

### Soluna Holdings, Inc.

Soluna Has Turned the Corner; Dorothy 1A and 1B Fully Booked; Valuation Compelling

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#### KEY POINTS

- **Turnaround complete.** In recent weeks, Soluna has received interconnection approval for all 100 MW at its flagship Project Dorothy, secured contracts and is energizing the first 50 MW (1A and 1B), reached a 14-month extension on its October convertible notes, and now sees itself being operating cash flow positive in 2H23. We expect these accomplishments will allow investors to see the value of its existing assets and its pipeline rather than focus on near-term liquidity concerns and regulatory approvals.
- **Project Dorothy 1A and 1B are now fully booked.** Soluna announced the closing of a \$14 million partnership with Navitas Global for the 25 MW at Project Dorothy 1B. The deal includes a \$12 million equity investment for 49% of Project Dorothy 1B and a \$2 million loan to Soluna to complete construction at the site. The company plans to use the investment from Navitas to purchase Bitcoin miners for proprietary mining.
- **Soluna is on a trajectory to reach operating cash flow positive in 2H23.** With Project Dorothy 1A, 1B, and Project Sophie energized and filled with both hosting and proprietary miners, the company expects it will be operating cash flow positive during 2H23.
- **Recent contracts and equity investments imply the value of the existing projects to be in excess of market valuation, making Project Dorothy 2 and the current project pipeline a free call option.** Looking at the 2023 purchase prices paid by Spring Lane Capital and Navitas Global suggest the market value of the company's ownership in Project Dorothy and Project Sophie to be greater than the current enterprise value giving no value to the 50 MW of Project Dorothy 2 (which has interconnection approval) or the pipeline of potential projects.
- **Navitas Global investment is further validation of Soluna's existing projects and potential pipeline.** Navitas Global is now the second private equity firm that has become an investor in Project Dorothy, which we see as an additional market endorsement of the company's project offerings and capabilities. The Managing Partner of Navitas Global stated, "this facility is poised to outcompete in all market conditions." Not only should this make securing investors for developing the second phase of Project Dorothy easier (it already has interconnection approval), but it should also bolster the company's prospects for potential projects in the pipeline as Project Dorothy is a replicable template.
- **1Q23 financial results are meaningless to investors.** The revenue and cash flow from Project Dorothy 1A and the hosting at Project Sophie are mid- to late 2Q events, while Project Dorothy 1B is expected to contribute revenue in 3Q23. With Project Dorothy 1A and 1B fully booked and the October notes addressed, we expect investors to be focused on the ongoing contributions from its existing projects as well as the potential value of other projects in the pipeline rather than the results from the first three months of 2023.

#### KEY STATISTICS

<b>Ticker:Exchange</b>	SLNH:NASDAQ
<b>Current Price</b>	\$0.22
<b>52-Week Range</b>	\$0.17-\$8.85
<b>Average Volume (30-Day)</b>	748,562
<b>Shares Outstanding (MM)</b>	27.0
<b>Market Cap (\$MM)</b>	\$6.1
<b>Enterprise Value (\$MM)</b>	\$31.4
<b>Fiscal Year-End</b>	December

#### PRICE PERFORMANCE



## ABOUT THE ANALYST



### **Graham Mattison**

Senior Research Analyst

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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