CLEANSPARK

NEWS RELEASE

CleanSpark Reports Fourth Quarter and Fiscal Year 2021 Financial Results

2021-12-14

Twelve-month revenue increased nearly 400% to $49.4 million from one year ago period

LAS VEGAS, Dec. 14, 2021 (GLOBE NEWSWIRE) -- CleanSpark, Inc. (Nasdaq: CLSK) (the "Company"), a sustainable bitcoin mining and energy technology company today reported financial results for its fourth quarter and 2021 fiscal year.

The Company's Annual Report on Form 10-K and accompanying financial statements are available at www.sec.gov and the Company website at **https://www.cleanspark.com/investor-relations/sec-filings/**

As previously announced, the Company is holding its annual earnings call today at 2 p.m. PT/5 p.m. ET. A recording and transcript of the call will be available shortly thereafter on the company's website. A live version of the call is available at: **https://services.choruscall.com/mediaframe/webcast.html?webcastid=OxACvcYn**

Financial Highlights

Year ended September 30, 2021

- Revenues for the year ended September 30, 2021 were $49.4 million, an increase of $39.4 million, or 400%, from $10.0 million for the same prior year period.
- Net loss for the 12 months ended September 30, 2021 was ($21.8) million, or ($0.75) loss per share, compared to a loss of ($23.3) million, or ($2.44) loss per share, for the same prior year period, an improvement of $1.70 per share.
- Adjusted EBITDA, a non-GAAP term, for the year ended September 30, 2021 was $9.0 million, or $0.31 gain per share, compared to ($10.2) million, or ($1.07) loss per share, for the same prior year period.

Three months ended September 30, 2021

- Revenues for the three months ended September 30, 2021, were $27.1 million, an increase of $25.15 million, or nearly 1300%, from $1.95 million for the same prior year period.

Balance Sheet Highlights as of September 30, 2021

Assets

- Cash: $18.0 Million
- Book Value of Digital Currency: $23.6 million, or 627 bitcoins (fair market value $27.5 million)
- Total Current assets: $57.7 million
- Total Mining equipment: $123.2 million
- Total deposits for future mining equipment: $88.0 million
- Total Assets: $317.5 Million

Liabilities and Stockholders' equity

- Current Liabilities: $10.1 million
- Total Liabilities: $11.8 million
- Total Stockholders' Equity: $305.7 million

Working capital

Working capital of $47.7 million as of September 30, 2021, compared to $2.9 million as of September 30, 2020, for an increase of $44.8 million.

Operational Highlights – Year ended September 30, 2021

- Substantial real estate and energy acquisitions, including Norcross, GA, data center (20MW) and College Park, GA, data center (45MW+).
- Quarter-over-quarter increase in revenue of nearly 1300%.
- Exponential hashrate increase of zero to 1.3 EH/s in under a year.

About CleanSpark

CleanSpark, Inc., a Nevada corporation, is a sustainable bitcoin mining and energy technology company that is solving modern energy challenges. For more information about the Company, please visit the Company's website at **https://www.cleanspark.com/investor-relations** .

[Please see attached PDF for financial tables.]

Non-GAAP Measures

Adjusted EBITDA and Adjusted EPS is not a measurement of financial performance under generally accepted accounting principles in the United States (“GAAP”). Because of varying available valuation methodologies, subjective assumptions and the variety of equity instruments that can impact a company's non-cash operating expenses, CleanSpark management believes that providing a non-GAAP financial measure that excludes non-cash and non-recurring expenses allows for meaningful comparisons between the Company's core business operating results and those of other companies, as well as providing the Company with an important tool for financial and operational decision making and for evaluating its own core business operating results over different periods of time.

The Company's adjusted EBITDA measure may not provide information that is directly comparable to that provided by other companies in its industry, as other companies in its industry may calculate non-GAAP financial results differently, particularly related to non-recurring, unusual items. The Company's adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to operating income or as an indication of operating performance or any other measure of performance derived in accordance with GAAP. Our management does not consider adjusted EBITDA to be a substitute for, or superior to, the information provided by GAAP financial results.

We are providing supplemental financial measures for (i) non-GAAP adjusted earnings before interest, taxes, depreciation and amortization (“adjusted EBITDA”) that excludes the impact of interest, taxes, depreciation, amortization, our share-based compensation expense, and impairment of assets, unrealized gains/losses on securities, certain financing costs, other non-cash items, certain non-recurring expenses, and impacts related to discontinued operations; and (ii) non-GAAP adjusted EBITDA and non-GAAP earnings per share that excludes the impact of interest, taxes, depreciation, amortization, our share-based compensation expense, and impairment of assets, unrealized gains/losses on securities, certain financing costs, other non-cash items, and impacts related to discontinued operations. These supplemental financial measures are not measurements of financial performance under GAAP and, as a result, these supplemental financial measures may not be comparable to similarly titled measures of other companies. Management uses these non-GAAP financial measures internally to help understand, manage, and evaluate our business performance and to help make operating decisions.

We believe that these non-GAAP financial measures are also useful to investors and analysts in comparing our performance across reporting periods on a consistent basis. The first supplemental financial measure excludes (i) impacts of interest, taxes, and depreciation; (ii) significant non-cash expenses such as our share-based

compensation expense, unrealized gains/losses on securities, certain financing costs, other non-cash items that we believe are not reflective of our general business performance, and for which the accounting requires management judgment, and the resulting expenses could vary significantly in comparison to other companies; (iii) significant impairment losses related to long-lived and digital assets, which include our bitcoin for which the accounting requires significant estimates and judgment, and the resulting expenses could vary significantly in comparison to other companies; and (iv) and impacts related to discontinued operations that would not be applicable to our future business activities.

Non-GAAP financial measures are subject to material limitations as they are not in accordance with, or a substitute for, measurements prepared in accordance with GAAP. For example, we expect that share-based compensation expense, which is excluded from the first two non-GAAP financial measures, will continue to be a significant recurring expense over the coming years and is an important part of the compensation provided to certain employees, officers, and directors.

We have also excluded impairment losses on assets, including impairments of our digital currency our non-GAAP financial measures, which may continue to occur in future periods as a result of our continued holdings of significant amounts of bitcoin. Our non-GAAP financial measures are not meant to be considered in isolation and should be read only in conjunction with our Consolidated Financial Statements, which have been prepared in accordance with GAAP. We rely primarily on such Consolidated Financial Statements to understand, manage, and evaluate our business performance and use the non-GAAP financial measures only supplementally.

The following is a reconciliation of our non-GAAP adjusted EBITDA to the most directly comparable financial measure stated in accordance with GAAP, which excludes the impact of (i) interest, taxes, depreciation, amortization; (ii) our share-based compensation expense; (iii) impairment expense; (iv) unrealized gains/losses on securities; (v) and (vi) impacts related to discontinued operations, to its most directly comparable GAAP measures for the periods indicated.

[Please see attached PDF for financial tables.]

The following is a reconciliation of our non-GAAP adjusted EBITDA earnings per share, in each case excluding the impact of (i) interest, taxes, depreciation, amortization; (ii) our share-based compensation expense; (iii) impairment expense; (iv) unrealized gains/losses on securities; (v) certain financing costs and other non-cash items; (vi) certain non-recurring expenses; and (vii) impacts related to discontinued operations:

[Please see attached PDF for financial tables.]

The following is a reconciliation of fair market value of our digital currency holdings to the current carrying value at

September 30, 2021. We did not hold any digital currency as of September 30, 2020:

[Please see attached PDF for financial tables.]

Forward-Looking Statements

This release contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including statements regarding the Company's plans and expectations for expansion of its energy initiatives, operating results, business strategy, deployment of miners, digital currency mining activities, the growth of its facilities and other statements regarding the expectations, beliefs, plans, intentions and strategies of the Company. The Company has tried to identify these forward-looking statements by using words such as "expect," "target," "anticipate," "believe," "could," "should," "estimate," "intend," "may," "will," "plan," "goal" and similar terms and phrases, but such words, terms and phrases are not the exclusive means of identifying such statements. Actual results, performance and achievements could differ materially from those expressed in, or implied by, these forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation: the successful deployment of energy solutions for residential and commercial applications; the fitness of the Company's energy hardware, software and other solutions for this particular application or market; the success of its digital currency mining activities; the expectations of future revenue growth may not be realized; ongoing demand for the Company's software products and related services; the impact of global pandemics (including COVID-19) on logistics and shipping and the demand for our products and services; and other risks described in the Company's prior press releases and in its filings with the Securities and Exchange Commission (SEC), including under the heading "Risk Factors" in the Company's Annual Report on Form 10-K and any subsequent filings with the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, and we undertake no obligation to revise or update this press release (including any forward-looking statements contained herein) to reflect events or circumstances after the date hereof.

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Attachment

- **Tables that Accompany CleanSpark's Fiscal Year 2021 Earnings Release**

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