

UPDATE NOTE

CLIMATETECH & SUSTAINABLE INVESTING

Soluna Holdings, Inc. (NASDAQ: SLNH)

Bitcoin Is Not Crypto; Takeaways from Recent Roundtable Discussion

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Graham Mattison

graham.mattison@watertowerresearch.com

+1 (727) 300 4702

KEY POINTS

- **Soluna recently held a roundtable discussion with Soluna Computing CEO John Belizaire, CTO Dip Patel, and VP of Corporate Development Phillip Ng.** A replay of the full conversation can be found [here](#) and is available on the company's website.
- **Bitcoin should not be lumped in with other crypto.** Being decentralized and relying on proof-of-work make Bitcoin fundamentally different from other cryptocurrencies that require putting faith and trust in a central entity. We expect the broader crypto market will inevitably be subject to regulation like other financial products, however, that just transfers the trust to the regulatory body. Bitcoin is 0% trust and 100% verification.
- **Stability in the storm.** The participants highlighted the fact that Bitcoin continues to function flawlessly since its founding 13 years ago and is growing more mainstream. Today, Bitcoin can be purchased on most major investing platforms and its price is listed among other major financial indexes. Moreover, as the network grows, Bitcoin becomes more stable.
- **Energy use is a feature, not a bug, and can be a catalyst for more renewables on the grid.** The speakers noted that Bitcoin's energy use, while much less than the traditional banking sector, lends to its security. The energy used by the protocol gives proof that a participant earned the right to add a new block to the blockchain (and earn a reward). This system is highly secure, decentralized, and trustless. Mining is a batchable computing process that serves as a flexible demand response for renewable energy's intermittent nature. This flexibility can help strengthen and decarbonize the electric grid.
- **Soluna's data centers can provide a solution that helps support the growth of renewable energy.** By purchasing electricity that would have otherwise been unsold, Soluna helps improve project economics for renewable power and further its growth on the grid. Moreover, Soluna's data centers can easily ramp down their power use to help balance the grid in times of extreme power demand.

KEY STATISTICS

Price	\$0.46
52-Week Range	\$0.25-11.92
Average Daily Trading Volume (30-Day)	189,091
Shares Outstanding (MM)	18.68
Market Capitalization (\$MM)	\$8.61
Enterprise Value (\$MM)	\$35.79
Fiscal Year-End	December

Source: YCharts, as of January 13, 2022

OUR INSIGHTS

The Opportunities

Soluna is on the cusp of a major jump in its revenue and size with the start-up of its delayed flagship project Dorothy. Low energy costs and renewable power sources give the company a competitive advantage to grow the profitability of its Bitcoin mining and expand its customer base into batchable, GPU cloud computing. With recent competitor bankruptcies, there is an opportunity for lower-cost miners or hosting customers that seek new low-cost plugs.

The Obstacles

Soluna is subject to multiple factors that are outside of its control, mainly the timing of approvals from transmission operators, such as the Electric Reliability Council of Texas (ERCOT), and Bitcoin pricing/hash rate. The company has executed on what is in its control and has proved adept at reacting to these challenges, but they have slowed progress and forced Soluna to raise additional capital. As the company grows and brings on more projects, we expect portfolio diversification will help minimize the impact of individual project risk on corporate results.

ABOUT THE ANALYST



Graham Mattison
Senior Research
Analyst
ClimateTech &
Sustainable Investing

Graham Mattison brings more than 20 years of experience in equity research, investor relations, and corporate operations, growth, and development. Graham was the Investor Relations Officer for two NASDAQ-listed companies where he led multiple equity raises as well as managed an activist investor campaign, M&A and corporate restructuring, and a NASDAQ delisting and relisting.

Previously, he was a Senior Equity Research Analyst, most recently at Lazard Capital Markets, covering the industrial and cleantech industries. He began his career in Southeast Asia as an Investment Analyst for Daiwa Securities. He was also co-founder of an online residential real estate start-up that developed a web-based auction platform.

Graham received his BA in East Asian Studies with minors in Economics and History from Hobart College and his MBA in Finance with honors from the Thunderbird International Business School at Arizona State University. He is an Investor Relations Charter (IRC) holder from the National Investor Relations Institute.

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