Hut 8

Q2 2025 Earnings Call

Speakers

Sue Ennis, Head of Investor Relations
Asher Genoot, Chief Executive Officer
Sean Glennan, Chief Financial Officer

Sue Ennis
Head of Investor Relations

Good morning, and welcome to Hut 8's Second Quarter 2025 Financial Results Conference Call. Joining us today are our CEO, Asher Genoot, and our CFO, Sean Glennan. Following the presentation, we will open the line for questions. This event is being recorded, and a transcript will be made available on our website.

In addition to the press release issued earlier today, our full quarterly report on Form 10-Q is available at hut8.com, on our EDGAR profile at sec.gov, and on our SEDAR+ profile at sedarplus.ca.

Unless otherwise indicated, all figures discussed today are in U.S. dollars.

Certain statements made during this call may constitute forward-looking statements within the meaning of applicable securities laws. These statements reflect current expectations and are subject to risks and uncertainties that could cause actual results to differ materially. Certain key risks are detailed in our Form 10-Q for the quarter ended June 30, 2025, our Form 10-K for the year ended December 31, 2024, and our other continuous disclosure documents. Except as required by law, we assume no obligation to update or revise any forward-looking statements.

During the call, management may reference non-GAAP measures such as Adjusted EBITDA. We believe these metrics, alongside GAAP results, provide valuable insight into our performance. Reconciliations of GAAP and non-GAAP results are included in the tables accompanying today's press release, available on our website.

With that, I'll turn the call over to our CEO, Asher Genoot.

Asher Genoot
Chief Executive Officer

Thanks, Sue, and good morning, everyone.

The second quarter marked a decisive step forward in the execution of our 2025 strategy. As we accelerated the development flywheel we set in motion at the end of 2024, we delivered tangible results across our operations, asset commercialization profile, and infrastructure pipeline.

That progress is anchored in three core themes:

- First, the investments we made earlier this year have begun yielding measurable returns, validating both the timing and strategic focus of our capital allocation decisions.
- Second, our asset commercialization profile has undergone a structural evolution, with a growing share of assets now commercialized under longer-term contracts.
- And third, our power-first, innovation-driven strategy has unlocked significant near-term growth potential, which we are now executing against at scale.

Taken together, these themes not only frame our performance during the period but also represent significant progress toward our broader ambition to build an enduring, generational business at the intersection of energy and technology.

Let's begin with the first theme: the financial return on our first-quarter investment cycle.

In the second quarter of 2025, we delivered $41.3 million in revenue—a 17% increase year-over-year—driven by the infrastructure and ASIC fleet upgrades we executed ahead of the launch of American Bitcoin, a purpose-built Bitcoin accumulation vehicle and majority-owned subsidiary of Hut 8. These investments catalyzed a $16.4 million uplift in Bitcoin Mining revenue for the quarter reflected in our Compute segment.

Net income attributable to Hut 8 was $137.3 million versus a loss of $71.9 million in the prior year period, and Adjusted EBITDA was $221.2 million versus a loss of $57.5 million in the prior year period. These metrics reflect a $217.6 million gain on digital assets, versus a loss on digital assets of $71.8 million during the prior year period, both recorded in accordance with FASB's fair value accounting guidance.

Yet the most consequential development of the quarter is not captured by these headline results.

On April 1, 2025, American Bitcoin commenced Bitcoin Mining operations as a distinct commercial entity leveraging Managed Services and ASIC Colocation services from Hut 8. As a consolidated subsidiary, its economics are reported entirely within our Compute segment. Meanwhile, the infrastructure and services it consumes from Hut 8 across Managed Services and ASIC Colocation are treated as intercompany transactions and eliminated in consolidation despite representing real and recurring economic activity. As a result, what appears in Compute today reflects only the surface layer of a robust commercial engine fueled by our Power and Digital Infrastructure businesses.

This context is essential as we turn to the second theme: the evolution of our asset commercial profile.

In the second quarter, we executed a deliberate shift from merchant exposure to contracted assets. This transformation was underpinned by three major commercial milestones:

– First, we executed contracts with American Bitcoin for 130-plus megawatts of Managed Services delivered by our Power segment and 130-plus megawatts of ASIC Colocation delivered by our Digital Infrastructure segment.
– Second, we initially energized our Vega site, where upon full ramp we expect to provide up to 205 megawatts of ASIC Colocation capacity to BITMAIN, and through the execution of our purchase option, American Bitcoin.

– And third, we secured five-year capacity agreements for 310 megawatts of Power Generation capacity across our portfolio of four natural gas-fired power plants in Ontario, which we own and operate through Far North, our joint venture with Macquarie.

These agreements represent a step-change in contracted capacity, improving predictability, asset bankability, and more disciplined long-term capital planning. As of quarter-end, nearly 90% of our energy capacity under management was commercialized under executed agreements with terms of one year or longer, up from less than 30% at the end of Q2 2024.

Crucially, we achieved this transformation without deploying material growth capital, a testament to the strength of our commercial model and the value embedded in our asset base.

More fundamentally, it also speaks to the power of deeply aligned partnerships.

The commercial outcomes we delivered in the second quarter were not simply a function of execution. They were the product of relationships built on trust, conviction, and shared vision.

Eric Trump and the American Data Centers team. BITMAIN. Macquarie. Coinbase. Anchorage. Each played a foundational role in our progress this quarter, and each remains deeply integrated in our platform strategy.

Take Anchorage, for example. An early backer of US Bitcoin Corp, they became equity holders in Hut 8, expanded their position as we executed on our strategy, and supported American Bitcoin's go-public transaction through their stake as a major shareholder of Gryphon. More than transactional, this is a long-term partnership grounded in strategic alignment and reinforced by a track record of execution.

Internally, we often say that we're "long-term greedy." It's a mindset that captures our willingness to walk away from short-term gains in favor of partnerships we believe will compound value over time, and it is foundational to how we operate.

This brings us to the third theme: the significant near-term growth potential we've unlocked and are now executing against through the acceleration of our development flywheel.

A high-velocity, utility-scale power origination program remains central to our power-first strategy. At the end of the period, our development pipeline spanned approximately 10,800 megawatts under diligence, with approximately 3,100 megawatts under exclusivity.

Since the beginning of the year, we have not only continued to optimize the scale and velocity of our origination efforts but have also evolved the process by which sites suitable for AI workloads advance through our pipeline. The most meaningful evolution has been in our engagement model with prospective AI data center development partners.

As these relationships have matured, we have begun embedding prospective partners earlier in the site identification and diligence process, a shift we believe enhances alignment and execution velocity by enabling us to shape origination efforts around our partners' most critical requirements.

This model now informs our approach to long-term scalability. We believe that a partnership-driven approach not only strengthens our ability to deliver individual projects, but also positions us to cultivate long-term partnerships that compound over time and underpin sustained growth.

This philosophy is reflected in our ongoing work to commercialize development projects like River Bend, where we are in active discussions with investment-grade tenants. While interest remains strong, we maintain a disciplined posture as we pursue what we believe to be the right partnership under the right terms. That selectivity also applies to our broader AI pipeline, where we are taking an intentional and methodical approach as we strive to optimize for long-term value creation.

As we engage with counterparties, our innovation-driven approach continues to be another defining differentiator.

Nowhere is this more evident than at Vega.

Partially energized at quarter-end, the site represents the latest iteration of our first-principles approach to digital infrastructure, with initial customer discussions supporting the viability of this architecture for future iterations of high-density, direct-to-chip liquid cooled infrastructure to support emerging AI workloads and customer needs. Designed in-house, it demonstrates our ability to deliver innovative infrastructure with speed and capital efficiency, capabilities that continue to resonate with prospective partners as we strive to build long-term relationships in next-generation data center development.

That said, we have no interest in retracing the paths of incumbents. Our ambition is to redefine what is possible, just as we did in Bitcoin mining when we demonstrated that performance-optimized infrastructure could be delivered rapidly and cost-effectively without sacrificing quality.

We believe our power-first, innovation-driven approach enables us to compete and win. It is why we continue to attract exceptional partners, build a high-performing team, and sustain what we believe to be a differentiated value proposition in every market we enter. And, as we scale our infrastructure platform across existing and emerging verticals, we believe it will remain the foundation of our long-term advantage.

With that, I'll turn to American Bitcoin.

In short, the reception from both the retail and institutional communities to what we are building at American Bitcoin has been overwhelmingly positive. We completed an oversubscribed private placement that included participation from the Winklevoss brothers—who invested with Bitcoin rather than cash. The momentum we have generated is early validation of the strength of our thesis and the caliber of investors who believe in what we are building.

Today, we continue to execute on the go-public transaction through which American Bitcoin will become Nasdaq-listed via a stock-for-stock merger transaction with Gryphon Digital. We reached a major milestone last week as the Form S-4 for the transaction was declared effective by the SEC, and we remain on track to complete the listing in the coming weeks, subject to customary approvals and closing conditions. We're excited by what this business represents for our shareholders, and what it is positioned to become. Critically, American Bitcoin enables us to scale our exposure to Bitcoin while embedding a dedicated anchor tenant within our core Power and Digital Infrastructure platform.

I'll end my remarks today with a few words on our new brand.

Over the past year, as we've delivered proof of execution on our power-first, innovation-driven strategy, it became clear that our brand needed to evolve, not only to reflect who we are today but also to articulate where we are going.

Our new brand captures what we are building: ambitious in scale and scope, institutional in posture, and grounded in the conviction that there is a generational opportunity to be captured at the intersection of energy and technology.

It reflects the scale of our ambition, the discipline with which we operate, and the intensity with which we execute. It is aligned with the caliber of our partners, the expectations of our investors, and the exceptional talent that continues to join our team.

Above all, it reflects our belief that we are positioned to build a business that defines the future of energy and digital infrastructure at its highest and most transformative potential.

What hasn't changed is our name. Hut 8 was the building at Bletchley Park where Alan Turing and his team of codebreakers cracked the Enigma Code, supported Allied victory in World War II, and laid the foundation for modern computing. Today, we carry forward that legacy of conviction, ingenuity, and ambition as we build at the intersection of energy and technology. In Turing's words, "We can only see a short distance ahead, but we can see plenty there that needs to be done."

With that, I'll turn it over to Sean.

Sean Glennan
Chief Financial Officer

Thanks, Asher, and good morning, everyone.

I'll start by reviewing our second quarter 2025 results by segment.

As a reminder, American Bitcoin is a consolidated subsidiary of Hut 8. Accordingly, all revenue from its self-mining operations is reported within our Compute segment, while revenue to Hut 8 from its commercial agreements with American Bitcoin is eliminated in consolidation. I will discuss the impact of this accounting treatment as we review segment-level results.

Let's begin with Power, which consists of Power Generation and Managed Services.

Power segment revenue for the quarter was $5.5 million versus $10.5 million in the prior year.

This figure reflects a $7.8 million year-over-year decline in Managed Services revenue, attributable fully to the termination of our Managed Services Agreement with Ionic Digital in December 2024. This impact was partially offset by a $2.8 million increase in Power Generation revenue, driven by elevated demand across our portfolio of four natural gas-fired power plants in Ontario.

We continue to see strong structural tailwinds in this market, where IESO projects electricity demand to increase by 75% by 2050 and anticipates a capacity shortfall of up to 5.8 gigawatts by 2030. We expect these dynamics to support increased reliance on existing dispatchable generation assets.

Consistent with this outlook, we secured five-year capacity contracts across our generation portfolio during the quarter. These contracts commence on May 1, 2026 and include a weighted average capacity payment of approximately $530 Canadian dollars per megawatt-business day in Year 1, with partial inflation indexation that allows for potential increases over time. They provide a foundation for greater revenue visibility as we transition from short-term seasonal capacity agreements to fixed contracts.

Revenue from our Managed Services Agreement with American Bitcoin, which commenced at the beginning of the quarter and covers 130-plus megawatts of capacity, is eliminated in consolidation and not reflected in reported results.

Segment cost of revenue declined from $5.4 million to $5.0 million. This was driven primarily by a $2.3 million decrease in operating costs related to the termination of our Managed Services Agreement with Ionic Digital, partially offset by a $1.9 million increase in the cost of revenue associated with higher electricity sales from our Ontario power plants.

We turn now to Digital Infrastructure, which consists of ASIC Colocation and CPU Colocation.

Digital Infrastructure segment revenue for the quarter was $1.5 million, representing a $3.8 million decrease year-over-year driven by the termination of our ASIC Colocation agreement with Ionic Digital.

As with Managed Services, revenue from our ASIC Colocation Agreement with American Bitcoin is eliminated in consolidation and not reflected in reported results. This agreement also commenced at the beginning of the quarter and covers 130-plus megawatts of capacity.

The King Mountain JV, a 50-50 joint venture, also generates ASIC Colocation revenue through its agreement with Marathon. As a result of the ownership structure, neither the revenue nor cost of revenue associated with this agreement is consolidated. Instead, our share of net income from the joint venture is reported within the "equity in earnings of joint venture" line item on our income statement.

Segment cost of revenue was $2.1 million for the quarter, down $2.2 million year-over-year due to the termination of our ASIC Colocation agreement with Ionic Digital.

Finally, we turn to Compute.

Through a portfolio of purpose-built businesses, our Compute segment provides direct exposure to the markets created by transformative technologies like Bitcoin mining and AI. Today, the segment comprises three distinct lines of business: Bitcoin Mining, Data Center Cloud, and GPU-as-a-Service.

As of April 1, 2025, Bitcoin Mining operations are generally conducted under the American Bitcoin brand. Our Data Center Cloud offering continues to be delivered through five traditional data centers in Canada under the High Performance Computing brand, and GPU-as-a-Service is offered through the Highrise AI brand.

Segment revenue rose $18.5 million year-over-year to $34.3 million for the quarter, driven primarily by a $16.4 million increase in Bitcoin Mining revenue. This increase reflects the impact of infrastructure and ASIC fleet upgrades completed in the first quarter, which improved mining efficiency and increased Bitcoin production. These operational gains were reinforced by a higher average price of Bitcoin during the period. The segment also benefited from a $2.3 million increase in GPU-as-a-Service revenue from Highrise AI.

Segment cost of revenue was $14.7 million for the quarter, versus $8.7 million in the prior year, driven primarily by a $5.2 million increase in cost of revenue related to Bitcoin Mining and a $0.7 million increase in cost of revenue related to GPU-as-a-Service.

With our reported results as context, we turn to underlying economics. While our Compute segment reflects the financial contribution of American Bitcoin's self-mining operations, it does not capture the full scope of value creation now embedded in our platform.

I want to provide clarity on three fronts:

– First, the accounting treatment driven by our ownership position and its impact on how intercompany activity is presented in our consolidated results;

- Second, the commercial framework we've implemented; and
- And third, how the carveout of American Bitcoin, together with its future standalone disclosures, is expected to support transparent, sum-of-the-parts valuation for Hut 8.

Upon completion of American Bitcoin's go-public transaction, we expect to retain a controlling interest of approximately 64% in American Bitcoin and maintain voting control. As such, the entity will be fully consolidated in our financials.

Under this structure, revenue generated by Hut 8 through its commercial agreements with American Bitcoin will continue to be eliminated in consolidation, as these transactions are treated as intercompany so long as American Bitcoin remains a consolidated entity. The only revenue recognized in our consolidated results will be self-mining revenue from American Bitcoin, which will then be adjusted via the non-controlling interest line to reflect third-party ownership of American Bitcoin.

This accounting treatment does not detail the scope of economic activity between Hut 8 and American Bitcoin. More specifically, the impact of these contracts is not reflected in our Power and Digital Infrastructure segment results.

The commercial framework governing the relationship between Hut 8 and American Bitcoin was designed to balance capital-efficient scalability for American Bitcoin with infrastructure-like returns for Hut 8. While grounded in established power and data center constructs, each agreement has been tailored to reflect the distinct risk profile, capital intensity, and operational realities of Bitcoin mining.

The ASIC Colocation Agreement is modeled on the economics of a triple-net lease with a hyperscale tenant in a Tier 3 data center but optimized for the operational realities of a Bitcoin mining offtaker. While American Bitcoin targets payback periods of approximately two years, reflecting the volatility of Bitcoin mining and rapid depreciation cycles of ASIC servers, Hut 8 adopts a longer-term view, aiming to recover its infrastructure investment over a period roughly twice as long. This approach translates into a target annual yield on cost of approximately 25%. Under the agreement, power costs and certain operating expenses are passed through, helping insulate Hut 8 from the impact of energy price volatility.

The Managed Services Agreement is comparable to the operations and maintenance contracts we've executed with institutional partners such as a Fortune 200 renewable energy producer at our King Mountain site and Generate Capital at our former Kearney and Granbury sites. This agreement is designed to deliver recurring, fixed fees.

Finally, the Shared Services Agreement enables SG&A optimization through a time-based allocation methodology. For Hut 8, this agreement provides incremental operating leverage by spreading fixed overhead across a broader revenue base.

Together, these agreements form a scalable commercial framework that positions American Bitcoin for capital-efficient growth while enhancing Hut 8's revenue composition and predictability. More broadly, they establish a transparent framework for sum-of-the-parts valuation across our platform.

Hut 8's controlling interest in American Bitcoin provides embedded, scalable exposure to Bitcoin, creating upside potential without additional investments from Hut 8's balance sheet. Upon American Bitcoin's public listing, its market valuation will serve as a benchmark for assessing the value of our interest in the company.

At the same time, Hut 8 retains full ownership of an infrastructure platform comprising recently contracted power generation assets, Bitcoin mining infrastructure, traditional data centers, and a position in GPU-as-a-Service through Highrise AI. These assets underpin our evolution toward low-cost-of-capital, recurring cash flows with limited correlation to Bitcoin price volatility.

In effect, this architecture positions us to deliver two distinct, strategically linked streams of value creation: a scalable Bitcoin accumulation vehicle with a yield-driven energy and digital infrastructure platform. We believe this dual exposure within a unified platform is core to the long-term investment thesis for Hut 8.

With respect to our balance sheet, we are often asked about our intentions for the Bitcoin we hold in reserve. To be clear: we do not view Bitcoin as a speculative asset but as a high-value treasury reserve with materially greater flexibility and upside optionality than cash.

This perspective is grounded in experience. Our leadership team and board, many of whom have deep backgrounds in traditional finance, understand both the volatility and long-duration optionality inherent in Bitcoin. As such, our approach is measured and deliberate: we are patient, not passive.

With the launch of American Bitcoin, we recognize that our strategic context has evolved, and we are not committed to holding Bitcoin indefinitely. Rather, our framework is pragmatic: we will continue to hold Bitcoin and deploy our holdings strategically toward opportunities we believe offer superior risk-adjusted returns and align with the long-term strategic and financial interests of Hut 8 and our shareholders.

Crucially, Bitcoin also enables a range of active treasury management opportunities, including access to competitive financing alternatives and yield generation strategies. This utility may help explain why a growing number of operating companies, including Tesla and Block, have chosen to allocate Bitcoin as part of their treasury reserves.

On the financing front, we continue to engage actively with potential counterparties to optimize our capital structure. During the first quarter, we doubled the size of our credit facility with Coinbase from $65 million to up to $130 million, with $65 million drawn at quarter-end. At the same time, we improved pricing by transitioning to a fixed interest rate of

9.0%, compared to floating rate structure with an effective interest rate ranging from 10.5% to 11.5% between the quarter ended December 31, 2023 and the quarter ended March 31, 2025.

In parallel, we continue to manage our reserve with a focus on delivering right-way risk and incremental cash flow. In fiscal 2024, we generated more than $20 million in net proceeds from covered call options on Bitcoin held in reserve. In July, we further institutionalized this capability by securing a commercial license in the Dubai International Financial Centre, enhancing our capacity to deploy Bitcoin into structured derivatives and yield strategies with greater flexibility and control.

On the development front, we continue to make significant strides.

Nowhere is our differentiated approach more evident than at River Bend, the most visible example of our power-first development model. Unlike retrofit strategies constrained by legacy infrastructure, we believe our greenfield development approach enables us to optimize site design, specification, and scalability while aiming to drive down development costs. This project exemplifies what sets us apart. While others repurpose assets to accommodate emerging workloads, we actively source and develop new sites purpose-built for next-generation compute.

Our conviction in this model is foundational. It is, in fact, one of the reasons I joined this team. At our core, we are builders and operators with a clear mandate: to establish new businesses in markets where our power-first, innovation-driven strategy, speed, and capital-efficiency position us to create outsized value.

In closing, the second quarter marked a decisive step forward in the execution of our 2025 strategy. We translated investment into tangible financial performance, enhanced our asset commercialization profile, and advanced the development of next-generation infrastructure. Across our platform, our progress continues to validate the strength of our power-first, innovation-driven strategy, momentum we believe will accelerate upon the public listing of American Bitcoin.

Thank you to our team for delivering on a complex and impactful quarter, and to our investors for their continued conviction and support.

Operator, please open the line for Q&A.

Operator

Ladies and gentlemen, if you have a question or comment at this time, please press star 1-1 on your telephone keypad. If your question has been answered or you wish to remove yourself from the queue, simply press star 1-1 again. Again, we kindly ask that you please limit yourself to one question. This approach helps to ensure that as many participants as possible have the opportunity to engage and ask their questions. Please stand by while we compile the Q&A roster. Our first question or comment comes from the line of Patrick Moley from Piper Sandler. Your line is open.

Patrick Moley
Piper Sandler

Yes. Good morning, guys. Thanks for taking the question. So, I had one on the power under exclusivity. It looked like it jumped up by about 500 megawatts in the quarter. So, I was just hoping you could elaborate or share any details on that 500-megawatt composition. You know, is it one site? Is it multiple sites? And what the intended use of that additional power under exclusivity would be? Thanks.

Asher Genoot
Chief Executive Officer

Thanks. Appreciate the question, Patrick. This is Asher here. So, our origination team today is really focused on two things. One is sites purpose chosen and built for AI customers and the partners that we've been working with over the last year and a half. And second is sites that we believe can play a dual purpose, primarily looking at the Texas markets, where it can work for Bitcoin mining and it can work for AI computing, depending on where the location is. And so, you'll see more about the evolution of that pipeline from exclusivity to investment and development assets like Riverbend in the upcoming quarter. And we're excited to continue to show how we're going from pipeline and assets and development to assets and exclusivity to invested assets and development where we own the power or land and then going into ccommercialized assets as well. So, there will be a new pillar of this platform that we'll introduce into next quarter's earnings call.

Patrick Moley
Piper Sandler

Okay, great. Thank you.

Operator

Thank you. Our next question or comment comes from the line of Darren Aftahi from Roth Capital. Your line is open.

Darren Aftahi
ROTH Capital

On that 3.1 gigs and exclusivity.

Asher Genoot
Chief Executive Officer

Darren, can you repeat yourself? I think you jumped on a couple of seconds after you started.

Darren Aftahi
ROTH Capital

Got it. Can you hear me now? Just following up on the 3.1 gig question prior, at least the marginal piece, can you kind of handicap what percentage of that portfolio could potentially be used for dual purpose and what is exclusively kind of for next-gen compute? Thanks.

Asher Genoot
Chief Executive Officer

Yeah. Thanks, Darren. Currently in that pipeline and as we convert that pipeline out, the way I would think about it is when we think about sites just for Bitcoin mining, we think there's probably a gigawatt of runway, gives us plenty of runway in order to continue to have optionality in that business and grow into it depending on hash prices. The remainder of all those sites are either dual purpose or specifically chosen and built for AI compute. And when we think about these assets, we're thinking about them in different durations. Some of these assets are near-term like you've seen with Riverbend and some of the other sites that we're working on today where power is available in this next year and power will be available before a data center is able to be built. And so, we've done a great job there and the team has done a phenomenal job. At the same time, we're starting to plan capacity as well and thinking about power that comes online in stages. So that way we're not constantly trying to find power and be able to step into it as it becomes available. And so, we're taking shorter duration investments in addition to longer duration investments to really get the flywheel to be evolved and to show longevity in that growth. And so, as we start investing in these projects in Q2, we'll start disclosing kind of this next stage, which is we'll talk about the details of each site, when power becomes available, how it stages into it, and what commercialization opportunities we see that exist on those projects.

Darren Aftahi
ROTH Capital

Thank you.

Operator

Thank you. Our next question or comment comes from the line of Joseph Vafi from Canaccord. Your line is open. Mr. Vafi, your line is open.

Joseph Vafi
Canaccord Genuity

Thank you. Hey, guys. Good morning. Nice vision on the business laid out. Here's just maybe one on American Bitcoin. I know there's a lot going on with the cap structure. Have you laid out yet kind of an exahash plan or the size of some goals?

Asher Genoot
Chief Executive Officer

Thanks, Joe. Today, we've contributed 10.2 exahash as a part of the merger into American Bitcoin from Hut 8 with the Vegas site that brings us right over 25 exahash in terms of total optionality in order to scale into. And then in phase two and phase three of that transition, we have an ability to grow into 50 exahash as well. The way that we're thinking about it is, I think historically, Bitcoin miners have needed to grow sometimes at the expense of economics. And so, the way we've structured Vega, for example, is Bitmain came in as our hosting co-location customer. And that allowed us to have much better foresight on where hash prices are and have a much shorter duration from investment to cash flow generation, essentially within 24 hours, rather than a six to eight-month period. And so, we'll continue to look to scale and evaluate that. And we'll have another site that has a similar structure. And we have a couple other ways of bringing on exahash that are not as diluted for American Bitcoin as well, in which we have partnerships that we can deploy there as well. And so, I think the best way to think about it from an American Bitcoin perspective is, we have a near-term opportunity to step in in more than 2.5x our exahash and drive our overall efficiency of the fleet down to around 14 joules per terahash. And then from there, we have the ability to continue to grow with the massive pipeline that we have today, that more and more projects are going into later stage rather than earlier stage when we first disclosed our pipeline at the end of last year.

Operator

Thank you. Our next question or comment comes from the line of Nick Giles from B-Riley Securities. Mr. Giles, your line is open.

Nick Giles
B. Riley Securities

Hey, good morning. Thanks for taking my question. You've taken a clear stance to avoid announcing LOIs and just focus on the big announcements or definitive agreements. So, I guess my question is, how much of Riverbend would you be willing to develop without having made that announcement? And as we think about other opportunities, do you think it's important to be able to market an asset that's already in development, or could it be achievable to sign a definitive agreement without any preliminary work? Thanks a lot.

Asher Genoot
Chief Executive Officer

Thanks, Nick. Riverbend, we've already started deploying capital specifically around the switch yard, substation build, kayak payments, and some of the civil work, as I'm sure you've all seen in the presentation today during Sean's section at the end. So, we'll continue to deploy and develop there. That site is a much larger campus and a single tenant campus that we've been working very deeply with a customer on and what that site looks like. Other sites, for example, I was surprised a couple of weeks ago, we had a couple other community hearings in a site that we have in Chicago. And that site, for example, is close to a bunch of other data centers and is a nice token asset. And so, the development of our own COBO design there, we have a bit more comfort in spending the engineering and building meanwhile discussing with the customer. And then there's something that we're very, very excited for, which is what Vega and the design at Vega means for our company. We do believe that as we continue to iterate on that design and go into version two, that there's a world that we have a high-speed conversion from this base level, no generator backup, chilled system, cooling system technology, and allow us to be able to upgrade these facilities in a very short period of time. I think that's a big area that we're focusing on from an innovation perspective. And we believe that we'll be able to invest in a base case commercialization method but have an ability to upsize and transform that infrastructure as we commercialize into longer sales cycle opportunities.

Operator

Thank you. Thank you. Our next question or comment comes from the line of Stephen Glagola from JonesTrading, sir, your line is open.

Stephen Glagola
JonesTrading

Hey, thanks for the question. Could you clarify whether you are prioritizing a powered shell lease or a turnkey build-to-suit lease for your three sites totaling 430 megawatts of critical IT capacity? And if you have a preference for one approach over the other, then maybe could you elaborate on how that choice aligns with your operational strategy and the needs of your customers? And then I just have a quick follow up.

Asher Genoot
Chief Executive Officer

Thanks, Stephen. In one of the projects, we're looking at a colo build and focused on a triple net lease structure. And then in another project, we're looking at a built-to-suit, but rather than kind of a $2 million per megawatt power shell built-to-suit, more around $6 million a megawatt in terms of capital deployment and yield on cost on that model. In regards to how we're thinking about it as a business, the first is if we're building and executing on the data center and the customer wants to operate, we're okay with that. We are comfortable to show the market that we can first deliver this infrastructure stack before also showing the market that we can operate as well. And so we've been very open to those discussions. In addition to that, as we think about our overall platform, as Sean had mentioned in his remarks, we see the need to build an infrastructure platform that continues to originate great new assets and that we're able to commercialize. Because as soon as we announce a deal to the market, everyone on this call is going to be asking me, when's the next site coming and who is the next customer with? And so we spent a lot of time building that foundation where we're not just focused on one site, but we're really building that pipeline to be able to continue to scale growth. And so with that said, Stephen, where we care about is who are the partners that we believe that we can scale with, and we're not putting all this attention and time and energy into it where it's just a one-site deal that we would look at with them. And so in specific scenarios, if we are at capacity and bandwidth on colo or built-to-suit structures, and we have other sites where we can do a powered shell deal or a powered land deal, we're open to that. Because right now, as everyone sees, we have a lot of power in our pipeline and exclusivity. And as those assets start converting out, we'd like to monetize those and be able to capture those megawatts long-term as a part of our vision and the value of megawatts being more valuable over time. And we'll be engaging in various commercialization efforts. However, if we only had one site, we obviously wouldn't do that because the return per megawatt is lower. But in a world where we're long power, we'll be able to engage in a variety of commercial outcomes with a key focus on the majority of the team on obviously delivering colo and built-to-suit designs and looking at other methods as bandwidth becomes constrained as more sites come into our assets under management.

Stephen Glagola
JonesTrading

Okay. Thank you very much. And I don't know if I can squeeze one more quickly, but just at the current Gryphon Digital share price, your stake in American Bitcoin is very significant. And maybe you could just update us on your long-term vision for this holding and provide any insight in the strategies or scenarios under consideration for monetizing it over time.

Asher Genoot
Chief Executive Officer

Thanks, Stephen. Yeah, look, today the implied valuation of our stake is a multibillion-dollar stake. We'll see as we become public how we will continue to hold that valuation, build upon, and grow that business. With that said, I think we're thoughtful and cognizant. I think we believe in the synergistic relationship between the two companies. That's why we had engaged and executed on this transaction in the first place. This has been an idea that is brewing with us for a long time. Even when Co 2 came and invested, it was a part of our agreement with them that we had the ability to spin off this business in a way that we did with American Bitcoin. As we think about the long-term evolution of the two companies, the question is going to be, because of our consolidation mechanisms that we have with that company, how will that impact our investors and our earnings profiles with the volatility of that business, even though it's off balance sheet? And I think we're cognizant and thoughtful of that. In addition, I think as our stake continues to grow, as that business is built and grown, our belief is we'll be able to leverage some of that equity stake as well in other financing mechanisms to fund the core business in a low-cost capital manner. And so I think, luckily, we have a lot of options in front of us. The launch of this business has been extremely successful. We're extremely proud of the team, the speed in which we've been able to become effective on our S-4 with the SEC and the path towards going public with the Gryphon shareholder vote happening this month. And we'll continue to engage with investors and engage with our shareholders, meanwhile, building the businesses that we have long-term conviction in. And so we're excited with where we are today. We think we've created a lot of value in a short period of time that people have seen. And as we continue to build that business, that the volatility there will stabilize and we'll continue to build the base there while building the energy infrastructure platform here at Hut 8.

Operator

Thank you. Our next question or comment comes from the line of Paul Golding from Macquarie. Your line is open.

Paul Golding
Macquarie

Thanks so much. I just wanted to clarify a comment made earlier in the Q&A. I think you mentioned that on the Powered Shell project, you were looking at about 6 million per megawatt in your CapEx. Just wanted to confirm that figure. As we think about the Louisiana development as a Greenfield project relative to the marketplace on Brownfield conversion, how you're thinking about the maybe more modular approach or any other nuances in your development strategy and plan that create a level of CapEx efficiency that you might be able to deliver relative to the rest of the traditional Tier 3 marketplace?

Asher Genoot
Chief Executive Officer

Thank you. Thanks, Paul. I appreciate the question. Let me clarify that. Powered Shell is roughly around $2 million a megawatt. A bill to suit, we said we can bring up to $6 million per megawatt because you include some of the MEP material in there in the negotiations with the customers. That's the balance between a COLA design where you're spending north of $10 million a megawatt to a Powered Shell where you're spending two. In regards to how we're thinking about development, one of the advantages that we're bringing to the market is speed of execution and speed of power delivery. Some of these modular builds are part of that ability to deploy that speed. I think with Riverbend in Louisiana, the reason why we've been a bit slower to announce a transaction there is we've really been working on expanding that campus to get up to a gigawatt instead of just the original 300 megawatts that we have allocated today. We spent some time working on that and engaging with the customer so they can make this one of their availability zones. That's where some of the work has gone to rather than just commercializing the initial 300 megawatts. As we think about the initial 300 megawatts there and other sites of ours that have speed towards power, some of these more nuanced modular builds and that customers are open to are a fast path towards speed of energization. Meanwhile, we scale into larger power into some of the campuses.

Paul Golding
Macquarie

Great, thanks. In terms of expanding from the 300 megawatts to the one gigawatt, is that coming from just your power first approach or are you seeing indications of interest from customers where scale beyond 300 megawatts is crucial to long-term plans and engaging in leases?

Asher Genoot
Chief Executive Officer

It's a mix of both. I think to start with the customer demand, we're seeing customers want larger and larger sites. Obviously, today, they'll take a multi-hundred-megawatt site if it's available sooner, but as they look longer term, we're seeing much more demand for gigawatt plus opportunities and the ability to build campuses that they can have large computing clusters and or availability zones for their cloud networks. For us, for this site specifically, we believe one is we have an ability to expand on the land footprint that we have there. We have an ability due to the transmission story there to expand on the power and then work with the customer to show them the vision of what this opportunity can become. Energy Louisiana has been a great partner of ours, including the state of Louisiana as well. So, we're very grateful to have been working closely with them over the last year.

Paul Golding
Macquarie

Thanks so much, Asher.

Operator

Thank you. Our next question or comment comes from the line of Brian Vieten from Needham & Company Your line is open.

Brian Vieten
Needham & Company

Great. Thanks, guys. Can you just talk about the investment necessary to gain exclusivity and then how long you hold those rights? And then you mentioned Texas. Where's the next biggest geography within that pipeline?

Asher Genoot
Chief Executive Officer

Thanks, Brian. It depends on the opportunity in the site. Some of the projects we're actually developing. And so, when we think about exclusivity, we've applied for interconnects and it's really the land option, which are relatively cheap. I think a couple hundred thousand dollars. And in other sites, we're spending a little bit more money. Once we spend a larger amount, call it multimillion dollars plus, that's actually when we'll be executing on some of the underlying agreements and bringing it into our development sites under management, which is kind of the new category we're going to introduce in this upcoming quarter. In some of those projects, actually, we approved that at the beginning of this quarter, which obviously we're already about halfway through. And so that's important for us as we continue to develop and grow these opportunities. We think about the cost of these options as we continue to build sites, the upside of commercialization. And so we really think about cost and duration on the upside in development and then how much commercialization opportunity there is on any given facilities. In regards to how much we have development for each individual customer in the geographic regions that we're looking at, obviously, we have a big footprint in Texas existing today. And really, that's an interesting market, even with some of the recent regulation that's come out. We have Louisiana, as everyone knows about today, Chicago market as well, Kansas as well, and opportunities in the Pennsylvania, Ohio region as well. And so I've spread out our mandate outside of just Texas over the course of the last year and a half.

Brian Vieten
Needham & Company

Thanks, Asher.

Operator

Thank you. Our next question or comment comes from the line of Mike Colonnese from H.C. Wainwright & Co. Your line is open.

Mike Colonnese
H.C. Wainwright & Co.

Good morning, Asher and team. Thanks for taking my question, guys. I'm just curious if you provide any color on your plans for the proceeds from American Bitcoin's recent private placement. And based on where we are now with the market, the probability that you'll exercise a portion of all of your purchase options, if it may, in the near term, especially as we think about the implications of hosting revenues and how those are going to ramp through your co-location agreement with them.

Asher Genoot
Chief Executive Officer

Thanks, Mike. American Bitcoin's current strategy is very, very simple. Money is raised and invested into Bitcoin and or ASICs that generate Bitcoin. And that is where the majority of all of the capital, if not all of it, will go into. And it's a very clean and pure story with low SG&A, with low other CapEx investments in other areas of the infrastructure stack, and allows investors to have really a clean, pure play Bitcoin accumulation vehicle. I'm not going to steal their thunder on how they are going to be growing their exahash, but we will be scaling quickly and we will be scaling both in the Bitcoin treasury and also in the exahash as well. From a Hut 8 perspective, as we think about our current hosting agreement with Bitmain and our co-location agreement with them, we see that those economics with an execution with American Bitcoin will only get better via our performance stake in the underlying business there. And so I think we're comfortable with the Bitmain agreement we have and the return profile that that provides. In addition, we're excited for the market to see all the growth potential that American Bitcoin has as it makes its public debut.

Operator

Thank you. Our next question or comment comes from the line of Greg Lewis from BTIG. Mr. Lewis, your line is open.

Gregory Lewis
BTIG

Yeah, thank you and good morning. Thanks for taking my questions. You know, I guess, Asher, along those lines, you know, around, you know, the ownership stake in American Bitcoin, you know, I think one of the reasons Hut 8 is kind of, you know, going down this route is, you know, some of the capital intensity that Bitcoin mining can sometimes require. You know, just kind of curious as you think about Hut 8 as a majority shareholder, you know, as there is growth, could we see Hut 8 invest alongside, you know, deploy capital into American Bitcoin over time as we maybe see some of this growth or I'm just kind of curious how you're thinking about that.

Asher Genoot
Chief Executive Officer

Thanks, Greg. A big part of the separation of the two businesses was if we really want to build an energy infrastructure platform at Hut 8, I think great businesses that have been infrastructure businesses have been able to have predicted cash flows and be more stabilized rather than just merchant assets. And so, one, this allows us to do that. The second is we have had an ever-increasing shareholder base who wanted the Bitcoin exposure and a new institutional shareholder base that has wanted more of that predictable revenue. And so, I think we found a beautiful way in order to deliver both and not put balance sheet capital into more merchant investments and more into stabilized recurring assets. And so, with that said, we've seen massive demand in the shareholder bases in our first raise in American Bitcoin. And we think we'll see plenty of demand from the markets and being able to fund and grow that business. And so, we're very excited by that. And so, the plan is for Hut 8 to invest into the infrastructure to support that business, because for Hut 8, that's long-term accretive as we're able to lock in more megawatts, and especially with some of our version 2 designs where those have conversion opportunities as well. And for American Bitcoin, allows them to minimize their CapEx spend upfront and focus on buying more machines that in turn produce Bitcoin. But the business is also not a Bitcoin mining company. The business is a Bitcoin accumulation vehicle. And so, at times when it's not accretive to buy miners, we will just be accumulating Bitcoin like MicroStrategy. There will be periods of time where miners are not the best investment. And unlike traditional Bitcoin companies where you just have to scale relative to your peers, whether economics are accretive or not, or whether the IRS pan out or not, we are not going to be doing that in American Bitcoin. Well, our only focus is how do we create Bitcoin and how do we increase Bitcoin per share for our shareholders? And we have a multi-pronged strategy to do that with the Bitcoin mining business, with the treasury accumulation business, and with this broader ecosystem play that we're building out as well and we'll be sharing with the markets.

Gregory Lewis
BTIG

Super helpful. Thank you very much.

Operator

Thank you. Our next question or comment comes from the line of Brian Dobson from Clear Street. Mr. Dobson, your line is now open.

Brian Dobson
Clear Street

Good morning. Thanks for taking my question. So, from a high level, how would you describe demand for HPC assets given recent significant M&A in the sector? As you're reviewing potential sites, do you sense that there's more competition and how is competition evolving for your assets or other demand?

Asher Genoot
Chief Executive Officer

I think there's two parallel things happening here. One is a more macro industry landscape and second is an evolution of headaches in our relationships with customers and understanding demand signals more and having deeper relationships than we had before entering in this market. Starting with the first, as we think about the macro landscape, each customer has demand signals that are more urgent at times and less urgent in other times. And so, you see this wave of demand based on the customer that don't all overlap. Some customers are extremely urgent where other customers just may have filled their demand signal and are capped on their bandwidth in executing and prosecuting on those projects. Overall, we believe that demand is still extremely strong. We believe that actually sites, people are more open to location. One thesis that the market and I think we had thought was that as folks focus more and more on inference, that you'll go back into kind of these proven data center markets. We're actually seeing the opposite and the willingness to expand into regional diversity as well. But the big focus is on larger campuses that can scale over time in order to make those commitments. And then from a Hut 8 perspective, as we've grown deeper and deeper and have been nurturing and building these relationships and honestly have been approaching these relations in a very transparent and upfront manner on what we have delivered, what we can deliver, we've been able to build really open conversations and I think have a frontline view on changing demand signals and also the customers that we're deeply engaged with, understanding the problem that we solve for them today and what are the problems that we can solve for them in the future in order to continue those relationships past just an initial deal.

Brian Dobson
Clear Street

Thanks, that's very helpful. And then just related to American Bitcoin, a big picture question. So, Washington's made significant regulatory progress related to Bitcoin. I guess in your view, what are some areas that you'd like to see the administration address next? You know, how can they spur further progress?

Asher Genoot
Chief Executive Officer

I think as a country today, the administration has done a wonderful job in having America be a pro-business environment. I'm seeing entrepreneurs more excited than ever to build businesses. I'm seeing communities excited to welcome new businesses in. And large companies working with smaller companies and executing at a faster clip than they've ever done. I think our job here is honestly to focus on how we prosecute and execute. I think the macro-regulatory environment is in favor of entrepreneurs building, and our focus here is to execute and build and things have been going in the right direction. And so, we keep it continues to go in the way that it is right now. So, we're very thankful, excited, grateful for the environment that we have today in America to be building.

Brian Dobson
Clear Street

Thank you very much.

Operator

Thank you. Our next question or comment comes from the line of Chris Brendler from Rosenblatt Securities. Mr. Brendler, your line is open.

Chris Brendler
Rosenblatt Securities

Hi, thanks. Good morning and congrats on the results. I want to ask a sort of a higher-level strategic question. When it comes to Bitcoin mining and your hosting operations for other miners that you currently have in the portfolio today, how do you think about those power assets going forward with the American Bitcoin relationship? Would you prioritize American Bitcoin for some of those contracts as they expire, or are you still going to be open to other third parties hosting at your facilities?

Asher Genoot
Chief Executive Officer

If we are successful at what our vision is at Hut 8, we will be long megawatts, and we would like to commercialize those megawatts in all manners across traditional HPC and AI demand, but also across Bitcoin compute, other types of compute, in addition to other types of industries that have large demands and power as well. And so, as we think about American Bitcoin, our job at Hut 8 is to make sure that there's plenty of runway there for growth as they need, but in addition, have many more megawatts available for other customers as we build relationships and scale as well. At Hut 8, the goal is to build and scale our megawatts under management to commercialize them in a variety of mechanisms across a variety of customer use cases and credit profiles, and to be able to believe in our vision that megawatts will be more valuable over time, and the use cases and the demand of those megawatts will continue to increase.

Chris Brendler
Rosenblatt Securities

That makes sense. That's great. And then, this is a broader question as well, but I'm not sure if I may have missed it, but when it comes to HPC and for your desires to be a major player there, are there any steps along the way that we should be looking for, thinking about Riverbend in particular, and have you talked at all about project financing and sort of lined that up ahead of time to ease any capital concerns that your partners may have?

Asher Genoot
Chief Executive Officer

Most definitely. We're grateful to have Sean on the team. He passed his one-year anniversary recently. He's done an unbelievable job with the strategic financing that he's built at the company since he's joined, but we remain very, very close with lenders across all of these different commercialization opportunities and are excited as we bring them to fruition to share not only the opportunity, but the path towards financing of that opportunity.

Operator

Thank you. I'm sure no additional questions in the queue at this time. Ladies and gentlemen, this concludes today's conference. Thank you for participating. You may now disconnect. Everyone, have a wonderful day.