

Greenidge Generation Holdings, Inc (GREE) Case Study

GREE was a holding in **The Valkyrie Bitcoin Miners ETF (Nasdaq:WGMI)** as of 2/7/2022.

WGMI is an actively managed ETF available through Nasdaq that invests in public companies in the bitcoin mining industry. Companies are screened based on their usage of renewable energy.

SHARE PRICE	8.22*
MKT CAP	0.33 billion*
BTC HOLDINGS	48
BTC HOLDINGS VALUE	2,000,000
BTC % MKT CAP	0.6%
LOCATION	DRESDEN, NY
CEO	JEFFREY EMIL KIRT
FOUNDED	1937
IPO DATE	SEPTEMBER 2021
URL	www.greenidge.com

*data as of 3/18/22

Business Model

Greenidge owns and operates a 106 megawatt gas-fired power plant in Dresden, New York. This facility was converted from coal to natural gas and biomass in 2017. The power plant is still connected to the New York energy grid, using the cheapest natural gas in the United States to generate power.¹ The majority of power is sold, but an increasing amount of the power is used to run mining rigs for bitcoin and bitcoin cash. There has been a delay in the renewal of the plant's Title V permit renewal as some politicians oppose the use of the plant for bitcoin mining. The company's purchase of carbon credits could possibly meet the requirements for permit renewal.²

As Greenidge takes delivery of more mining machines, the portion of the electricity generated that is sold to the grid will decline. Greenidge maintains flexibility in its generation operations and will curtail bitcoin mining when demand for power in Upstate New York is at peak levels.³

Over 85% of the 2021 revenue was generated through bitcoin mining operations. Rather than holding bitcoin as an investment, the coins are generally sold to finance expansion through growth of new facilities and the purchase of additional bitcoin mining equipment.

Mining Operations / Hash Rate

In 2021, Greenidge mined 1,866 bitcoin. At year end, they deployed over 17,000 mining rigs with production of 1.4 exahashes (1.4 quintillion hashes) per second.⁴ In September 2021, bitcoin mining consumed approximately 44 megawatts of the 106 megawatts generation capacity at the New York power plant.⁵

1 <https://greenidge.com/greenidge-generation-announces-successful-start-of-operations-at-state-of-the-art-data-center-for-digital-currencies/>

2 <https://seekingalpha.com/article/4473760-greenidge-generation-grossly-undervalued-bitcoin-mining-company>

3 <https://greenidge.com/wp-content/uploads/2022/01/Greenidge-Update-1-16-22.pdf>

4 https://greenidge.com/wp-content/uploads/2022/02/GREE-Q4-Pre-Announcement_2.2.22-1.pdf

5 <https://ir.greenidge.com/static-files/2a212a7c-1f45-4190-91f3-05bf90069d19>

In addition to its operations in New York, Greenidge has ordered over 26,000 mining machines. These will be deployed in Texas as well as in their new Spartansburg, South Carolina facility in 2022. The South Carolina operations will also be designed to run on a carbon neutral basis through a combination of renewable energy consumption and the purchase of carbon credits.⁶ The ordered Bitmain S19j Pro miners are energy efficient, using 27% less electricity than other mining machines.⁷ Upon installation of all ordered miners, Greenidge will increase their hash rate to 4.7 exahashes per second.

Sustainability

As of June 2021, Greenidge will run its bitcoin mining operations in a 100% carbon neutral fashion. In addition to using natural gas and biomass to run its power plant, Greenidge will purchase carbon offsets from projects with verifiable sequestration of greenhouse gases.⁸ In addition to its carbon neutral mining operations, Greenidge will invest in building new capacity for renewable energy generation projects. Since converting to natural gas in 2017, Greenidge has offset 100% of its carbon emissions through the Regional Greenhouse Gas Initiative.⁹

6 <https://greenidge.com/wp-content/uploads/2021/09/Greenidge-Bitmain.pdf>

7 <https://ir.greenidge.com/static-files/2a212a7c-1f45-4190-91f3-05bf90069d19>

8 <https://greenidge.com/greenidge-generation-bitcoin-mining-operation-to-be-carbon-neutral-in-2021-and-beyond/>

9 <https://greenidge.com/greenidge-generation-bitcoin-mining-operation-to-be-carbon-neutral-in-2021-and-beyond/>



Disclosures

The Valkyrie Bitcoin Miners ETF is an actively managed ETF. The Fund seeks to provide investors with capital appreciation. There can be no assurance that the Fund will achieve its investment objective.

This document does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial advisor/financial consultant before making any investment decisions.

Investing involves risks. The loss of principal is possible. The Fund investment objectives, risks, charges and expenses should be considered before investing. The fund may not be suitable for all investors. The prospectus contains this and other important information, and it may be obtained at <https://valkyrie-funds.com/>. Read it carefully before investing.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Any applicable brokerage fees and commissions will reduce returns.

WGMI is indirectly exposed to the risks of investing in bitcoin through its investments in the portfolio companies. The market for bitcoin futures may be less developed, less liquid and more volatile than more established futures markets.

Bitcoin and bitcoin futures are a relatively new asset class. They are subject to unique and substantial risks, and historically, have been subject to significant price volatility. The value of an investment in the Fund could decline significantly and without warning, including to zero. You should be prepared to lose your entire investment.

The Shares will change in value, and you could lose money by investing in the Fund. The Fund may not achieve its investment objective.

The Fund is distributed by ALPS Distributors, Inc. Valkyrie Investments and ALPS Distributors, Inc. are not affiliates.

VLK 221

This is a new ETF with limited operating history.

