

Hut 8 Mining Corp.

Fourth Quarter and Full Year 2022 Financial Results Analyst and Investor Call

Event Date/Time: March 9, 2023 — 10:00 a.m. E.T.

Length: 36 minutes

"While Cision has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. Cision will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Cision ait fait des efforts commercialement raisonnables afin de produire cette transcription, la société ne peut affirmer ou garantir qu'elle ne contient aucune erreur. Cision ne peut être tenue responsable pour toute perte de profits ou autres dommages ou responsabilité causé par ou découlant directement, indirectement, accessoirement ou spécialement de toute erreur liée à l'utilisation de ce texte ou à toute erreur qu'il contiendrait. »

CORPORATE PARTICIPANTS

Jaime Leverton

Hut 8 Mining Corp. — CEO

Shenif Visram

Hut 8 Mining Corp. — CFO

CONFERENCE CALL PARTICIPANTS

Mike Colonnese

HC Wainwright — Analyst

Joseph Vafi

Canaccord — Analyst

Chris Brendler

D.A. Davidson — Analyst

George Sutton

Craig Hallum — Analyst

Bill Papanastasiou

Stifel — Analyst

PRESENTATION

Operator

Welcome to Hut 8's Fourth Quarter and Full Year 2022 Financial Results Analyst and Investor Call.

In addition to the press release issued earlier today, you can find Hut 8's financial statements and MD&A on the Company's website at www.hut8.io, under the Company's SEDAR profile at www.sedar.com, and under the Company's EDGAR profile at www.sec.gov.

Unless noted otherwise, all amounts referred to during this call are denominated in Canadian dollars.

Any comments made during this call may include forward-looking statements within the meaning of applicable securities legislation regarding the future performance of Hut 8 Mining Corp. and its subsidiaries. The statements made reflect current expectations and, as such, are subject to a variety of risks and uncertainties that could cause actual results to differ materially from current expectations.

These risks and uncertainties include but are not limited to the factors discussed in Hut 8's annual MD&A and Annual Information Form for the year ended December 31, 2022. Except as required by applicable law, Hut 8 undertakes no obligation to publicly update or review any forward-looking statements.

During the call, management may also make reference to certain non-IFRS measures that are not separately defined under IFRS, such as adjusted EBITDA and mine profit. Management believes that non-IFRS financial information, taken in conjunction with IFRS financial measures, provide useful information for both management and investors. Reconciliations between IFRS and non-IFRS results are presented in the tables accompanying our press release, which can be viewed on our website.

I would now like to turn the call over to Hut 8's CEO, Jaime Leverton. Please go ahead.

Jaime Leverton — CEO, Hut 8 Mining Corp.

Thank you, Joelle (phon). Good morning, everyone, and thank you for joining us to discuss Hut 8's results for the 2022 fiscal year.

I will start by restating the obvious. 2022 was a challenging year for our entire industry. For us, this meant that pivoting and changing was essential.

This is where our balance sheet-first approach, which has been in play since the early days of the previous bull market, enabled us to continue pursuing opportunistic moments throughout the year: closing our acquisition of five high-performance computing data centres and integrating them into our business operations; managing through the Eth merge last fall; expanding our leadership team and growing our team members to over 100 across British Columbia, Alberta, and Ontario; continuing to advance our ESG goals by finding innovative ways to e-recycle our miners and computing infrastructure; and self-mining Bitcoin throughout 2022 at modest costs, despite fluctuating power prices, resulting in a 28.1 percent year-over-year increase in Bitcoin mined and a 25 percent year-over-year increase in hashrate, thanks to steadily plugging in new miners throughout the year.

We continue to believe in our expansion into the high-performance computing business, as we renovated our flagship data centre in Kelowna and refresh our data centres in the Greater Toronto Area and Vancouver.

We welcomed new customers, including Enthusiast Gaming, Zenlayer, and Luxor. We're replacing our networks with new Cisco carrier-grade routing and switching hardware. We're re-architecting our network carrier uplinks to provide increased resiliency, diversity, and capacity. We

recertified the organization under our SOC2 compliance program, ensuring security best practices across 158 unique operational controls.

As we look ahead, we are confident that 2023 will be a year of extraordinary growth. As announced last month, we look forward to the future where Hut 8 Mining Corp. and US Bitcoin Corp. will combine in an all-stock merger of equals to grow into a highly diversified, US-domiciled, publicly traded organization.

The combination will see us with established self-mining operations at five mines, two in Canada and three in the US, running a total of 5.6 exahash with 244 megawatts of total energy available. It will give us 6 exahash of installed hosting capacity powered by 220 megawatts of hosting infrastructure at our site in Texas, with clients that include some of the largest miners in the industry. It will take us into the very nascent phase of managed infrastructure operations at two US sites, where USBTC has pioneered a new business model to capture untapped values in the mining ecosystem, which is incredibly exciting.

With managed infrastructure operations, the team goes into a miner's existing site or sites and runs the day-to-day operations, manages the property, performs maintenance and, importantly, optimizes performance using USBTC's purpose-driven software, which provides real-time monitoring capabilities to optimize the energy consumption of thousands of machines across the site. It also enables profitable participation in demand response programs and can help to balance the grid, improving grid stability while reducing energy costs.

And speaking of energy, the US Bitcoin team brings outstanding energy sourcing, management, and hedging capabilities to New Hut, significantly enhancing our ability to better plan around stable and predictable energy usage and mitigate fluctuating prices across markets.

We look forward to the expected completion of the business combination in Q2 and beginning to work together as a team. I'm very proud of our team's commitment to operational excellence across the business and the trajectory of Hut 8. We look forward to continued success in 2023 as a further diversified digital asset mining, hosting, managed infrastructure operations, and high-performance computing organization.

Before I turn it over to Shenif Visram, our CFO, who will review our key financial results, I would like to thank our board for their support and guidance, our executive team for their incredible leadership, and our team across the country for their execution across all of our business lines.

I would also be remiss if I didn't take a minute to thank our investors for their continued commitment to Hut 8. 2022 was an incredibly dynamic time for Bitcoin and the broader industry, and your support of our organization is very much appreciated.

Shenif, over to you.

Shenif Visram — CFO, Hut 8 Mining Corp.

Thanks, Jaime, and good morning, everyone. Let's begin with the full year results for 2022.

We achieved revenue of \$150.7 million for the year, a \$23.1 million decrease relative to the prior year of \$173.8 million. This year-over-year decrease was driven by the reduction in price of Bitcoin, which more than offset the expansion of our Bitcoin mining fleet and incremental contributions from the high-performance computing business we acquired in Q1 of 2022.

Revenue from digital asset mining activities was \$133 million, as we mined 3,568 new Bitcoin. This compares to \$165.4 million of digital asset mining revenue in 2021, when we mined 2,786 Bitcoin.

We increased our mining production by 28 percent compared to 2021, and our average cost to mine each Bitcoin reduced by 7 percent relative to the prior year, reflecting more efficient miners deployed, partially offset by higher energy prices in the year.

Our high-performance computing business contributed an additional \$16.9 million of revenue in 2022, the majority of which is monthly recurring revenue.

Cost of revenue for the year was \$175.6 million compared to \$85 million in the prior year and consists of depreciation and site operating cost.

The increased depreciation expense from \$23.3 million in 2021 to \$93.9 million was driven by the increased number and overall cost of miners deployed during the year and \$5.1 million of additional depreciation from the newly acquired HPC business.

Site operating costs increased by \$20.1 million to \$81.8 million from 2021. Within the digital asset mining operation, site operating costs increased by \$11.7 million, consistent with our expansion of mining fleet and increased power cost.

We incurred \$8.4 million in operating costs related to the high-performance computing operation, all of which are incremental, year over year.

In terms of margin, our digital asset mining operation generated profit of \$60.4 million versus \$108.1 million in the prior year, reflecting the combination of lower Bitcoin prices and increased electricity cost.

General administration costs for the year were \$49.8 million compared to \$40.3 million in the prior year. The increase was primarily due to the combination of higher personnel costs, insurance premiums, and other costs largely in support of the high-performance computing line of business.

We recorded a net loss of \$242.8 million for the year, compared to a net loss of \$72.7 million in the prior year.

In the fourth quarter of 2022, the Company conducted impairment testing of its three digital asset mining cash-generating units, also known as CGUs, Medicine Hat, Drumheller, and North Bay.

Due to depressed digital mining economics, specifically, the decline in price of Bitcoin throughout periods during the year ended December 31, 2022, the Company recorded an impairment charge on its digital asset mining CGUs. The difference between the pre-impairment carrying value and the recoverable amount of the Company's digital asset mining CGUs is \$98.6 million.

In addition, due to the Ethereum merge during the year ended December 31, 2022, where the Ethereum network changed its consensus mechanism from proof of work to proof of stake, the Company recorded an impairment charge on its GPU mining group assets as a result of the unable to find an alternative digital asset to mine with profitable mining economics.

The difference between the pre-impairment carrying value and the recoverable amount of the Company's CGU mining group of assets is \$15.2 million. The combined impairment booked in 4Q 2022 was \$113.9 million. As a reminder, this is a non-cash entry.

Also impacting the net loss, we recorded a \$134.8 million non-cash loss on the revaluation of our digital assets as a result of a decrease in the price of Bitcoin.

We incurred a non-cash gain of \$98.8 million on revaluation of our warrant liability, compared to a \$114.2 million non-cash loss in 2021. The remainder of the net loss is primarily driven by the lower revenue from digital asset mining operations and higher cost of revenue in 2022.

Reflecting the operating results discussed previously, Hut 8 achieved adjusted EBITDA of \$32 million for 2022, compared with \$96.6 million in the prior year.

Our balance sheet remains healthy, with minimal debt and a cash balance of \$30.5 million as at December 31, 2022.

On August 17, 2022, we entered into an equity distribution agreement, pursuant to which we established an at-the-market equity program with maximum proceeds of up to US\$200 million, approximately C\$270.9 million. As of December 31, 2022, we've raised US\$32.8 million net proceeds, approximately C\$44.1 million, under this program.

We have now ceased issuance under the ATM program, given the currently proposed business combination with USBTC.

Our Bitcoin holdings are marked at fair value and totalled \$203.7 million as at December 31, 2022, based on 9,086 Bitcoin held in reserve.

I will now turn to our Q4 results and provide some additional commentary.

Our fourth quarter results for 2022 were impacted by the reduction in Bitcoin prices and our ongoing dispute with Validus, related to our North Bay mining facility where we stopped mining in mid-November.

We achieved quarterly revenue of \$21.8 million, compared to \$57.9 million in the prior year's quarter. Revenue was impacted by a substantial drop in Bitcoin prices. The average Bitcoin price in the quarter was approximately \$24,600, compared to approximately \$70,400 in the same quarter a year prior.

We mined 698 Bitcoin this quarter, compared to 789 Bitcoin in Q4 2021. The reduction in mined Bitcoin is due to electrical issues at the Drumheller location and a higher-than-normal level of curtailing due to a sharp increase in power rates.

We also generated \$4.5 million in revenue from the high-performance computing business in the quarter, while we generated \$2.4 million in revenue from hosting during the same period in 2021.

Cost of revenue was \$45.2 million in Q4 2022, versus \$27.3 million in Q4 2021, with the increase driven by increased depreciation expense as a result of our expanding our mining fleets.

The cost of mining each Bitcoin for Q4 2022 was approximately \$20,100, compared with approximately \$22,800 in the same period a year ago.

General and administrative expenses were \$14.8 million for the fourth quarter versus \$14.1 million in the prior-year period. We had a reduction in sales tax due to lower purchases in Q4 compared to Q4 2021. This was offset by the inclusion of SG&A related to the HPC business.

We reported a loss for the fourth quarter of \$186.7 million, compared to a loss of \$99.1 million in the prior year's quarter. As previously discussed, we took an impairment charge of \$113.9 million this quarter.

In addition, we recorded a \$37.2 million non-cash loss on the revaluation of our digital assets as a result of a decrease in the price of Bitcoin.

In Q4 2021, we booked a \$114.2 million non-cash loss on the revaluation of warrant liability, compared to a gain of \$4.3 million in the current quarter.

Adjusted EBITDA was a loss of \$3.9 million versus a positive EBITDA of \$35.3 million in the prior year's quarter.

For the three months ended December 31, 2022, adjusted EBITDA was negatively impacted by three factors. Firstly, the shutdown of the North Bay mining site impacted our Bitcoin mined in the quarter. Secondly, we saw a sharp increase in power rates at our Drumheller site in the quarter, which resulted in lower profitability, higher-than-normal levels of curtailing, and fewer Bitcoin mined. Lastly, a further reduction of Bitcoin prices had a negative impact on our revenue and adjusted EBITDA.

Our balance sheet remains healthy. We closed the year with \$30.5 million in cash. Our debt continues to be relatively low. Our Bitcoin holdings are marked at fair value and total \$203.6 million as of December 31, 2022, with 9,086 of Bitcoin in custody.

Thank you for joining us. With that, I will turn the call back to our Operator for analysts' Q&A.

Q&A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, please press *, followed by the 1 on your touch-tone phone. You will hear a three-tone prompt acknowledging your request, and your questions will be polled in the order they are received. Should you wish to decline from the polling process, please press the *, followed by the 2. If you are using a speakerphone, please lift the handset before pressing any keys.

One moment, please, for your first question.

Your first question comes from Mike Colonnese with HC Wainwright. Please go ahead.

Mike Colonnese — HC Wainwright

Hi. Good morning. Thank you for taking my questions.

First one for me, saw that you relocated 7,000 miners from North Bay to Medicine Hat. How long do you guys think it'll take to redeploy those miners there?

And do you have the sufficient infrastructure and power availability to support the additional capacity?

Jaime Leverton

Yeah. So I'll take that one.

We've moved miners, really, into temporary storage for now, while we reassess various options of where we could redeploy them. We don't currently have that much available capacity in Medicine Hat today.

Mike Colonnese

Got it. Got it. No. Appreciate the clarity there.

And then the next one for me. If we look at post-merge environment here, you'll be operating several different business lines. How should we think about strategic priorities for the balance of 2023, after the transaction closes, in how you intend to allocate capital?

Jaime Leverton

Yeah. We're entirely focused on getting this transaction closed, as you can imagine, and working with the combined teams to plan out the integration. So it's too soon for me to say where we're going to be prioritizing capital allocation.

Mike Colonnese

Got it. Thank you for taking my questions.

Jaime Leverton

Any time.

Operator

Your next question comes from Joseph Vafi with Canaccord. Please go ahead.

Jaime Leverton

Good morning, Joe.

Joseph Vafi — Canaccord

Sorry. I was on mute. Hey. Good morning, Jaime. Good morning, team. Thanks for taking my questions.

I know you probably can't talk too much about Validus, but is there at least a time frame that perhaps we should be looking at, where we might get a resolution on that? And then I have a quick follow-up.

Jaime Leverton

So, yeah, we—to be transparent, we've had some setbacks at our North Bay site, which affected our results in the latter part of the year, an issue that we continue to be addressing. In November 2022, we delivered a notice of event of default to Validus. And as we announced in January 2023, we filed a statement of claim against Validus.

In February of 2023, we received a statement of defense and counterclaim from Validus, which denies the majority of the allegations in the statement of claim and brings counterclaims. We believe the counterclaim is meritless and intend to vigorously defend all the claims in the counterclaim, while pursuing the claim set out in our statement of claim.

Having said that, these matters are in the early stages of litigation, and we can't make any assessment regarding the likely outcomes with a high degree of certainty.

Unfortunately, the current litigation means that the North Bay site is not currently operational, as we've discussed. And miners and electrical equipment has been removed from the site. As I just mentioned to the prior question, we're assessing opportunities to energize the approximately 7,000 miners from North Bay, which represents approximately 680 Petahash of capacity. But given this is a legal matter, we cannot comment further at this time, although I appreciate the question, Joe.

Joseph Vafi

Sure, absolutely, Jaime. That was a very clear answer, and I'm glad that you had it ready to say.

So that's fair enough.

Just, if you kind of look out at the landscape now, I mean, it does feel like mining today is in better shape than it was a few months ago, with spot prices being higher, and mining equipment, pricing still haven't not—hasn't responded that much at this point.

How do you feel about the supply side of the business, looking into 2023? I know you got a lot of moving parts. You got to finalize your merger here. But it does seem like mining rigs are attractively priced right now; I'm not sure how long they will be.

And any thoughts on exploiting this pricing environment right now? Thanks a lot.

Jaime Leverton

No problem. Yeah. We still see a lot of available supply in the market from a miner capacity perspective. The long pole in the tent, as I think we've discussed before, is on the access to power side but, also, the power distribution infrastructure. And so, I think we're just going to continue to assess the market.

And again, really, really focus on getting our merger closed. We're incredibly excited about the increased diversification of New Hut in the combined entity and the optionality that it'll give us to strategically pivot as the supply environment continues to adjust.

Joseph Vafi

Great. Thanks a lot, Jaime.

Jaime Leverton

Of course. Any time, Joe.

Operator

Your next question comes from Chris Brendler with D.A. Davidson. Please go ahead.

Chris Brendler — D.A. Davidson

Hi. Thanks and—

Jaime Leverton

Good morning.

Chris Brendler

—good morning. Thanks for answering my questions.

I wasn't able to tease out the exact number, but it looks like the gross margins—or profit margins in the Bitcoin mining side of the business came in a lot better than I was expecting. And I saw there was, I guess, a full year number around C\$20,000 cost per mine. Can you talk about the fourth quarter?

And if you can, provide some insight into average power costs? Are they increasing? Are they decreasing? And the outlook for '23? Thanks.

Jaime Leverton

I'm happy to turn it over to Shenif to answer your question.

Shenif Visram

Thank you, Jaime. Thank you for the question.

So the cost of mining in the fourth quarter of this fiscal year was \$20,100. That compares to \$22,800 in the prior year.

In the fourth quarter this year, we did see an increase in the power costs that we were seeing, particularly in our Drumheller location, as we saw some stark increases in the power rates there. So that impacted our numbers.

The offset to that is we did have about a month-and-a-half of mining in North Bay. As you know, we've got favourable power rates at the time with Validus. At that time, we were mining still. So those two factors kind of led to the \$20,100 average cost of mining in the quarter.

Chris Brendler

Okay. And so going forward, you won't have North Bay, but how much does this precipitous drop in natural gas prices help out the outlook for '23?

Shenif Visram

I really can't give too much guidance specifically about what the impact will be in 2023. Certainly, we have seen some drop in our power rates in Alberta since the end of the year. So we'll hope to see that trend continue as we move forward.

Chris Brendler

Okay. Jaime and Shenif, I'd just like to sort of ask an industry question that you may or may not be able to comment on. I'm just thinking about Silvergate and what's happening to the traditional banking system in the United States, where a lot of crypto-related companies have been using Silvergate as their banking partner. Where does Hut 8 stand there? And what do you think it means for the industry?

Jaime Leverton

Yeah. So I'm happy to take that one. Obviously, we know Silvergate and the team, although we've never had a direct working relationship with them. So we don't—there's no direct impact to Hut in that regard. From a broader ecosystem perspective, certainly, it's not something that any of us wanted to see. It's going to have ripple effects, as I think we've already seen overnight. But from a Hut perspective, there is no direct implication.

Chris Brendler

Okay. I'm going to squeeze in one more, if you don't mind, is the HPC revenues came in almost exactly where I had it, so solid progress there. But with all the hype around AI in the fourth quarter—and I've heard other companies indicate that HPC demand is still rising rapidly—can you give us any colour on what you expect in terms of how that business is going to look in this year?

Jaime Leverton

I can't give you any forward-looking guidance. But what I can say is we are very pleased that we did that acquisition. It's been just over a year since we diversified into that area and then, ultimately, were able to not just integrate the business, but spend a significant amount of time focusing on upgrading that business.

So I think we've timed the market incredibly well. And we continue to be bullish on the space and really thrilled that we're a bit ahead of the curve on that diversification strategy.

Chris Brendler

Awesome. Thanks so much.

Jaime Leverton

No problem. Thank you.

Operator

Your next question comes from George Sutton with Craig Hallum. Please go ahead.

Jaime Leverton

Good morning, George.

George Sutton — Craig Hallum

Good morning, Jaime. So also, on HPC, just asking the question a different way. Can you talk about the key use cases that you currently have relative to the HPC segment?

Jaime Leverton

So as I think you know, when we purchased that business, we purchased it with an existing fleet of enterprise customers. So we've got just under 400 enterprise customers across the five data centres, and they're consuming a mix of products from us, which includes colocation, cloud, and managed services. And so—and those customers are from very diverse industries. I think, really, all major industries are represented in our current customer base.

And when we kind of look forward and think about the demand profile that we're seeing it really increase from, we're definitely seeing more inbound demand from artificial intelligence. Gaming continues to be strong. Machine learning is another area that's got traction. But I would say the leading use case right now, from a demand perspective, that we're seeing in an inbound capacity is coming from AI projects.

George Sutton

So, Shenif, I wonder if you could address the Drumheller question this way. Your overall cost was \$20,100; I'll use \$15,000 as an equivalent US dollar amount for Bitcoin. Natural gas prices are down 50 percent year to date. So my assumption would be that, that—you should be seeing those fall. And I'm getting to the curtailment question in terms of trying to understand when you ostensibly would curtail.

Is it simply at the production cost number? Or are there additional considerations relative to that?

Shenif Visram

Yeah. So I would just—first of all, I would just kind of highlight that in Drumheller specifically, we are investigating some electrical issues at our Drumheller site, which have reduced our overall production

there. We're in the early stages of exploring some preliminary options to mitigate the challenges and hope we have a more definitive plan ready in due course.

So it's a bit more complicated in Drumheller in that, you're right, that we're seeing energy prices drop, but we are seeing an impact on production right now due to these electrical issues. So a bit more going into play into the first quarter, as we look into these issues that we're having in that site specifically. It's a bit more complicated than just the energy price reduction.

George Sutton

I'd assume that was the case. So then, finally, is there any update you can give us on the closing process, in terms of things that you are awaiting in terms of stipulations or anything, that we need to be aware of?

And any sense of the timing of the close?

Jaime Leverton

Great question. So I'll take that.

The closing of the proposed merger of equals with USBTC continues to be a top priority, as we've discussed, and we're happy to share that we have received a no-action letter from the Competition Bureau of Canada in respect of the proposed merger. The letter confirms that the Competition Bureau does not, at this time, intend to challenge the proposed transaction under the merger provisions in the Competition Act.

This is a very positive development as we continue to work to obtain all necessary regulatory, shareholder, exchange, and other approvals required to close the transaction. So that's as much of an update as I've got for you today.

George Sutton

Well, it's impressive off the top of your head. Thank you very much.

Jaime Leverton

You know me. I'm always prepared.

Operator

Your next question comes from Bill Papanastasiou from Stifel. Please go ahead.

Bill Papanastasiou — Stifel

Hi. Good morning, Jaime and Shenif—

Jaime Leverton

Good morning, Bill.

Bill Papanastasiou

—yeah. Thank you for taking my questions. I just want to first touch on the high-performance computing business. We've continued to see upward movements in margin performance for the business unit, and they now sit over 50 percent.

Just wanting to hopefully get some more colour on how we should be thinking about margins in the long term, and how the team is strategizing on what I believe is still excess capacity at some of the TeraGo sites.

Jaime Leverton

Yeah. I'm struggling how to answer that question. We've got a—we've done a lot of work, as I've talked about, updating the facilities, and I went into some of the specifics already on the call this morning.

We've got an incredible sales team in place that's actively driving expansion of the pipeline. But I don't know how to get into more specific details with you. We do have some expansion capabilities remaining in a few of the sites; not all five are expandable. But we'll continue to look to expand as required

when the capacity that we have built out already is filled up. So it's really a data centre-by-data centre question, as opposed to a fleet demand question.

Bill Papanastasiou

Right. Great. Thank you. Yeah. I appreciate the colour, and I understand that the data centres will be specifically focused to particular regions, so that makes sense.

Jaime Leverton

Yeah. Thank you.

Bill Papanastasiou

Yeah. Exactly. Yep. So shifting gears to the mining space, the Company was able to see fairly strong gross mining margins, just given where breakeven electricity costs were and what assumed power costs, maybe, for these sites. And it appears that things are trending in a positive direction in 2023, just based on that same analysis.

Given the relationships that you guys have and just your take on the space with manufacturers, how do you see further consolidation in the space as we approach the halving? Are you planning—or do you see an improvement in overall mining economics? What's your take on 2023?

Jaime Leverton

Yeah. I mean I wish I had a crystal ball. I think we've all been surprised by the continued growth of the hashrate and difficulty levels despite, relatively, a sideways trading of the Bitcoin price in general. Obviously, a nice development that we've seen natural gas prices come down and, as Shenif mentioned, hopeful that, that will continue. But it's really, really difficult for us to make a prediction on, ultimately, where hashrate and difficulty are going to go, as well as Bitcoin price.

So what we've always tried to do as a business and a leadership team is make sure that we have optionality built into the system which, for us, only increases when we get the merger closed with USBTC. And we really believe in the diversified business model that we've kicked off and, ultimately, again, expands with this merger because we really cannot predict where Bitcoin price is going to go or hashrate, in the short term, for sure. And keeping in mind we're right about a year away from the halving, which has its own unique implications, as I think everyone's aware.

Bill Papanastasiou

Right. I guess it helps to have that huge Bitcoin treasury, too, as we approach the halving and hopefully get the upside there. Thank you for taking my questions.

Jaime Leverton

My pleasure. Any time.

Operator

There are no further questions at this time. Please proceed.

Jaime Leverton

Okay. Thank you again, everybody, for joining today and for your continued support. We truly appreciate it, and we look forward to an exciting 2023 ahead. Have a great day, everybody.

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.