

# CleanSpark Inc

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## CleanSpark developing software that helps companies become more energy efficient

- Develops energy-control software and builds microgrids
- Expanding into global markets and cannabis sector
- Posted 3Q revenue of \$3.4 million, a year-over-year increase of 181%

### What CleanSpark does:

CleanSpark Inc (NASDAQ:CLSK), based in Bountiful, Utah, develops software to help companies become more energy efficient.

The company also designs and builds microgrids while providing engineering, consulting and turn-key implementation services. It also offers software for energy monitoring and system controls.

CleanSpark's software - mPluse and mVSO (Microgrid Value Stream Optimizer) - enables a microgrid to be scaled to the user's specific needs and can be used by agricultural, commercial, industrial enterprises as well as the military and municipal governments. Customers include not only energy consumers but independent power producers (renewable energy) and energy-storage vendors.

The company, founded in 1987, runs on a software-as-a-service (SaaS) distribution model. CleanSpark's mPulse software and control suite operates on-site in real-time, providing economic dispatch controls to maximize performance and resiliency operations to back-up critical energy loads in the event of a utility disruption.

The company says its software is ideally suited for the rapidly expanding distributed energy resource (DER) market, which it has been targeting as a key revenue generator.

The global energy infrastructure is ageing and unreliable due to increases in loads and lack of new large-scale generation facilities (nuclear and coal). Meanwhile, renewable energy resources like solar, batteries, fuel cells and clean-energy generators are connecting to the grid, sometimes intermittently, stressing it and making it more complex to manage.

But, at the same time, consumers such as defense installations, industrial complexes and campuses across the world are turning to virtual power plants and microgrids to decrease their reliance on the grid to tap directly into renewable energy providers and to strengthen their own energy security against blackouts. In a sense, these consumers become their very own utilities.

As a result, CleanSpark's mPluse and mVSO software and control solutions are designed to provide these consumers of all sizes with the mission-critical technologies that can help integrate and operate DERs as reliable energy generators on the grid.

For those consumers who get energy off the main power grid, the company's technology helps them modernize their

**Price:** 7.83

**Market Cap:** \$171.41 m

### 1 Year Share Price Graph



October 2019 April 2020 October 2020

### Share Information

**Code:** CLSK

**Listing:** NASDAQ

**52 week High Low**  
15.1 0.99

**Sector:** Software & services

**Website:** cleanspark.com

### Company Synopsis:

*CleanSpark provides advanced energy software and control technology that enables a plug-and-play enterprise solution to modern energy challenges. CleanSpark's software allows energy users to obtain resiliency and economic optimization.*

action@proactiveinvestors.com

own distribution microgrids while replacing fossil fuel generation with clean-energy suppliers. CleanSpark's microgrids monitor energy rates continuously in 15-minute cycles, tapping the least expensive source.

## How is it doing:

CleanSpark began 2020 firmly on the front foot as it uplisted onto the Nasdaq exchange, hoping to reach enterprise software investors.

Since then, the orders have kept rolling in, with recent wins including a shipment of its intelligent switchgear to support the new US Embassy in Beirut, Lebanon. The technology ensures an uninterrupted power supply by automatically transferring power to a backup source.

The company's subsidiary, p2klabs, which it acquired in January, also works with the US government. It helped design a neighborhood security app called AlertNest which collects and shares police, crime, local current events and weather data as well as updates from the Centers for Disease Control and other vetted sources about the coronavirus pandemic.

CleanSpark also is working to help efforts to combat the virus, having entered a joint venture in April with members of its multinational supply and distribution channel partners to import Personal Protective Equipment (PPE) for US hospitals. The JV secured significant quantities of N-95 masks, KN-95 masks, gowns, gloves and other PPE to be supplied to hospitals and frontline medical personnel in dire need while fighting the outbreak.

During the spring and summer of 2020, CleanSpark won several contracts to deploy its mPulse software on off-grid and microgrid installation systems to provide controls and storage in California, Texas, Mexico and Costa Rica for commercial, industrial and residential customers. One microgrid project in Southern California is expected to generate more than \$300,000 in initial revenues as well as a long-term software subscription.

The company also has struck a few partnerships. It has an exclusive tie-up with Sunshine Energy - one of Costa Rica's largest energy developers. The agreement allows Sunshine the exclusive right to sell CleanSpark's products and services, including licensing its mVSO, the microgrid Value Stream Optimizer, throughout the Central American country.

In addition, CleanSpark is now working with battery diagnostics and optimization company ReJoule on repurposing electric vehicle (EV) batteries for storage paired with solar photovoltaic systems. Both companies have been awarded a \$2.9 million grant from the California Energy Commission with further support from the Ford Motor Company (NYSE:F).

In August, CleanSpark completed the strategic acquisition of GridFabric LLC, which creates software solutions that help power utilities and IoT (Internet of Things) products that manage energy loads. CleanSpark will utilize GridFabric's communications protocols as an integral part of its open-source Open Automated Demand Response (OpenADR) standard release integrated into CleanSpark's flagship mPulse platform. OpenADR 2.0b is now the basis for the standard to be developed by the International Electrotechnical Commission.

Looking into its finances, CleanSpark began the year on a strong note, posting record quarterly revenues in the first three months of 2020, with help from the performance of its p2klabs subsidiary.

In its 3Q to June 30, 2020, the company's latest reporting period, CleanSpark posted revenue of \$3.4 million, a year-over-year increase of 181%. Gross profit more than doubled, rising 152% year-over-year.

The company also saw more than \$6.4 million worth of electric switchgear products delivered during the nine months ended June 30, 2020. Going forward, the company is increasing its revenue guidance for switchgear sales over the fiscal year to \$7.5 million from \$7.0 million.

## Inflection points:

- Increasing equipment sales

- Expand further into international markets
- More business for p2klabs subsidiary

### **What the bosses say:**

"CleanSpark continues to execute on its strategy and is pleased to report our eighth consecutive record-breaking quarter, significantly increasing year over year revenues," CleanSpark CEO Zach Bradford and chairman Matthew Schultz said recently.

"We remain optimistic that the company will continue to see record-setting growth across our software and services segments," they added.

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