

UPDATE NOTE

ENERGY TRANSITION & SUSTAINABLE INVESTING



Soluna Holdings, Inc.

Continued Strong Operating Results; New Projects Moving Ahead

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KEY POINTS

- YE results and recent operating update show continued execution on all fronts.** Soluna reported \$1 million of adjusted EBITDA in 4Q23, up from \$405K in 3Q23 and negative EBITDA in 4Q22, as Project Sophie and Project Dorothy 1A&B again delivered solid results. 4Q23 revenue of \$10.1 million was up 75% from 3Q23, helped by a combination of new contracts and also a full quarter of Project Dorothy 1.
- 2024 is off to a strong start.** As detailed in its recent operating update, Soluna's monthly hosted hash rate averaged 1,590 PH/s in 1Q24, up from 1,543 PH/s in 4Q23, while the monthly self-mining rate averaged 785 PH/s, up from 711 PH/s in 4Q23. Project Dorothy 1B produced 120 BTC in 1Q24, down from 140 BTC mined in 4Q23, however BTC spot prices increased ~65% in 1Q24. In February, the company consumed 11,927 MWh of energy that would have been curtailed, more than double the amount in January 2024, and well above the 6,199 MWh monthly average in 4Q23. We expect that 1Q results will benefit from lower power costs of curtailed energy as well as higher BTC prices, but we note that proprietary mining is only done at Project Dorothy 1B (a 51% owned JV) although some of the Project Sophie hosting agreements include a profit share component.
- Balance sheet improving, recent agreement with noteholders opens a path for more attractive growth financing options.** Cash at YE23 stood at \$6.4 million, up from \$1.1 million at YE22 and \$5.6 million at 3Q23. The company recently reached a fourth amendment with the convertible noteholders that will adjust the exercise price of existing warrants and give them additional warrants upon exercise. The agreement can raise \$3 million through the warrant exercise and also allows for an at-the-market (ATM) offering mechanism with a floor of \$10 per share. With its growing EBITDA contributions and new projects moving closer, we see Soluna as being in a much stronger position as it looks to shape its future capital structure at both the project and corporate level.
- New projects moving closer, both of which should generate significant EBITDA contributions.** The 50MW Project Dorothy 2 is in the final approval process and construction partners should be announced soon, while the PPA for the 166MW Project Kati is almost complete and progressing with ERCOT. Project Dorothy 2 has an attractive return profile and the potential to generate up to \$14 million in annual project-level operating profit contributions to Soluna. While we expect the company to engage a partner to fund the capex similar to Project Dorothy 1, Soluna is in a much stronger position than it was when it negotiated partnerships for the first 50MW at Project Dorothy.
- Soluna's AI Cloud venture launched.** In addition to the recent AI hosting deal at Project Sophie, the company has launched its AI Cloud venture, which will offer AI clients access to low-carbon and low-cost renewable powered computing. As well, Soluna is developing a new 2MW purpose designed AI data center called Helix, which is part of the 50MW expansion at Project Dorothy.

KEY STATISTICS

Ticker:Exchange	SLNH:NASDAQ
Current Price	\$1.52
52-Week Range	\$1.40-\$9.75
Average Volume (30-Day)	168,982
Shares Outstanding (MM)	2.8
Market Cap (\$MM)	\$4.3
Fiscal Year-End	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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