. We view the halving event as an important moment, and I'd like to take a moment to discuss how we believe it will impact our operations. The most obvious impact is that the blocked award will be cut in half. Our margins are in an excellent place to navigate this halving.

As last quarter, we mined at greater than 60% margins. Our cost to mine are industry-leading, and we are prepared for this momentary drop. I say momentary because it is not exactly true that our production will be cut in half. While it is true the blocked rewards are halved, we also anticipate a 15% to 30% drop in the overall hashrate, which means our share of global hashrate will grow without any additional cost on our part. This is a naturally accretive moment for a miner of our scale.

As we approach the Bitcoin halving event, we anticipate a significant shift in the mining landscape. The halving will naturally phase out less efficient miners, allowing CleanSpark to increase its share of the global hashrate. This organic growth in market share means we can capture a larger portion of Bitcoin rewards without additional infrastructure investments, leading to enhanced returns for our shareholders. This strategic advantage highlights our commitment to efficiency and positions us favorably for sustained growth in a post-halving environment.

This scenario is only possible because of our obsession with preparation. Our focus on efficiency will continue to drive down our production costs, especially when paired with our best-in-class power rates. Furthermore, this halving is not just a challenge, but a catalyst for positive price action in Bitcoin.

I'd like to conclude with a few additional considerations that make us different amongst our peers and the broader market opportunities as they relate to Bitcoin. With the approval of the ETF and the parade of miners going public over the past few years, investors have a lot of options for how they invest in this extraordinary industry. Our differentiation lies in our strategic approach to energy and geography, leveraging a low-cost active power management strategy.

Our mining rigs are among the most efficient and our infrastructure and scale, wholly owned and operated by us, sets us apart. Our cost to mine remains amongst industry's lowest, providing a stark contrast to our competitors, especially when compared to the cost to acquire Bitcoin directly versus ETF, which must purchase the Bitcoin at spot market prices.

As I've said numerous times before, Bitcoin is critical technology for our digital age. It is both a powerful commodity and a transformation in the history of money. This fact can sometimes get lost, but we believe the true value of Bitcoin, the reason for its adoption by millions of people, and the reason for its consistent price appreciation lies in Bitcoin's fundamentals. It is digital money for a digital age, which the history books will one day show is only just beginning.

I want to take a moment to thank our shareholders for their continued support. I would like to thank our incredible team, especially our teams in Sandersville. The work accomplished this quarter has set new standards for the industry, and it's all thanks to our dedicated employees. Your hard work and commitment have not gone unnoticed.

Now I'll hand it over to Gary to delve deeper into our financials and provide a detailed outlook for the coming quarters.

Gary A. Vecchiarelli
Chief Financial Officer

Thank you, Zach. As Zach mentioned, our first fiscal quarter was record setting for CleanSpark. Let's dive directly into the numbers, which I'm excited to share with you. Diving right into the numbers, our revenues for the quarter were \$73.8 million, an increase of \$46 million, or 165% over the same quarter last year. This increase was primarily driven by the increase in our Bitcoin production and an overall increase in average Bitcoin price.

This quarter, we produced 32% more Bitcoin compared to the same quarter last year. It's also important to note that this quarter, the average Bitcoin price was a little over \$36,000, whereas last year, the average Bitcoin price was approximately \$18,000, or less than half.

Looking at the immediate preceding fiscal fourth quarter, our revenues increased \$21.3 million, or 40% between the periods.

Our hashrate was relatively consistent during the first quarter. The average Bitcoin price increased almost 30% from \$20,000 in the fourth quarter to \$36,000 in the first quarter. The increases in Bitcoin prices and our consistent high uptime percentage of greater than 98% translated to higher gross profit margins as well.

As you can see on the right-hand side of this slide, our margins increased \$37.5 million year-over-year with a profit margin of 61%. It's important to note that of the \$46 million increase in revenue, \$37.5 million, or 82%, was recognized as margin. This demonstrates our efficiency at scale.

Comparing the first quarter versus the prior quarter, you see an increase of \$22.8 million. This was primarily attributed to lower power costs in the first quarter of \$0.044 per kilowatt hour, compared to \$0.052 per kilowatt hour in the preceding quarter, paired with our higher revenues, again, pointing to the benefits of scale.

This quarter, we recognized net income of \$25.9 million, which is a significant improvement from prior periods. This represents \$0.035 of every \$1 of revenue dropping to the bottom line. This is an exciting time. We are amongst the first to adopt the new accounting fair value measurement rules. This now allows us to show the actual fair value of the Bitcoin held on our balance sheet and better represents the value we are delivering to our shareholders. In our opinion, this new accounting standard repairs the prior broken rules and provides better clarity to investors and readers of our financial statements.

Turning our attention to adjusted EBITDA, management uses this non-GAAP metric to evaluate the performance of its mining operations. The theme continues with \$69.1 million of positive adjusted EBITDA this quarter.

I want to highlight that this quarter, our efforts to optimize costs directly contributed to our professional fees decreasing 24% and our G&A expenses decreasing 35% compared to our fourth quarter as well. This again is attributable to the benefit of operating at our scale.

I want to take a moment to discuss our power costs for the quarter in a little more detail. Our cost of power for the first quarter was \$0.044 a kilowatt hour, which is lower than both the same quarter last year and the immediately preceding fourth quarter. We recognize that reporting on components of power costs are not consistent within the industry. So we like to provide this breakdown to not only show what our wholesale electricity cost is, but also the contributions our business makes to the community through vitally important taxes and profit margins to the cities and communities we operate in.

I also want to point your attention to our cost to mine Bitcoin, which includes direct power costs. As Zach has stated before, we believe we are the best operator in the space and the cost to mine at our wholly owned facilities is a testament to that. Our cost at our wholly owned facilities is almost half of what it is at our co-location partner. This is due to several reasons, including the fact that having control over our own machines results in greater uptime, efficiency, and control over the technology stack.

On a final note, I want to talk about our balance sheet and our liquidity position. As of today, we have \$229 million of liquidity, which includes \$62.5 million of cash and over 3,700 Bitcoin, representing approximately \$167 million of Bitcoin value.

Additionally, as of the end of the quarter, we had over \$860 million of assets and just \$14.5 million of total debt. Our balance sheet is one of the strongest in the industry and provides us great flexibility going into the halving. We expect to remain prudent in our operations and capital strategy while maintaining sufficient liquidity to take advantage of the opportunities that will present themselves post halving. Until the halving, we remain laser focused on execution and look forward to bringing Sandersville fully online, ramping up our new locations in Dalton, Georgia, and throughout Mississippi, as we move towards exceeding 20 exahashes per second and beyond.

With that, I'll turn the call back over to Isaac to open the floor for questions. Isaac?

Isaac Holyoak
Chief Communications Officer

Thank you, Gary, for that detailed financial overview. We will now open the floor to questions from our analysts. Operator, please provide instructions and manage the queue for the Q&A session.

Question and Answer

Operator

[Operator Instructions] And our first question today comes from Mike Colonnese with H.C. Wainwright.

Michael Anthony Colonnese

H.C. Wainwright & Co, LLC, Research Division

And congratulations on the Bitmain deal, the recent acquisitions, and getting Sandersville energized here. Really exciting times for CleanSpark. Just a couple questions from me. So you talk about receiving the 12 exahash of S21, call it through the first half of the year or so. Was just curious how you guys were thinking about the additional infrastructure needed to support the new rigs that are going to be delivered in the coming months. Are you seeing other attractive acquisition opportunities out there in the market today? Or would you consider building out an entirely new facility, be it in Georgia or another market out there?

Zachary K. Bradford

CEO, President & Director

Yes, with that additional infrastructure, maybe the best example to give is in December, when we get our earnings call, I let everybody know that we were 72 megawatt short of what we needed to get to 20, based on what we had ordered the prior month. And we sit here today, just 60 days later, with the answers for how we filled that. So I would point to first our track record to show how confident we are in some of the statements we're making. But really how we're looking at this is there's a lot of incredible opportunities out there. And so we are evaluating a queue of opportunities, many of which do include M&A opportunities. And I believe that's likely where we'll turn to first as the place where we would put the first 12 exahash of machines. The following 20, there's a lot of flexibility in that option and how we exercise it. And for some of that, we would certainly be building, either adding on to existing facilities, expanding, or even building out new greenfield opportunities. So we're going to look at it from a total of the full option from both sides, but we really do think that there is plenty of opportunity out there, including things that we're actively looking at that will create a nice home for the 12 exahash of additional growth that we plan to hit before the end of the calendar year.

Michael Anthony Colonnese

H.C. Wainwright & Co, LLC, Research Division

Very helpful. And just to follow-up from me, if we look at the entire 160,000 deal with Bitmain for the S21s, what would need to happen for CleanSpark to really consider exercising that full option? If you could just speak to some of the specific factors and market conditions that would influence your decision and really be comfortable with transacting on the full 160,000.

Zachary K. Bradford

CEO, President & Director

Yes, I don't think that there's any specific Bitcoin price that we would be looking for or anything like that that I could point to. But instead, it's going to be how do the chips fall really on a post halving basis. Because that's when we're going to be looking at it the closest. We're going to be factoring in where the difficulty actually dropped to, where does it recover to, what is Bitcoin's price. It's really going to be a measure of what's the ROI. And we're also going to keep an eye on anything else that's going on in the market, just in general.

A key thing on that option is we can wait to exercise it all the way to the very last day of the year and take some of those into '25. So one thing I can say is we feel highly confident that we will exercise the option, as I said, during the call, it's really about when. Another key component of that is we can exercise it in parts, so if we get opportunities, the warrants pulling down 10,000 20,000, 30,000 of the 100,000, we can exercise that option earlier and we could hold the rest until later to the end of the year. That flexibility is really important when you consider the fact that as soon as the options like this are exercised, that

involves cash flow. So we always want to minimize the timing of spending cash and plugging machines in. And so as it relates to that option, I think that we'll kind of switch directions, whereas right now we've looked to secure machines, get them coming, we then look to the infrastructure second on the option, we'll look to infrastructure first, machine second, because the certainty of price and timing will be known. And that's the true value of the option.

Operator

And our next question comes from the line of Josh Siegler with Cantor Fitzgerald.

Joshua Michael Siegler

Cantor Fitzgerald & Co., Research Division

Yes. Congrats on the results. I'd like to dive a little bit deeper into the Mississippi acquisitions because this marks a clear change in strategy from how you've been positioning your vertically integrated sites in Georgia. Can you give us a little bit more detail on the rationale to really expand the geography and how you're feeling about the new Mississippi move?

Zachary K. Bradford

CEO, President & Director

Yes. How we're thinking about Mississippi is as another Georgia. It's a place that we're seeing a lot of opportunities based on how we view and interact with the grids that are located in that part of the U.S. We feel very comfortable with those systems and grids. And we see this as our first foray into Mississippi. Anywhere that we go, we're going to look to do similar things where we're going to be looking to expand our footprint, be a meaningful part of the communities, things like that. So this is an entry point for us in Mississippi, and we expect that there's a lot of opportunity there. If you think of headlines about reading about any minor right now, Mississippi's not a place that you're reading about. And that for us points to a lot of opportunities in the research we've been doing over the past several months. So we're excited about it and see it as another home that we'll spin up and do similar things and gain the same efficiencies.

Joshua Michael Siegler

Cantor Fitzgerald & Co., Research Division

Yes, absolutely, interested in seeing how it plays out. I guess as a follow-up to that would just be, if we could dive a little bit deeper into the power structure for Mississippi, how are you thinking about fixed versus floating and ultimately where do you see your overall cost of electricity trending as we enter into the halving?

Zachary K. Bradford

CEO, President & Director

Yes, so we see it staying fairly stable. So all of these sites come with a fixed price power agreement in the \$0.05 range. When you blend that into what last quarter's prices were till you throw this in on a percentage basis, it would shift our average power cost still into the mid force. So that's what we're still looking at a blended average. We're also watching the market. The market is pointing to a continued flatness or even a slight decrease in power prices in the state of Georgia. Because they do share parent companies, we think that we're going to see similar availability. I would expect us actually as we expand and use this foundation of a fixed price power in Mississippi to actually look towards more market-based power rates. Because we've been incredibly successful in basically beating the fixed price rates, which usually represent a hedge price on the other side. But we're going to climb that hill as we continue to grow in Mississippi and thought that an entry point with a fixed price 5-year power agreement was a great place to start.

Joshua Michael Siegler

Cantor Fitzgerald & Co., Research Division

Great. Appreciate the color there. And congratulations again on the report.

Operator

[Operator Instructions] And our next question comes from Greg Lewis at BTIG.

Gregory Robert Lewis

BTIG, LLC, Research Division

Zach, congrats on Mississippi. Just kind of curious, was that -- how competitive of a process was that? Were you looking at that acquisition against others? And really, when did that kind of first come across, or come into your guy's purview as a potential acquisition opportunity? And what I'm trying to understand is, you mentioned lots of M&A opportunities. We're hearing some of that, and you're probably seeing more than we're hearing about, but just kind of any kind of color around the Mississippi opportunity and how that evolved.

Zachary K. Bradford

CEO, President & Director

What I can say is relationships are the first thing that matter. This site was owned by a party that we'd already acquired a site from. And so it was where we got basically a first and early look at it. Now, we actually looked at it in a prior quarter. And at the time, all things considered, we didn't move on it because we were highly focused on what we were doing. We're now in a situation where we have lots of machines coming, and it made all the sense in the world. And so getting the first look and first opportunity on this allowed us to engage in negotiations on an exclusive basis, which is what we bargained for as part of the process. So again, I believe it would have been competitive had we not had the relationship we already had. So we did leverage our relationships to make sure it went very smoothly and quickly.

Gregory Robert Lewis

BTIG, LLC, Research Division

Okay. Great. And then I would be curious, just because it's something that we're thinking about, you mentioned the halving potentially knocking off 15% to 30% of global hash. I don't know how detailed you need to get on the call, but kind of, if you could give us maybe some broad strokes how you're kind of coming up with that number.

Zachary K. Bradford

CEO, President & Director

Yes, I'm going to give you some broad strokes. One thing that nobody knows is really the exact percentage of what machines are where and what their power rates are behind that. What we do know and what we can see is that there are a lot of machines that are still plugged in that are not nearly as efficient as they're going to need to be. And an easy example of that is, there's public companies that are still openly running miners that have an efficiency between 38 and 44. And so I really believe whether it's immediately at halving or sometime plus or minus a month around halving, I'm a believer that everything on the above average side is going to start to struggle. And as much as public companies may have balance sheets that can allow them to last a little while through some of these tough times, everybody else, they're kind of going day by day on their cash flows. So we point to that and we say, okay, we know that even there's some public companies running 38 to 44, that means also that there are other assets out there that are significantly higher. What percentages we don't know, and that's where our estimate comes in to 15% to 30%. So in our opinion, global hashrate, there's at least 15% to 30% that's less efficient than a 38 watt per terahash machine.

Operator

And our next question comes from Regie Smith at JPMorgan.

Unknown Analyst

This is Charlie on for Regie. I know you provided some details on under and overclocking efficiency last quarter. And I realized this early days on the S21s, but I was wondering if you had a sense of how reliable, how efficient and kind of how flexible from an overclocking, underclocking perspective, these machines are straight out of the box. I know some earlier models specifically, I think like the XPs has had some performance issues kind of on the first go around. So any context there would be helpful.

Zachary K. Bradford*CEO, President & Director*

Yes, I'm going to give you some broad strokes on this. So we have taken units in, we have tested those. The good news is the S21 is very flexible, it's what we're finding so far. And you were right, the XP is one of the less efficient miners, it's because it was already released at the lower end of its physical, I'll call it physical levels of efficiency. So pushing that to get it more efficient creates some challenges in the XP. The S21 on the other hand, has some flexibility built in that we've been able to extract using some of our tech stack and our firmware. And so we've been able to get the S21 to perform at a level of 15.8 joules per terahash. And we've also been able to push it, even in an air-cooled environment, to as high as 220 terahash. So we're happy, it's still early days. We need to see how it behaves on a fleet-wide basis, but we're very happy with what we're seeing, the ability to push efficiency out of it, and also the ability to actually push it a little bit higher. To get to 220, it costs us a 1 watt or 2 watt, but it's very, very little. So we're really happy with that.

From a temperature point of view, we're seeing it to be fairly resilient. So it is 5 degrees Celsius higher rated than the XP also. We, of course, haven't gone through a summer yet with the S21, but all the testing we're doing where we are introducing heat into that as part of our R&D process, we're really happy with the results we're seeing. So we expect, I guess, in summary, to have the S21 represent the flexibility and benefits similar to a J Pro, except for already almost nearly double the efficiency.

Operator

[Operator Instructions] Our final question will come from Brian Dobson at Chardan Capital Markets.

Brian H. Dobson*Chardan Capital Markets, LLC, Research Division*

Congratulations on the very efficient monthly metrics you guys put into during the quarter. So I suppose, let's talk about your new mining facilities. In the past, you've mentioned that Georgia offers a variety of natural climate advantages for Bitcoin mining. Do you believe your new facilities share these same advantages?

Zachary K. Bradford*CEO, President & Director*

Yes, we do. So actually, if you compare it to the middle of the road kind of temperatures in Georgia, in Mississippi, we're actually getting, on average, a few degrees cooler weather where these are located. So we are looking forward to what they are. We're also, as part of these facilities, what we didn't get a lot into is really what the physical infrastructure looks like. So these are buildings, these are not pods. These are buildings that have very robust exhaust fan systems built in that help with, additionally, with what the miners are already pushing out and handling. They're still very low PUE buildings, and we're really happy with how we expect them to perform. But we did make sure, of course, in addition to the weather advantages that we expect to also carry through, we made sure that the infrastructure was ready and set up for it. These facilities, as we mentioned, are turnkey in the sense that we're bringing our miners into a facility that will empty out, but there is over 1 year of runtime data that we were able to look at to watch how these facilities run and function over an entire year of data. So all in all, really happy and looking forward to the results we expect them to generate.

Brian H. Dobson*Chardan Capital Markets, LLC, Research Division*

Yes, good to hear. During your prepared remarks, you also mentioned, just briefly, that the halving may lead to a stronger price performance for Bitcoin. Now, I agree with that, because at the very least, your daily selling pressure from the mining industry is going to be reduced by half for those not hodling. But do you think you could kind of elaborate on what you see as potential positive catalysts for the coin post halving?

Zachary K. Bradford

CEO, President & Director

Yes, I think that the selling pressure, of course, is one of those. The ETFs, I think, are helping with the buying. So you think about how many coins are going to be taken off the shelf, essentially, on a permanent or semi-permanent basis. To me, it's a big part of that.

Do I think it's going to happen the day after halving occurs? No. Just like all supply and demand shocks work, when you look at anything in a commodities market or any general economic market, basically, the longer that the supply is less than it was before, the more likely you're going to see a price impact. So it could take 30 days or it could take 9 months before we see those catalysts fully kick in. But there's a lot of things that we can point to. But I'm a big fan of thinking simple and supply and demand curves on an economic basis pointing to being the largest driver. You pair that with what I also think is going to be higher adoption, both in a traditional sense of users of Bitcoin, of corporations that are going to now be willing to put it on their balance sheet due to the new accounting rules, to layer 2s and whether it's ordinals or anything else, which is good for us by creating more fees. But in addition to the fees, it's people using the blockchain for more things. So I think you first look to the supply and demand economics, and you second look to the use cases being a catalyst for additional demand, not just reductions in supply.

Operator

And with that, I would now like to turn the call back over to Isaac Holyoak for closing remarks. Isaac, the floor is yours.

Isaac Holyoak

Chief Communications Officer

Thank you, I appreciate it. And thank you for joining today's earnings call. We look forward to sharing more of our journey with you in the coming quarters. Stay tuned for more groundbreaking achievements from CleanSpark, thank you.

Operator

Thank you, Isaac. Ladies and gentlemen, that concludes today's call. Thank you for joining and you may now disconnect.

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