

Soluna Holdings, Inc.

Recent Outside Investments in Existing Projects
 Imply SLNH's Valuation Well Above Current Levels

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KEY POINTS

- Current market valuation only gives credit for existing projects, making the project pipeline a free option.** Earlier this year, Spring Lane Capital and Navitas Global bought their project stakes at an implied valuation of \$566K and \$941K per MW of capacity. Using the average price paid gives a \$31.3 million value for Soluna's 100% share of Project Sophie and a 15% and 51% share of Project Dorothy 1A and 1B, about equal to the current \$31.9 million enterprise value (Source: YCharts). Using the higher \$941K/MW suggests the value of just these three projects is ~\$47 million. We note that the \$566K/MW valuation of the Spring Lane Capital investment was made before the project had received interconnection approval from ERCOT. Please see further details in Figure 1 on the following page.
- We see significant value in Soluna's project pipeline, most notably the 50 MW at Project Dorothy 2, which already has interconnection approval.** The company recently stated it has well over 300 MW of projects that could be developed today with financing partners. Project Dorothy was designed as a replicable template that can be deployed easily at a variety of renewable energy sites. We see its successful ramp and existing financial partnerships as bolstering the company's partnership potential. We also see unrecognized value in Soluna's propriety platform operating software, Maestro OS, which has operated flawlessly to date and should become more valuable as its operating data history grows.
- Look for catalysts from further milestones and new project announcements.** Soluna has made an impressive turnaround from the challenges it faced in 2022 due to grid operator approval delays and the ensuing liquidity hurdles. The company has turned the corner, but we recognize investor apprehension given the past challenges and macro backdrop. As more milestones are announced, we expect investors will again value the project pipeline and growth prospects, which should drive share performance.
- Project Dorothy 1A and Sophie are ramping up to a \$26 million annual run rate.** Soluna recently announced the installation of more than 14,600 Bitcoin mining machines for hosting contracts at the project sites in Texas and Kentucky. This follows the recent announcement of hosting contracts at Project Sophie and Project Dorothy 1A. The 25 MW at Project Dorothy 1B is being built out as part of a \$14 million Prop-Mining JV with Navitas Global, which we expect to be online in 2H23.
- Maturity of convertible notes extended to July 2024.** Soluna recently announced an agreement to extend the maturity of its \$10.3 million convertible notes originally due in October 2022. This agreement, along with the cash inflows from the recent partner investments and the revenues from the hosting contracts, puts the company in a much stronger position as it relates to its balance sheet and growth prospects.

KEY STATISTICS

Ticker:Exchange	SLNH:NASDAQ
Current Price	\$0.20
52-Week Range	\$0.14-\$5.92
Average Volume (30-Day)	729,672
Shares Outstanding (MM)	29.6
Market Cap (\$MM)	\$5.8
Enterprise Value (\$MM)	\$31.9
Fiscal Year-End	December

PRICE PERFORMANCE



Figure 1: Soluna's Existing Projects

Project Dorothy 1A (Hosting)	
Project Size	25MW
Date	2/10/2023
Investor	Spring Lane Capital
Ownership Acquired (%)	53%
MW Acquired (MW)	13.25
Price Paid (\$)	7.5 million
Price per MW (\$)	566,037
SLNH's Remaining Share (MW)	3.75
Implied Value of SLNH's Share (\$)	2,122,643
Project Dorothy 1B (Prop-Mining JV)	
Project Size	25MW
Date	5/15/2023
Investor	Navitas Global
Ownership Acquired (%)	49%
MW Acquired (MW)	12.25
Price Paid (\$)	12 million
Price per MW (\$)	941,176
SLNH's Remaining Share (MW)	12.75
Implied Value of SLNH's Share (\$)	11,999,994
Project Sophie (Hosting)	
Project Size	25MW
Solana Ownership	100%

Source: Water Tower Research and company reports

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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