

UPDATE NOTE

CLIMATETECH & SUSTAINABLE INVESTING

Soluna Holdings, Inc. (NASDAQ: SLNH)

Project Dorothy on Cusp of Energization;
Revenue Generation Draws Closer

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KEY POINTS

- Soluna's flagship Project Dorothy has now entered ERCOT's operations phase, putting it on the cusp of energizing and generating revenues.** Texas electric grid operator ERCOT, which has held up the project while it created and implemented its Large Flexible Load approval process, has now moved the project through both of its multi-month-long planning and modeling phases where the project was evaluated for its impact on the Texas electric grid.
- A key milestone that allows Soluna to finalize the financing and set operational plans to energize.** In late January, the company announced it had executed letters of intent with multiple parties to provide non-dilutive financing for the final energization steps, including procuring/planning miner installation and/or contracting with hosting customers. We look for additional updates in the coming weeks.
- Energization will be game-changing for Soluna.** The project will more than double consolidated project cash flows and the installed MW base under management. Further, it will provide a replicable 'de-risked' template that we expect will make it easier to ramp future projects.
- WTR to host a fireside chat on Wednesday February 8 with Soluna Chief Technology Officer Dip Patel.** Topics will include a deep dive into the technology behind the company's unique modular data centers as well as opportunities and challenges of technology procurement in today's marketplace. Register for the event [here](#).
- Soluna's data centers 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, data centers can easily ramp down their power use to help balance the grid in times of extreme power demand.

KEY STATISTICS

Price	\$0.41
52-Week Range	\$0.25-11.95
Average Daily Trading Volume (30-Day)	325,701
Shares Outstanding (MM)	18.68
Market Capitalization (\$MM)	\$7.66
Enterprise Value (\$MM)	\$34.8
Fiscal Year-End	December

Source: YCharts, as of February 7, 2023

OUR INSIGHTS

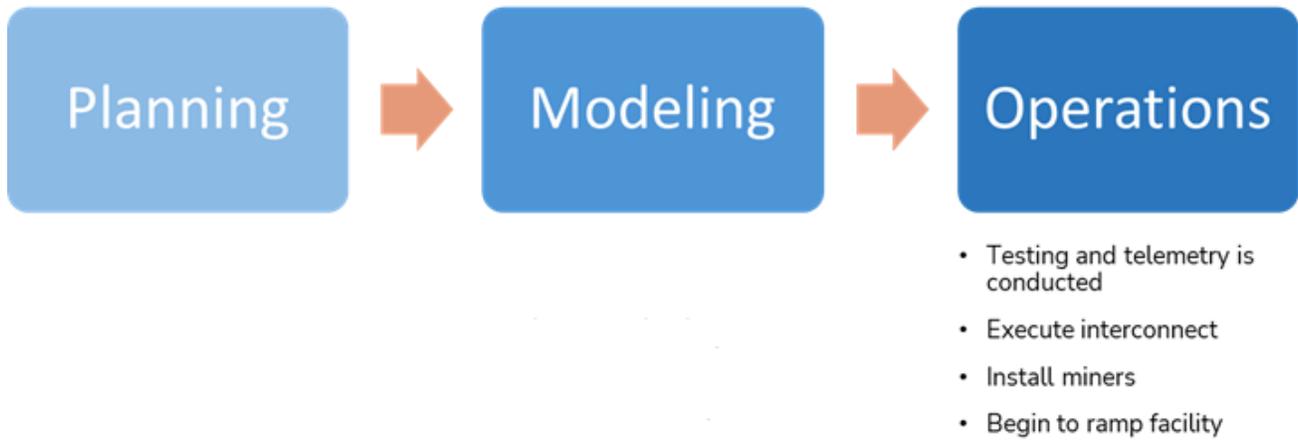
The Opportunities

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.

Figure 1: Dorothy Energizing Status



Source: Company reports, WTR

ABOUT THE ANALYST

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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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