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CleanSpark, Inc. NasdaqCM:CLSK

Earnings Call

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Call Participants

EXECUTIVES

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Chief Financial Officer

Harry Sudock
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Zachary K. Bradford
CEO, President & Director

ANALYSTS

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Gregory Robert Lewis
BTIG, LLC, Research Division

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Michael Anthony Colonnese
H.C. Wainwright & Co, LLC, Research Division

Paul Alexander Golding
Macquarie Research

Presentation

Operator

Good afternoon. My name is Jeannie, and I will be your conference operator today. At this time, I would like to welcome everyone to the CleanSpark Fiscal Year Second Quarter 2025 Earnings Conference Call. [Operator Instructions] Thank you.

Harry, you may begin your conference.

Harry Sudock

Thanks, Jeannie. And thank you for joining us today for the second quarter fiscal year financial results for CleanSpark, America's Bitcoin Miner, covering the 3 and 6 months ended March 31, 2025.

Our press release was issued about 30 minutes ago and is available on our website at www.cleanspark.com. Additionally, the 10-Q will be filed shortly. Today's call is also being webcast, and a replay and transcript will be available on our website. On the call with me are 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 and 10-Q.

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 also available on our website.

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

Zachary K. Bradford
CEO, President & Director

Thank you, Harry, and thanks to everyone for joining us today.

Our second quarter of fiscal 2025 demonstrated our ability to deliver strong, consistent results across all operating environments. Because we focus on the fundamentals, cash-on-cash returns, and manage to margin rather than any single metric, our scale, strategy, and operational excellence resulted in increased hash rate, improved efficiency, higher revenue, and laid the groundwork for continued growth.

In Q2, revenue increased 12% quarter-over-quarter and 62.5% higher than the same period last year. Gross profit reached nearly $100 million, up almost 5% sequentially and more than 24% year-over-year with a gross margin of 53%. While we reported a net loss, this was primarily driven by the quarter-end decline in Bitcoin spot price and not by changes in our mining operations. Our Bitcoin production increased slightly compared to the prior quarter, outpacing difficulty.

As a result of our strong margins, our Bitcoin treasury has grown to over 12,000 as of April 30. Average revenue per Bitcoin was up 10.5% quarter-over-quarter and nearly 69% year-over-year, while our marginal cost per coin rose, reflecting both increased network difficulty and higher nationwide power prices.

We remain focused on margin and long-term performance rather than any single metric. I want to be clear on what that means. That means we do not manage to power prices. And when margins are healthy, we run through slightly elevated power prices as long as this drives more value to the bottom line. As a result, the average power price printed higher while delivering increased gross profit.

This resilience is the result of our infrastructure-first portfolio-based strategy. By operating across 4 diverse states, Georgia, Tennessee, Wyoming and Mississippi, we are able to balance regional price volatility and maintain consistent operations and production.

The rise in power costs this quarter largely stemmed from higher prices in the Southeast related to elevated demand charges and weather-related increases in January and February due to winter storms. Since March, we have experienced improved prices in the region. In addition, we were still implementing software to support a lower blockchain-specific tariff in Wyoming at the end of March, which is now fully implemented, and we successfully moved to lower pricing in April.

As we navigated the quarter, rather than curtailing operations to chase a lower per kilowatt price, we elected to maximize production and bottom line impact, a decision made possible by our leading fleet efficiency and strong revenue per Bitcoin. As a result, we delivered a gross margin exceeding 53%.

We ended the quarter with a total liquidity position of over $1 billion. Given our scale, we have evolved from the near 100% HODL strategy adopted in late 2023 and have begun using a portion of monthly Bitcoin production to support operations. This marks a deliberate and disciplined shift in contrast to peers who continue to fund operations through equity dilution.

I want to reiterate, we concluded our outstanding ATM in November last year and have since not issued a single share to capitalize the business. We have no plans to initiate an equity offering given the accretive opportunities available to a company with a strong balance sheet like ours. We remain committed to Bitcoin as a core long-term asset. We believe shareholder value is best served by balancing treasury growth with strategic monetization.

To that end, we are continuing to diversify our capital structure and our strong balance sheet gives us the flexibility to act decisively. As we move beyond 50 exahash, CleanSpark is well-positioned to sustain long-term growth and shareholder value through focused execution and prudent capital management.

We navigated this quarter not by chasing headlines, but by focusing on business fundamentals and delivering results. Some key highlights include revenue increased in both Bitcoin and USD terms, while cash overhead decreased 16% quarter-over-quarter. Although a mark-to-market adjustment to Bitcoin price created a GAAP net loss, this has since been offset by price recovery in April. And even now, Bitcoin sits above $100,000.

Our scale also continues to yield competitive advantages. Fleet efficiency improved significantly from an average of 18 joules per terahash in December to less than 17 joules per terahash at the end of April, largely mitigating higher energy prices and rising network difficulty. Our power under contract is approaching 1 gigawatt, providing opportunities for future expansion.

We remain on track to reach 50 exahash by mid-2025 and are positioned to pursue additional capacity where we see strong ROI, whether through organic growth, site expansion or opportunistic acquisitions. Beyond our nearly 1 gigawatt of power currently under contract, we also have an extensive pipeline of additional energy opportunities that we believe will support our growth into the future.

Our Bitcoin treasury now exceeds 12,100, the third largest among public miners, and every coin was mined by us here in the United States and not bought in the open market. We've begun strategically and systematically monetizing new production to fund operations and are advancing a rigorous accretive approach to digital asset management, all while preserving our commitment to shareholder value.

Our disciplined approach to capital allows us to grow without equity dilution, supported instead by tools like our expanded line of credit with Coinbase. We're especially proud of how our fundamentals held strong amid a triple challenge, rising energy prices, declining Bitcoin spot prices, and increasing mining difficulty.

At quarter end, Bitcoin traded at roughly $81,000, down from 93,000 at the start of the calendar year, requiring a mark-to-market adjustment to our treasury under GAAP accounting rules. Encouragingly, these unrealized losses were reversed by price appreciation in April.

Mining difficulty rose 3.6% during the quarter, while power costs increased, yet thanks to improved fleet efficiency, our gross margin compression nearly matched the difficulty change, demonstrating our ability to absorb external pressures through operational gains.

Our approach has never been about chasing the lowest cost per kilowatt hour. Instead, we manage to margin, making deliberate decisions, including running through higher price periods when doing so generates positive cash flow. At the core of this capability is our best-in-class power management team empowered by advanced technology, real-time analytics, and dedicated operations staff.

This deep internal expertise allows us to maximize marginal profitability across our diverse portfolio. Only a flexible load like Bitcoin mining can respond with such agility, something traditional data centers simply cannot achieve. It's one of the most compelling advantages of our pure-play Bitcoin mining model.

Let me now address tariffs, a topic of increased relevance across all global markets. Thanks to proactive procurement, CleanSpark is well insulated from near-term tariff risks. The machines needed to reach our 50 exahash target are already in the U.S., giving us both certainty and flexibility as trade negotiations worldwide continue to evolve. While tariffs could create significant headwinds for less prepared operators, we have positioned ourselves ahead of the curve. Our scale, planning, and disciplined execution allow us to continue expanding towards our near-term targets without disruption.

In fact, if tariffs persist, we may see opportunities to acquire smaller miners at attractive valuations, particularly those unable to afford next-generation hardware under the new cost structures. This is a clear example of how our infrastructure-first countercyclical strategy continues to generate strategic advantages over peers.

Now let's turn to growth, where our portfolio-based approach continues to deliver real advantages. Today, we operate 32 mining sites across 4 geographically diverse states. This footprint helps us mitigate weather-related risk while tapping into reliable power markets, particularly in states that are net electricity exporters.

In Q2, we added more than 3 exahash of capacity in Wyoming alone. The remaining exahash needed to deliver on our mid-year target will include the completion of ground-up development in Wyoming and Tennessee, paired with the expansion and optimization of several of our operations in Georgia and Mississippi.

Looking beyond midyear, we have active projects ongoing with miners and infrastructure paid for that will push us over 57 exahash. For long-term expansion, we already secured infrastructure in hand or under contract to support growth beyond 60 exahash. We intend to put this infrastructure into use in the lowest-cost and most advantageous areas. We currently view Tennessee and Wyoming as particularly attractive places to continue to grow.

Looking ahead, we intend to modify how we provide growth guidance. We will reduce the use of time-bound guidance related to hash rate expansion. Our growth will remain disciplined and opportunistic, pursued where and when we see strong ROI positive potential, primarily funded through non-dilutive sources. This approach aligns with our proven countercyclical strategy and reflects our commitment to preserving shareholder value.

In today's more volatile market environment, strategic flexibility is essential, and we are focused on avoiding unnecessary time-bound commitments that could undermine long-term value creation. To be clear, CleanSpark will continue to grow, and our current projects are expected to increase hash rate towards 57 exahash, and our vendor option can support growth to 65 exahash, and I look forward to providing more updates in the months and quarters to come.

While we hold ourselves in high internal standards, we're also proud to be recognized externally for our growth and leadership. CleanSpark was recently ranked #35 in the Financial Times 2025 list of the 500 fastest-growing companies in the Americas. This is a reflection of our growth over the past 5 years and shows the value of our strategic discipline and our team's grit and adaptability in a rapidly evolving sector.

We were also added to the S&P SmallCap 600 Index, a milestone that enhances our visibility in public markets and broadens access to our business model for institutional investors. Following our inclusion, institutional ownership in our common stock increased to nearly 64%, a strong vote of confidence from some of the world's most respected asset managers.

While others may focus on headlines, we remain committed to substance, building a resilient, vertically integrated Bitcoin mining company grounded in operational discipline and long-term vision. As the only remaining public pure-play vertically integrated Bitcoin mining company, we're building an enduring business, applying traditional disciplines to one of the world's newest industries and most important assets.

Because of the investments and decisions we have made, we are well-positioned to capitalize on the improving landscape. We've established a strong track record of market leadership. CleanSpark has consistently led with foresight. We've invested early in infrastructure. We pioneered a capital strategy that will minimize dilution.

We secured ASICs through countercyclical buying, and now we're setting the standard for responsible digital asset management. Each of these moves has delivered real measurable value, and we are confident our latest steps now and in the future will do the same.

I often use the term escape velocity to describe CleanSpark's current trajectory. In a business context, it means we've reached a critical inflection point, where our scale, operational performance, and financial discipline combined to generate sustainable positive cash flow well in excess of our cost. Our operations, anchored by market-leading data centers and energy infrastructure powered by best-in-class miners, are not only profitable but also self-funding.

This marks our transition from growth dependent on external capital to a model capable of being driven by internally generated returns. It also reflects a deeper momentum. We are expanding our lead in operational efficiency, capital stewardship, and market adaptability, and that separation from the pack is accelerating.

As the last pure-play Bitcoin miner, we are creating a durable competitive advantage and reinforcing a strong market fit. Our role as a flexible energy load adds even more strategic value, enabling us to support power grids while scaling nationwide. Escape velocity for us means optionality, the ability to invest in ourselves, adapt to changing conditions, and compound growth without compromising our core. We are achieving disruption through discipline, and we're just getting started.

Finally, I want to recognize the incredible work of the CleanSpark team across the country. Your execution, dedication, and belief in our mission continue to set us apart one block at a time.

With that, I'll turn it over to Gary for a closer look at the financials. Gary?

Gary A. Vecchiarelli
Chief Financial Officer

Thank you, Zach. As Zach mentioned, our second fiscal quarter was solid for CleanSpark despite some of the challenges we face. Let's look at the numbers.

Our revenues for the quarter were $181.7 million, an increase of $69.9 million or 62.5% over the same quarter last year. We produced 1,957 Bitcoins for the quarter, 74 less than the same quarter last year, only 3.6% fewer despite block rewards being cut in half in late April 2024. We are almost at the same number of Bitcoins produced as pre-halving due to our increasing exahash and increased fleet efficiency from our best-in-class miners.

It is also important to note that our average revenue recognized per Bitcoin produced in Q2 was $92,811, which is an increase of approximately $38,000 or 69% over the same quarter last year. When compared to the immediately preceding first quarter, our revenues increased 12%. As Zach has pointed out, this is primarily due to the increase in average revenue per Bitcoin and growing hash rate.

Looking at our margins, our gross profit increased by $18.8 million year-over-year, with a profit margin of 53% for this quarter. When compared to the immediately preceding first quarter, our gross profit increased $4.3 million or 5% during the period. This quarter, we recognized a net loss of $138.8 million, a change primarily driven by the decrease in the mark-to-market adjustment in Bitcoin value between December 31 and March 31.

Our adjusted EBITDA was a negative $57.8 million for the quarter, also driven by the mark-to-market adjustment. However, I want to point out that when normalized and adjusting for the mark-to-market item, our operations produced approximately $70 million of positive EBITDA. On a normalized basis, $70 million represents 39% net margins, which is representative of the cash-on-cash returns we seek.

Notably, our marginal cost per coin was approximately $42,600, a 26% increase over the first quarter. The increase in our marginal cost per coin can be attributed both to an increase in mining difficulty as well as rising power prices. Our average cost per kilowatt hour increased during the quarter to $0.06. And as Zach mentioned, this was a result of intentionally managing to a margin rather than to a specific cost per kilowatt hour.

I want to again emphasize, we manage our operations based on margin rather than to a specific unit price of energy. We ended the quarter with $97 million in cash and 11,869 Bitcoin, representing a fair value of approximately $980 million. In total, the company had almost $1.1 billion of liquidity at the end of Q2.

When it comes to our Bitcoin treasury, I want to note one change on our balance sheet. For the quarter ended March 31, you will see our Bitcoin value split between short-term and long-term classifications. This classification meets accounting requirements as the company expects to hold at least 15% of its treasury in deep cold storage for at least the next 12 months.

The portions classified as short-term will be used to sustain growth and for strategic treasury purposes. I'll have more on that in a few moments, but it's important to note that all Bitcoin on the balance sheet as of quarter end remains liquid and available for us to utilize.

Total debt as of the end of the quarter stands at $647.2 million. Note that this amount is net of debt issuance costs of approximately $16 million, which were incurred as part of the company's $650 million convertible transaction in December. As a reminder, this issuance has a 0% coupon and an effective conversion price of $24.66 per share.

Looking deeper into the balance sheet, there are some other details I would like to highlight. Our capital strategy has matured significantly, enabling us to pursue non-dilutive funding options that support both our operations and long-term growth. CleanSpark has achieved escape velocity. We have the ability to self-fund operations and grow our Bitcoin balance while enhancing shareholder value.

In April, we were proud to expand our relationship with Coinbase through their Bitcoin collateralized lending program as part of our broader strategic approach to capital management and increasing our line of credit with Coinbase Prime to $200 million. Our Bitcoin holdings of 12,101 at the end of April represents over $1.2 billion at today's Bitcoin price, more than reversing the prior quarter's mark-to-market unrealized losses.

We believe this is the right time to evolve from a nearly 100% HODL strategy adopted in late 2023 to using a portion of our monthly production to support operations. This represents a meaningful strategic distinction from many of our peers who continue to rely on equity dilution to fund operating costs or increase leverage to grow their Bitcoin reserves.

We view our approach as deliberately strategic rather than ideological, particularly now that we've reached our current scale. While we remain committed to Bitcoin as a long-term hardened asset, we believe a more effective way to increase shareholder value is through a balanced approach between monetizing new production and growing and monetizing our treasury. As part of this strategy, we tend to further diversify our capital stack.

As we have consistently emphasized, our focus is on ROI and our ability to make real-time decisions in the market. Given today's market environment, we view the revolving line of credit as the most efficient and responsible path to supporting accretive growth, and our strong balance sheet positions us to take full advantage of that opportunity. It is our intention to use proceeds from the revolver for accretive CapEx purposes.

Furthermore, we are conscious of adding leverage to our balance sheet and expect that we will rapidly pay down the line of credit and not hold high balances for extended periods of time. We intend to manage the business on a net debt basis to ensure proper liquidity to cover all debt obligations.

On the topic of CapEx, all infrastructure and machines required to get to 50 exahash is fully funded. I want to take a moment to discuss our investment in growth past 50 exahash. We have paid approximately $100 million towards additional infrastructure supporting almost 200 megawatts. We have also paid approximately $135 million for state-of-the-art ASICs, which equates to approximately 7 exahash above and beyond our 50 exahash target. And importantly, the vast majority of these are already stateside.

On the topic of tariffs, I'd like to discuss a unique transaction we recently completed. In April, we exercised a portion of our option with our vendor for 13,200 of the latest generation miners. The total amount due under this exercise was approximately $76.6 million. However, we negotiated a favorable payment arrangement using Bitcoin, whereby the vendor accepted Bitcoin as consideration with an exchange rate at 150% of Bitcoin spot price on the date of payment.

This means we transferred 691 Bitcoin with a fair value of approximately $66.7 million or a spot rate of $96,600 per Bitcoin. This resulted in savings of approximately $10 million as the vendor applied a Bitcoin price of $110,941 or 15% higher than spot towards the purchase.

Additionally, as part of the transaction, we received a free call option to repurchase 691 Bitcoin at the $110,000 price on a date later this fall. We expect to exercise this option if the fair value of Bitcoin is greater than this amount. If the fair value is less, we essentially have locked in our miners at a lower price and more than offset any potential tariff impacts.

Now I want to provide an update on our Bitcoin treasury efforts. On our past few calls, we provided a brief glimpse of how we have been building an institutional-grade digital asset management function. As of today, we're in the final stages of negotiating and executing ISDA agreements, which will govern how trades will be settled and the amount of collateral we will need to post.

Additionally, we have identified strategies complementary to our operations and capital strategy for the first phase in which we have referred to as the crawl, walk, run process. Overall, when it comes to execution, we're in the crawl phase, and we'll soon be implementing our strategies to rapidly advance to the walk phase and continue scaling from there.

I will tell you, however, that based on the modeling and indicative pricing we are monitoring in real time, the opportunity is quite exciting. If it seems as if this has taken some time, that's right. This has been a very deliberate process. We've been engaged in rigorous evaluations of treasury strategies and the counterparties we choose to work with. We are also very conscious of collateral requirements in order to maximize returns and minimize counterparty risk.

Despite our deliberate pace, we have led the rest of the industry when it comes to establishing this function, performing proper diligence and are now prepared to maximize performance of our Bitcoin treasury. In many of the conversations we've had with potential counterparties, the message has been the same. We are the first public miner to have a professional and thorough RFP and due diligence process.

We appreciate the partnerships we have developed and the willingness to lean into this due diligence process. Together, we all agree reducing counterparty risk is important for the industry as a whole. To those partners we have selected at this time, we look forward to working with you.

As we enter our next phase, growing beyond 50 exahash, we believe CleanSpark is uniquely positioned to deliver sustained long-term shareholder value as we continue to execute on our strategic vision and evolve.

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

Harry Sudock

Thanks, Gary, for that detailed financial overview. We will now open the floor to questions from the analyst community.

Operator, please provide instructions and manage the queue for the Q&A session.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Mike Colonnese with H.C. Wainwright.

Michael Anthony Colonnese
H.C. Wainwright & Co, LLC, Research Division

Great quarter from an operating standpoint, guys. First one for me, maybe to Zach. It'd be great to get your outlook for the growth in the network hash rate in 2025 and how you're thinking about CleanSpark's market share within that context, especially now with the tariffs and some of your peers pivoting over to HPC AI.

Zachary K. Bradford
CEO, President & Director

Mike, great question. Thanks for joining the call today. What we've seen, I think, is a little bit of a plateau effect that's kind of interspersed with some growth. And so I think that the limited growth we've seen on the network is likely due to upgrade cycles that are naturally occurring in the space.

But I don't know that we're seeing a lot of meaningful new investments, which is a great thing for us. We're sitting at about 5% of market share and growing. And our intention is to maintain and grow that market share. And we think all things considered with how we're monitoring kind of global movement going that we're incredibly well positioned to do so.

Michael Anthony Colonnese
H.C. Wainwright & Co, LLC, Research Division

Great. Appreciate the color, Zach. And maybe one for you, Gary. If you could just talk about how you envision the digital asset management team generating shareholder value over time and how that treasury approach differentiates you from some of your peers out there.

Gary A. Vecchiarelli
Chief Financial Officer

Yes. Thanks for the question, Mike. As I mentioned in my comments, we've been hard making sure that we select the right counterparties and partners on this journey. And we feel confident that we've really chosen the best of the best and I'll tell you, there's a number of strategies that we're looking at. The ones you've heard me talk over the past really couple of years is something that [indiscernible] is covered calls.

Let me share some information that I pulled this morning because we monitor this in real time. And I really can't think of any other word to use other than these premiums are rather juicy. I know it might be a little hard to model juicy sometimes, but let me give you an idea of what excites us here.

Bitcoin is trading around, what, $101,000 right now. So if we were to issue covered calls at the money, so with a strike price of $101,000 1 week out, that's a premium of a little over $2,400 or 2.4%. Annualized, that's 97%, now naturally, we wouldn't put the entire Bitcoin balance at risk at the money.

But at least a covered call at the money would allow us to always stay ahead of spot by at least a couple of points, and we've always been confident we'd be able to do that with this basic strategy. And since we're sellers now of Bitcoin to help pay for operating expenses, that's going to be very important for us to always stay ahead of spot.

Additionally, when you start to ladder this out, I mean, if you were even to look at a 2-week strike at $101,000, it's like 3.4%. You go to $102,000 or so $1,000 out of money, it's about 3%. So again, those are pretty interesting premiums and again, juicy yields for such short-dated options. But that's just one example of what we're looking at.

And ultimately, this is going to generate what we're internally calling this flywheel, this treasury flywheel that will allow us to generate some cash that we can then have optionality and flexibility as to whether we then further reduce the reliance on selling production and apply towards operating expenses. We could pay down debt or we could roll it into other instruments and maybe even into Bitcoin.

Operator

Your next question comes from the line of Greg Lewis with BTIG.

Gregory Robert Lewis
BTIG, LLC, Research Division

I wanted to follow up on Mike's comment kind of questioning, but in a different way around CleanSpark, you guys have kind of stayed true to Bitcoin mining and have really kind of moved this forward as other companies explore other opportunities elsewhere outside of Bitcoin. Has that had any impact these other less appetite for rigs from some of these other larger players? Has that had any noticeable impact on the pricing of mining rigs? And just given the fact of CleanSpark and a couple of others real focus on just Bitcoin mining.

I imagine that pretty much any rig OEM is looking to really increase or build that relationship with you. Is that something that -- I guess, in that question really, what is happening with rig pricing just given the lack of the slowdown in buying from some of your larger competitors? Has there been any impact?

Zachary K. Bradford
CEO, President & Director

Yes. Great question. I appreciate you joining the call.

It has. I think it's what created the opportunity for that unique transaction that led to a 15% decrease into what was already an industry-leading best price. And so we've always prided ourselves for the capital that we're deploying, especially to rigs as being market-leading. So we've always attempted to have the very best price that rigs are being purchased at.

But I think what we're seeing now is because there are less buyers in certain pockets of the market, it's a supply and demand question that we have the answer to. And so it does give us a great opportunity to acquire more rigs at a lower cost. So we are seeing some. I think that the 15% discount down is probably step 1 of many because if you think of how this market really works, they have to print chips 6 to 9 months in advance, then assemble it into the final units that ultimately then get delivered to customers.

So this slowdown in buying that's happened, I believe the shock to the minor and ASIC market has not yet been felt. And I think we'll continue to see prices pushing down even on potentially even the next generation beyond this one, I would expect to see price improvement that we would stand to benefit from greatly.

Gregory Robert Lewis
BTIG, LLC, Research Division

Okay. Great. Super helpful, Zach. And then, Gary, cognizant of the announcement to kind of be covering our expenses through Bitcoin mining sales. If I were just look at Q1, it looks like your kind of OpEx between SG&A and services, et cetera, is like in the low $30 million range.

Basically, in April, you sold it looks like around $35 million of Bitcoin. Like without putting pigeonholing you, like did we just cover the CapEx for the quarter with a month of sales? Or put another way, did we just cover the CapEx for Q2 with April sales? Like is that a fair way to think about it, Gary?

Gary A. Vecchiarelli
Chief Financial Officer

Yes. This is how to think about it. You essentially take the inverse of our margin, and that's ultimately what we have to pay, obviously, plus overhead. But that nut is monthly about $35 million, give or take, right, because you have some payables that come and go. But on average, it's about $35 million a month. Anything that we raise above that could go towards CapEx or servicing the line of credit.

As you may have noticed, at least on the April monthly production, we've drawn down a little over $100 million for the line of credit, 100% of which is being used for accretive CapEx. And obviously, we'll have to sell some Bitcoin to service that. But with Bitcoin price rising and the fact that we have more exahash coming online, that just means that we have to sell less Bitcoin every month just to cover the month of that.

Operator

Your next question comes from the line of Brian Dobson with Clear Street.

Brian H. Dobson
Clear Street LLC

I think avoiding dilutive capital raises is pretty impressive and given where the shares are probably a smart thing. As you think about the valuation of your public equity, would you ever consider using some of your HODL to repo the shares?

Gary A. Vecchiarelli
Chief Financial Officer

Yes. I'll take that one and Zach chime in if you have any input.

I'll tell you, look, we look at all levers available to us, that's why we're a public company, right? And as we mature and we talk about building out this capital stack, there's other instruments and new instruments that become available to us.

And I'll tell you right now, when we look at the fact that our book value is greater than our market cap, that really nudges us towards not utilizing equity. And so when you have $1 billion plus sitting on the balance sheet of Bitcoin, we just think that that's a whole lot easier capital and, of course, lower cost of capital to access.

So that's just how we think about it. If we were to get a premium on the equity, we would consider that. But at the end of the day, driving shareholder value remains one of our top priorities. And the way that we're doing that is to continually grow the balance sheet by paying down debt and growing the Bitcoin balance.

Zachary K. Bradford
CEO, President & Director

And Brian, to add on that, the tail end of the comment was about buying back shares. And from our point of view, with a 53% margin to produce Bitcoin, which we think is, I'm going to step back. The way we think about Bitcoin is there's going to be half the amount of Bitcoin produced every day in the world in 3 years.

And as a result, there is no better time to acquire Bitcoin than right now. And so we are prioritizing that. Yes, we are putting some of that back in the market, but we really believe that Bitcoin is the right place to do it. And as we roll Bitcoin into more Bitcoin via investing in CapEx that, of course, then gets us more Bitcoin is the way we're thinking about it.

So as of right now, at the current market price of Bitcoin, we're going to continue investing in things that get us more Bitcoin. It's always an option and optionality is one of the things I referenced in my talking points. That's how we view it. We have flexibility. We have optionality. There's nothing that says we can't do it. But as we sit here today, that's how we're thinking about it.

Brian H. Dobson
Clear Street LLC

Yes, very good. And just as a follow-up to some of the comments that you made on the facility. Do you think we'll see more Bitcoin backed facilities in the future? And as mining operations proceed to the next halving, do you think this is, call it, the way forward for the business, not just your business, but the sector in general?

Gary A. Vecchiarelli
Chief Financial Officer

Yes. Look, we had a market clearing exercise when we went out and looked at really upsizing the Coinbase line of credit. They had really the best cost of capital. And we received a lot of inbounds after our press release. So I would tell you that, yes, there's a lot of capital that wants to be deployed out there using Bitcoin as collateral.

Brian H. Dobson
Clear Street LLC

Great. And just one final one, if I may. As you look out in the market, there are many of your competitors that are trying to pivot to HPC. What does the market look like for bolt-on acquisitions and M&A in general for mining operations? Is that something that would interest you?

Zachary K. Bradford
CEO, President & Director

Yes, absolutely. We were the most active acquirer for the last couple of years. Last year, it was mostly private companies. We, of course, did do 1 public company last year. But in addition to Grid, we did 6 private acquisitions. So bolt-on acquisitions are something we're always open to, especially when valuations are advantageous.

And we do think that depending on how the market goes and if there's tariffs and different tariff pressures on the cost of actual mining rigs in any area, great opportunity for us to come and capture some of that market share with, as we said earlier, beyond 50, we already have 7 exahash of rigs that we've largely brought stateside.

So absolutely, just like always, our highest and best interest is of empty shelves and high-quality infrastructure. So I do think that there will be opportunities. And we look forward to some of our peers as they exit, we're always willing to take the phone call.

Operator

Your next question comes from the line of Paul Golding with Macquarie Capital.

Paul Alexander Golding
Macquarie Research

For Zach or Gary, I just wanted to drill down a little bit more on the incremental capacity that you've paid for ahead of -- or past the 50 exahash goal. How much of that capacity is liquid cooled versus air cooled?

And are you making new or different determinations as to the type of infrastructure and cooling that you're rolling out because of the tariff dynamics, not to say that, that is a hindrance to deploying the capacity, but just how you're thinking about that and whether that might have an impact on efficiency going forward or any other impact operationally? Congrats on the quarter otherwise.

Zachary K. Bradford
CEO, President & Director

Thank you, Paul, for joining.

I would say -- when you look at the prepaid amount on the infrastructure, it really all relates to immersion cooling. We think that it is still the best path forward. The majority of the rigs that we've also brought in country related to that are also immersion cool.

Now we have brought over a portion of latest gen also air cooled to fit into tuck-in acquisitions and other similar opportunities because that's often what is readily available in the market. But on our ground-up builds, we are committed into the future, into immersion cooled because we think it provides the optionality that will be necessary in the next 3 to 5 years, in particular, and into the next staffing.

Paul Alexander Golding
Macquarie Research

And I guess just a quick follow-up. Are you seeing any impact to pricing on that as maybe not the immersion tanks given more direct-to-chip liquid cooling for AI, but some of the infrastructure around heat exchanging and pumps. Are you seeing any price impact from the demand that we're seeing in HPC and how that might be pressuring the products to enable this functionality in the space?

Zachary K. Bradford
CEO, President & Director

What I can say is in our supply chain, we are still the largest buyer because of our growth. A lot of -- if you're an HPC group that wants to announce something you're going to do tomorrow, you're probably not purchasing still for a while as you work on your permits, your designs, your plans.

As we all know, most HPC data centers take 3 to 5 years to build. So we are still well ahead of the curve, and we do buy our supply chain in advance. That has given us an advantageous place in line is probably the way to say it as we have demand for infrastructure.

Operator

[Operator Instructions] And your next question comes from the line of John Todaro with Needham & Company.

John Todaro
Needham & Company, LLC, Research Division

I appreciate the commitment to limiting dilution.

First question, just going back to Gary, some of your comments on the yield you could generate on Bitcoin and the treasury strategy. I mean, do you think we're getting to a point where it's fair for us to start forecasting out a yield on that? Any kind of guardrails? I know you laid out some, but it seems like it's still kind of up in the air.

And then my next question is, and I guess I'll frame it almost the opposite way that other peers have asked it. But do you actually think -- we keep hearing that major hyperscalers like Microsoft are actually kind of pulling back spend. Have you noticed it might be actually getting easier to find power in sites now, whether it's kind of a weekly or month-over-month basis? Any commentary there would be appreciated.

Gary A. Vecchiarelli
Chief Financial Officer

Hi John, thanks for the question. I'll take the first part of that.

When it comes to the yield, I mean, we're not prepared to give any guidance here. Again, we're in the crawl phase of the process. But I believe on the last call, we said that we're targeting like mid-single digits on an annualized basis for the entire Bitcoin balance.

I think that's a reasonable yield to expect, again, on an annualized basis because, again, we want to be we want to make sure that the risk/reward relationship is well in balance, and we're not taking unnecessary risks and not getting a lot of reward for that. We want to make sure that it's very strategic and precise and really conservative. So internally, we're looking at that 4% to 6% range.

Zachary K. Bradford
CEO, President & Director

And I want to sort of address the access to power in HPC. I think it's important when you read in between the lines of what those headlines actually say, the hyperscalers are still committed to investing and building in that space. What they're spending less on is in colocation contracts, which is why we see it as incredibly dangerous for anybody and frankly, reckless for anyone that goes out there and plans to build it without a customer that is ready to take that rack space because they're already canceling the soft commitments they have.

And again, it's because they're doubling down on their builds. This is important to note because NVIDIA, for example, has come forward, and they've been very clear that the data center of yesterday is not a data center that works tomorrow. And I think that's what's driving the cancellations is the hyperscalers are well-positioned to make the right investments and the right technology to build in what is going to be a new normal for data centers into the future.

Density is getting to a point where there's no -- there's going to be hundreds of thousands and even millions of square feet of empty data centers because the density can be tucked off into the corner. And if you built a data center 5 years ago, it's already obsolete. That is the reason why hyperscalers, we believe, are canceling their spend in colocation.

So again, I don't think it's that power demand is going to go away. It's just where and how that demand comes to the market. Now what we are seeing is in the areas we're operating, we are still finding access to power readily available and prevalent, and it's because of how we find power in rural America in the areas that the freeway went around and the rest of America forgot about. That is what makes our strategy successful.

Operator

There are no further questions at this time. Harry, I turn the call back over to you.

Harry Sudock

Thank you again, Jeannie, and thanks to everybody for joining today's earnings call. We look forward to staying in touch and sharing future results with you in the coming quarters. Stay tuned for more groundbreaking achievements from the CleanSpark team, America's Bitcoin miner.

Operator

This concludes today's conference call. You may now disconnect.