

CleanSpark, Inc (CLSK) Case Study

CLSK was a holding in **The Valkyrie Bitcoin Miners ETF (Nasdaq:WGMI)** as of 2/7/2022.

WGMI is an actively managed ETF available through Nasdaq that invests in public companies in the bitcoin mining industry. Companies are screened based on their usage of renewable energy.

SHARE PRICE	11.96*
MKT CAP	0.50 billion*
BTC HOLDINGS	471
BTC HOLDINGS VALUE	19,688,271
BTC % MKT CAP	4.0%
LOCATION	HENDERSON, NV
CEO	ZACHARY K. BRADFORD
FOUNDED	1987
IPO DATE	JANUARY 2020
URL	www.cleanspark.com

*data as of 3/18/22

Business Model

Founded in 1987, CleanSpark has a number of businesses related to clean energy. The exposure to bitcoin mining started in 2020, a much more recent development, as the company desired to use its experience in renewable energy and energy efficiency to improve the carbon footprint of bitcoin mining.

Their GridFabric division publishes software to manage the uncertain load added to the energy grid from solar and wind energy. While these types of energy are considered green and better for the environment, they present challenges by adding uncertain amounts of power to the electrical grid at somewhat unpredictable times. The software communicates with power companies and Internet of things (IOT) devices in order to shift the load on the electrical grid as supply varies with the weather.

mVault, another CleanSpark company, provides solutions to residential electricity users to enable switching between solar panels, batteries, and the utility electric grid. These microgrid systems may reduce the cost of energy and provide power to a home at times of wider power outages.

Since its start in bitcoin mining in 2020, CleanSpark's mining revenue reached nearly 90% of total corporate revenue.¹ The growth of their bitcoin mining operations has led the company to consider exiting or selling their energy software and microgrid systems businesses.²

1 <https://app.quotemedia.com/data/downloadFiling?webmasterId=103727&ref=116438225&type=HTML&symbol=CLSK&companyName=CleanSpark+Inc.&formType=10-Q&formDescription=General+form+for+quarterly+reports+under+Section+13+or+15%28d%29&dateFiled=2022-02-09&CK=827876>

2 <https://www.cleanspark.com/investor-relations/news-releases/>

Mining Operations / Hash Rate

CleanSpark has deployed 20,500 mining rigs that produce 2.1 exhashes (2.1 quintillion) hashes per second.³ With a global hash rate of 200 exhashes per second, CleanSpark controls over 1% of global bitcoin mining capacity and has recently earned approximately 10 bitcoin per day in newly issued block rewards and transactions fees. The firm seeks to continue to grow their hash rate, deploying \$64.7 million in new mining rigs in the fourth quarter of 2021, with an additional \$125.7 million in mining equipment on order.⁴

Sustainability

CleanSpark seeks to accomplish sustainable bitcoin mining by consuming renewable energy in its mining facilities and managing the electricity consumption through its smart grid software systems. The company believes that its 30-plus years of experience in energy efficient design can improve the energy use statistics of cryptocurrency mining. CleanSpark has a goal of using 100% renewable energy in their bitcoin mining efforts. When they are not able to power their mining rigs through wind, solar, nuclear, or hydroelectric energy, they will purchase renewable energy credits to offset their usage of traditional energy generated by oil and gas.⁵

3 <https://www.cleanspark.com/blog/cleanspark-announces-january-bitcoin-mining-updates/>

4 <https://app.quotemedia.com/data/downloadFiling?webmasterId=103727&ref=116438225&type=HTML&symbol=CLSK&companyName=CleanSpark+Inc.&formType=10-Q&formDescription=General+form+for+quarterly+reports+under+Section+13+or+15%28d%29&dateFiled=2022-02-09&CK=827876>

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5 <https://www.cleanspark.com/investor-relations/>



Disclosures

The Valkyrie Bitcoin Miners ETF is an actively managed ETF. The Fund seeks to provide investors with capital appreciation. There can be no assurance that the Fund will achieve its investment objective.

This document does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial advisor/financial consultant before making any investment decisions.

Investing involves risks. The loss of principal is possible. The Fund investment objectives, risks, charges and expenses should be considered before investing. The fund may not be suitable for all investors. The prospectus contains this and other important information, and it may be obtained at <https://valkyrie-funds.com/>. Read it carefully before investing

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Any applicable brokerage fees and commissions will reduce returns.

WGMI is indirectly exposed to the risks of investing in bitcoin through its investments in the portfolio companies. The market for bitcoin futures may be less developed, less liquid and more volatile than more established futures markets.

Bitcoin and bitcoin futures are a relatively new asset class. They are subject to unique and substantial risks, and historically, have been subject to significant price volatility. The value of an investment in the Fund could decline significantly and without warning, including to zero. You should be prepared to lose your entire investment.

The Shares will change in value, and you could lose money by investing in the Fund. The Fund may not achieve its investment objective.

The Fund is distributed by ALPS Distributors, Inc. Valkyrie Investments and ALPS Distributors, Inc. are not affiliates.

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This is a new ETF with limited operating history.

