

**Soluna Holdings, Inc.**  
Fireside Chat Highlights Recent Execution and  
Improving Outlook

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**KEY POINTS**

- **We recently hosted Soluna Holdings new CEO John Belizaire for a fireside chat**, which included a discussion of the recent milestones reached at multiple projects, cash flow contributions from the growing project portfolio, and the development pipeline that has more than doubled in the past three months. This report contains a transcript of the fireside chat from July 25, 2023, which can be accessed [here](#).
- **Momentum building after hitting key milestones.** Belizaire highlighted some of the recent accomplishments, including new hosting contracts at Project Sophie and Project Dorothy, a second investor partnership at Project Dorothy, and the win at Project Kati. He did acknowledge the challenges the company endured in 2H22 and early 2023 but pointed to the changes the company has made to focus on execution and also to his three-pronged strategy of a focus on capital returns and cash flow, project execution, and measured growth as the pipeline expands.
- **Every 25 MW of capacity can drive \$6-7 million in annual EBITDA contribution.** Belizaire highlighted the contribution potential from the company's portfolio of projects, noting that each 25 MW (100% owned) can contribute \$6-7 million in annual EBITDA to the holding company. Soluna's projects that are operating today can contribute more than \$10 million in annual EBITDA, with the potential for a significant boost from the next 50 MW at Project Dorothy 2 and then 166 MW potential at Project Kati.
- **Project Dorothy's operational success has established Soluna as an industry leader and is helping it win projects.** Soluna was selected for Project Kati from more than 20 other players, and Belizaire highlighted that the owners of the wind farm visited Project Dorothy and how that played a key role in the win. In particular, they were impressed with Soluna's proprietary Maestro operating software as well as its unique and highly efficient Modular Data Centers that operate without air conditioning or water.
- **We expect 2Q operating results to be uneventful but 10Q should show progress on the corporate G&A cost reductions and balance sheet realignments.** The energization of Project Dorothy and the hosting contracts at Project Sophie were all mid-quarter events that are unlikely to have a large impact on 2Q results. However, we expect the 10Q will show the lower G&A costs and some of the recent actions around the balance sheet that should help investors see a clearer picture of the company going forward.
- **Soluna helps solve the problem of power curtailment and in turn supports the growth of renewable energy.** Renewable power plants are increasingly needing to 'curtail' their power generation due to oversupply. 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**

<b>Ticker:Exchange</b>	SLNH:NASDAQ
<b>Current Price</b>	\$0.26
<b>52-Week Range</b>	\$0.14-\$4.86
<b>Average Volume (30-Day)</b>	1,029,967
<b>Shares Outstanding (MM)</b>	29.6
<b>Market Cap (\$MM)</b>	\$7.7
<b>Enterprise Value (\$MM)</b>	\$19.9
<b>Fiscal Year-End</b>	December

**PRICE PERFORMANCE**



## ABOUT THE EXECUTIVE



**John Belizaire**  
Chief Executive Officer

John Belizaire served as a member of the Board and as Chief Executive Officer of Soluna Computing since October 2021 and in May 2023 was promoted to Chief Executive Officer of Soluna Holdings. Prior to joining Soluna, Mr. Belizaire was the founder and CEO of FirstBest, a transformative insurance software company acquired by Guidewire Software, and Theory Center, an e-commerce software company acquired by BEA Systems. Before becoming an entrepreneur, he was the lead architect for Intel's Digital Enterprise Group. Mr. Belizaire has a B.S. in Computer Science and a Master of Engineering in Computer Science from Cornell University.

## EXECUTIVE DISCUSSION

**Graham Mattison:** John, thank you for joining us again. The last time we spoke to you was just about or had just taken over the CEO chair. Can you give us an update on how things have gone and your strategy from where you are now and where you're going?

**John Belizaire:** Graham, thanks for inviting me back. I've really been looking forward to this and the opportunity to share our story.

Before we begin, my lawyer has asked me to point out that our discussions here today are subject to the usual caveats and forward-looking statements, which are described in our SEC filings.

I think your opening question is a great question. Earlier this year, I put out a letter to our shareholders outlining a three-pronged strategy for execution this year. The first is focused on energizing and commercializing Dorothy, our flagship project, and Sophie, our project in Kentucky.

And I'm proud to say we've made a lot of progress in the last two months since I've taken the helm. We signed two strategic hosting partnerships and one joint venture at Project Dorothy. We have fully ramped up the hosting customers now, and we've already started ramping up the joint venture portion at our current mining portion.

Project Dorothy is now operating over 30 MW and we add more megawatt capacity each week as we energize and finalize buildings on the 1B side.

Maestro OS, which is our proprietary product and software platform, has been performing really well. It's been hot down here, Graham. We were down there, and it was over 108 degrees. I think all of our backcast data analysis showed like the maximum temperature down there has been sort of the 98, 100 range, and it's breaking all the records.

And what's exciting is that our system does what it's supposed to do. It senses all of that information, the power prices in the area and optimizes the size of the facility to maximize the price and cost of energy at that location. So that's been great.

We've rolled in over 10,000 machines at Project Dorothy. That's like a full 747 worth of equipment that we've rolled in. I think we did some back-of-the-envelope calculation, it's probably about 350,000 pounds of equipment or something like that.

And to accomplish all of that, we've raised \$21.5 million at the project level, project-level equity to accomplish this, and we've done that through our partnership with Spring Lane Capital, who has been a fantastic partner and our new partner, Navitas Global.

Project Sophie has rolled in a full 25 megawatts as well. And so, the earnings power of those two sites has grown significantly. We put them in a position to produce great earnings power for us in the earnings presentation that we put out and is available on our website.

The combined revenue for those two facilities is over 37 megawatts on an annualized basis, and we're talking about on a consolidated basis, about \$10 million.

And on top of that, the customers are happy. The folks that we're working with, we've been great communicating to them and so forth. So that's leg one of the three-legged approach to our execution.

Leg two is focusing on operating cash flow, and we have put in a series of initiatives this year to implement cost reductions and optimizations, all focused on improving our profitability.

We've also focused on, as you can see, building out earnings power. So that really puts us in a stronger cash position at this time this year relative to where we were before. And you'll see that detailed in our 10-Q when it comes out.

We have highly profitable projects that deliver significant project-level EBITDA. And by the way, when I reference project level EBITDA, I'm talking about essentially operating cash flow at these SPVs, EBITDA at the SPV level is equivalent to operating cash flow.

So every 25 megawatts gets us somewhere around \$6 million to \$7 million of earnings power.

And so, we're pretty excited about the progress that we've made there. So that's leg one and leg two, right? So three-part strategy. Part 3 is measured growth. We're being very thoughtful about how we turn our pipeline into investable projects. And that has a sort of multi-strategy as well.

Our first is the second phase of Project Dorothy. We aim to develop about 50 megawatts of that. Remember, Project Dorothy is a 100-megawatt project. And if we can get project-level partnerships to invest in Project Dorothy 2, that would allow us to build out that footprint.

And the nice thing is we can leverage existing infrastructure and equipment we bought last year, and we found ways to optimize the cost of construction for the facility from learnings from Part 1. And so that sets us up pretty well.

And the next is just pipeline maturity. We have a pretty sizable pipeline of about 700 megawatts of projects. Our strategy is to advance a number of those projects to a point where we've got signed term sheets, get those projects into the ERCOT process, and push them through that process until they become shovel ready.

In June, we announced Project Kati. It's a 166-megawatt project that will be built in two phases. So that's an example of the maturity process we're talking about, and we want to do more of those in the pipeline.

And then the last piece on the measured growth side is just opportunistic opportunities. There are a number of assets out there. There are some projects that are

partially developed that are ideal for our model, and we'd like to look at exploring asset acquisitions or other types of structures using project-level capital to enhance the footprint of our earnings power. So that's our approach to execution this year.

**Graham Mattison:** Thank you for that update. John, you mentioned capital a couple of times, and I've had this question come in so I will squeeze it in here. Can you share where you stand with the capitalization structure of Soluna and how you plan to handle the preferred dividends?

**John Belizaire:** Yes. I can discuss that, Graham. Yes, we've had lots of questions about our capitalization and our plans for the preferred dividend. Look, we take our fiduciary responsibility to our common and preferred shareholders very seriously.

And we believe the best and most shareholder-friendly way to restructure our cap structure or our cap stack is to really grow our business, grow cash flows and through those cash flows, we can pay our obligations, including preferred share dividends.

As our cash flow grows, if you think about it, right, our business operations and opportunities will grow. We'll be able to prove that we can execute. We'll demonstrate how strong of a business that we have inside of Soluna in our model.

And that will increase our ability to pursue non-dilutive ways to rebuild our capital structure from one that restricts us from growth, to one that provides a solid foundation from which to grow our business and overall shareholder value.

We're also exploring other ways and means for restructuring our cap table. And we will consider lots of alternatives that come our way, but we'll focus on the ones that really improve our ability to grow, enhance our growth strategy and can really truly add shareholder value.

I want our valued shareholders to consider this simple framework, as I mentioned a bit earlier when I was talking about our execution. If you think about every 25 megawatts, we add to our business can drive somewhere about \$6 million to \$7 million in earnings power or operating cash.

So let's say, we added Dorothy 2, right? So we own 100% of that project right now. And if we added that to the mix, let's say, that could add considerable earnings power to help us deal with capitalization. If we build out the whole project, do the math, that's \$14 million of earning cash flow, right?

So we only owned half of it, that would be \$6 million to \$7 million. If we owned 100%, you start to do the math. That allows us to deal with a lot of capitalization related challenges, including returning to paying dividends.

Now let's say, we add Kati. You start to get the picture, right? So divide 166 by 25 megawatts, it gives you the potential earnings power. Once we start to do these types of things, we're beginning to prove that we have a strong business and can execute the way -- the sure way to sort of -- is really the sure way to attract investors, right? So if we prove through the execution on Project Dorothy and Project Sophie, that these projects can return capital at the speed that we've stated.

And if you look at my letter, I've commented on the fact that on average, our projects return their capital in two years, that's very attractive to investors looking for yield that looking for asset-based investments.

So that's where we're focused right now. We're focused right now on execution, building the business, growing our cash flow capabilities, enhancing our earnings power, using the assets we have, which is our strong pipeline, our business model and technology to generate cash that will allow us to solve a lot of our challenges.

I know we've lost some trust with investors, and we're working to build that back, Graham, by executing. We don't have all the answers, but we are certainly sincerely working on it, and I want to thank our investors for their patience and continued support.

**Graham Mattison:** It makes sense, and you made it this far, which is more than a lot of other companies in this space can say. Can you talk a little bit more about Project Kati? And what the next steps are and what you -- how investors should think about that?

**John Belizaire:** Absolutely. We're really excited about Project Kati. The project name is after Kati Kariko. She's a catalyzer, who was instrumental in the development of mRNA-based protein therapies. Her decades of relentless work have helped form today's modern mRNA vaccine.

So if you have seen -- we've all experienced some of us, jabs in the arm of that technology, and she helped to create that.

For those of you who don't know, we always name our facilities after incredible women who have shaped innovation in a host of different industries. Project Dorothy was named after Dorothy Vaughan, the famous human-computer of the team that was involved in getting the Apollo mission up.

We've learned so much at Project Sophie that we've implemented at Project Dorothy. And now after energizing Project Dorothy and standing up a mix of proprietary and hosted mining, we're learning even more.

And we've got a great IPP in the Kati project, a very serious player with huge assets in the U.S. and beyond. And I want to mention that they selected us out of like 25 companies. So they took the process of selecting a partner very seriously, put us through the paces and put a number of other companies to the same paces and chose us over and above them.

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### CLIMATE TECH & SUSTAINABLE INVESTING

And I'll comment, they came to visit our site at the Project Dorothy site recently. And I'd love to tell you about some of the things they said.

I think that they're just super excited about working with us. We've been collaborating to move things along quickly in our process, and to get agreements in place and interconnection our process started.

The site has the potential for 166 megawatts, and we're going to use Projects Sophie and Dorothy as blueprints to implement it better and more efficiently. And I want to leave you with, I guess, a couple of highlights on Project Kati.

The wind farm that we're interconnecting to, so we always build our facilities right on site there, experiences somewhere upwards of 43% curtailment on an annual basis.

It's a huge farm, so you can do the math, they're losing millions of dollars. Our 166-megawatt data center will consume over 75% of that curtailment. So we are a direct immediate solution to a pain point that they have, which is a core tenet to our business model.

Project development is moving fast, thanks to our previous experience with Project Dorothy and our relationships with ERCOT and some of the transmission service providers now.

And overall cost of energy will be equal to or better than Project Dorothy. And so these are exciting projects that we have in our pipeline, and so we're looking forward to it.

**Graham Mattison:** How important was it having Project Dorothy when you were competing against the other 20 plus players?

**John Belizaire:** To be honest with you, having Dorothy energized and having a running facility took us from sort of this potential capabilities to actual capabilities. It really does shift the perspective of the partner, right? We're a proven partner now that we have a facility up and running. They came out to see the site and saw our technology in practice.

That changes their perspective completely. It essentially makes risk go down, right? So as risk reduces the interest in partnering goes up.

And these are large infrastructure players who are used to project finance structures and their model is to build long-running, long-valued projects that are low-risk, firm, solid returns on investment. And so they're looking for a partner that has proven technology understands the energy business and can partner with them.

**Graham Mattison:** And it's the energy business where there's no tolerance for risk- you cannot afford to be down- anything other than perfection is a complete fail?

**John Belizaire:** 100%.

**Graham Mattison:** How should investors think about expectations around timing for Project Kati?

**John Belizaire:** Well, as I said, Project Kati is moving along fairly quickly, but it's still a development project. So I won't comment right now on timing. But I will say that we will get her shovel ready.

And with the strong paybacks that we're seeing on our projects, we will be able to formally submit the project to our investors once we reach that notice to precede status, which would include the ERCOT approvals.

So our focus is to take a very measured approach, make sure we have everything in place and the project is ready to build, we will pull investors in, and we'll keep our investors and our shareholders posted on the progress. And once she reaches that point, we'll get her ready, ready to go.

**Graham Mattison:** A question from the audience- what type of feedback are you hearing about the Maestro system at that location? And how important was that in terms of getting you this last project?

**John Belizaire:** Yes. It's pretty -- I think the easiest way to give you a sense is -- I actually keep a copy of these notes of what people were saying as they were visiting the site. I was really interested in sort of what visitors to the site would say.

And so some feedback is always helpful. The project-level investors came to visit last month, and we had power partners recently come visit. The project level of investors or investors interested in investing in Project Dorothy 2 and some of our future projects like Project Kati, and our power partners are the ones that are looking to partner with us on Project Kati and beyond.

A visit from a potential investor remark, they said, thanks again for the time yesterday. I came away super-impressed with the team and how much you guys have accomplished.

I shared a summary with my partner who was also very positively inclined. And so they're taking back some positive news.

One of the power partners came to visit with us. Just read my notes, the MDCs were surprising to me. I think they're very unique design. I've never seen anything like that before. And I've been in a lot of data centers, but never in an open-air data center like this. I'm impressed how well you put that together in the sort of simple way of controlling heat and cooling. So they were remarked on sort of the way we move large volumes of heat, et cetera.

My favorite is your controllability was impressive to me. That came from a power partner. And that was a key thing. They didn't understand how powerful the Maestro software is and it's an involvement in just about every aspect of the site.

The control and management of power, control of the facility itself, being able to ramp it up and ramp it down, being able to optimize different elements of the site. So that impressed folks.

One person called it the price API, they didn't remember the Maestro name. So if I replace the quote, "Maestro for me, that's a significant thing to make note of because the redundancy between your retail service provider in Soluna, really owning the control -- controlling of curtailment is a little bit more peace of mind than I would have originally expected" and that was a significant finding on my side.

Again, they were shocked and impressed in terms of that. And the last one, which is my all-time favorite just came from the investor. We sat with them, went through the project, it was clear from them this team has had to do construction, build out sites, operation and he said, how you're going to manage this site control, all of that.

And so we opened the komono and showed them the Maestro OS platform, the UI, the control system, the dashboards. And he turned to us and said, "This is the kind of software systems that you expect a five-gigawatt IPP to be running, not a young company that's growing and building out an infrastructure." So they were very impressed.

I think we see that the implementation of our software is working as planned. As I mentioned, the high heat this summer, the software is really being tested, and our site design is running at a super low PUE (Power Usage Effectiveness) how much power is being converted to computing, right?

So if you -- a number that is close to one tells you that most of the energy goes to computing. We are running at a 1.01 level, which is one of the best across our fleet, and our Maestro OS is working as planned.

And it's a proprietary platform that we've built ourselves. It's a big differentiator for us. And like I said, with all the crazy weather and droughts, our site also doesn't use any water because we're using this advanced cooling approach. It just uses physics to move large volumes of air at a constant speed to enhance the experience at the site.

So we believe this makes us best stewards in the industry, and it just doubles down on our view to make renewable energy a superpower to be a sustainable, sustainability focused company and to use technology to do that.

**Graham Mattison:** After all you guys have endured over the last year I am sure it is great to hear those things.

You talked about the Modular Data Center- as a reminder, we did a fireside chat earlier this year with Soluna's CTO Dip Patel, where he did a deep about the modular data centers- the transcript and our write-up on the event is available on the WTR website.

John, what are you seeing in the market these days, both on the project investor side and utility side? And how is that different from a year ago, 12 months ago or maybe even three months ago?

**John Belizaire:** Yes, we're seeing some interesting things in the market right now. I'd first start by the market is less noisy. A lot of the bad actors, crypto bad actors have been flushed out, and that's been very helpful to us. Our message is clear and straightforward.

Just a quick anecdote last year around this time, we were talking to some big IPPs, and we take a very thoughtful approach to how we form partnerships, the data we provide, what we ask for because we do a lot of analytics and do a lot of sort of number crunching to determine whether a project fits our model and whether we can help the IPP, et cetera.

And there was one IPP that said to us point blank, I quote, "Why do you guys ask so many questions." the other guys, they just say, when I say jump, they say how high, and you guys say, why do you want us to jump?

And we're saying, well, if you talk to the other guys and they're not asking any questions, you should be worried -- and that's telling you a lot about them, that they're not being thoughtful about the design of the architecture and really value the partnership they're just chasing cheap power, and they don't care what it takes.

But as a result, the power partners have a much better decision rubric for selecting partners, and that's really favoring us, right? I talked about being chosen out of 25 participants, our responses to questions are much more thoughtful and it sort of expresses the depth of our knowledge in the energy space and so forth.

We're seeing more activity from investors in '23 than we did in 2022. 2022 was a different year, especially the latter half of the year. And there is a willingness to look at crypto again, especially Bitcoin investments and especially sites that could do more than just mine Bitcoin- AI is the future and the world is moving toward more intensive computing. And our sites are industry-agnostic.

And so that gives us a platform to expand into a number of end markets for our data centers. And that's creating some magnetism towards the company. So we've had some interesting strategic discussions around things beyond Bitcoin that can be done in our sites.

We have -- we now have our flagship to point to. You touched on it earlier, Graham, that we can do site visits and the feedback is extremely positive and our sites are built for revenue potential now, right?

So Bitcoin mining and beyond and just long-term revenue opportunities in other compute environments have really created a way for us to be positioned in the space.

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The other thing I'm finding that's fascinating is how quickly the IRA (Inflation Reduction Act passed last year) is affecting the market? You've already seen massive amounts of capital surging into the space. They've now provided clarity around this concept of moving your tax credits between projects.

**Graham Mattison:** The IRS published "Safe Harbor" language, and that is huge for the industry. With this, investors have clarity and will be much more willing to invest in projects.

**John Belizaire:** It's a game changer that's going to create a massive amount of capital to come in so much so that companies in the space need to consolidate the platforms, right? Because you have development platforms, there's so much capital to put to work, finding projects as a challenge.

And because there's going to be a lot more build-out, curtailment is going to continue to be a challenge for IPPs because I don't know if I've ever talked to you about the McDonald's and Burger King problem, but there's this whole concept.

I learned many years ago around economics and sort of optimizing for real estate location, they're two big real estate companies, right? And so they're trying to optimize for the best location. And as a result, you get a McDonald's and Burger King across the street from each other, right?

Renewable energy is very similar. They optimize around certain factors that accelerate capital deployment. And so you end up getting lots of wind farms built in West Texas, right? You've got lots of wind farms built in Oklahoma area, SPP.

And so that is going to create lots of opportunity, and we have a great solution for that problem because as you build more projects, it puts more power on the network, transmission doesn't get built that fast, as fast as projects.

And that's created a lot of inbound opportunities now that more projects are going online. And we've had probably some of the largest IPPs post consolidation reach out to us and say, "We're ready for you now. Let's talk about you guys reviewing our portfolio and identifying some projects to work on."

So that's given us some nice opportunities for more geographic areas, some geographic diversity around our projects.

Some folks have talked about Texas concentration, that sort of thing. Well, that's going to change here because we're starting to see projects beyond that state. And some of our IPPs are well positioned in those other locations in the U.S.

**Graham Mattison:** John we are coming up to the end of our time and thank you for taking the time to speak with us today. The final question- as we sit here today, what

do you think that investors are missing or misunderstanding about Soluna today and going forward?

**John Belizaire:** I think the key point that people miss is we have a strong underlying business. We're on a mission to better the world by making renewable energy the primary source of power using computing as a catalyst. That's always been our core business.

And last year, we had a bump in the road for a number of reasons. But the underlying business strategy, the thesis is still strong. And why is it strong? Because number one, we've established ourselves as a leading curtailment solutions provider to the renewable energy industry. So this brand is almost becoming synonymous with that.

We own our data centers and our proprietary software. So we build, design and operate those facilities to serve a very specific purpose. And in that design or proprietary approaches to the implementation of our business model, and that gives us a unique structure that differentiates us in the space.

Our capital approach and our approach to structuring the projects, we do behind-the-meter projects, specifically because they're hard to do.

There's lots of complexity and it plays to our strengths as a company. The most successful companies in the world make really hard, complex things seems simple. And we accomplished that by investing in capabilities, team members, et cetera.

And the most important thing, the last piece is -- I had one investor tell me at the end of the day, people want to make money, John, that's -- that's what matters, right? We deliver strong returns on invested capital. So if you look at our projects, they're very healthy and have tremendous earnings power once they are mature, and we can bring in capital.

If you look at our valuation today, I think our true valuation is above current levels. In fact, you guys wrote a great paper that talks about the current market valuation does not give any credit for the future project pipeline. Nobody has given us credit for anything, but our existing projects, so we have 700 megawatts, we're maturing them. There's another 50 megawatts in Project Dorothy 2, people are sort of missing that, right? And we've gone through a major turnaround as a company over the last year.

And so we're well positioned to continue to grow and ramp up the earnings power of our facilities and to add more facilities as well.

And I'll keep beating on this drum. We solve a problem. Companies that solve a problem and do it really well consistently build value over time. IPPs want our solution for their curtailment problem. In fact, they need it.

It has a shorter payback than other solutions like batteries. It's an innovative solution that has long-term potential, right? Compute is just -- we're just getting started with what we can do with our data centers.

And we can build these faster now that we have our blueprint at Project Dorothy, we can rinse and repeat. And as we convince capital that we're the right company to invest in and we prove that we can execute more of that capital will come our way.

**Graham Mattison:** John, thank you so much.

**John Belizaire:** Thanks, Graham, for having me on, and thanks to our valued shareholders for listening in and we appreciate your patience and support.

**Graham Mattison:** Thanks, everyone.



## 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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