

January 27, 2025

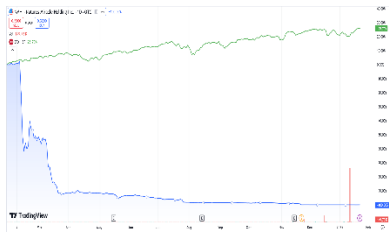
VALUATION

Current Price	\$0.32
52 Week Range	\$0.01 –\$342.00
Mkt Cap (\$-Mn)	1.02
Ent. Value (\$-Mn)	12.12
Shares Out. (Mn)	3.21
Short Int (% Flt)	6.10%
Daily Vol (Mn)	4.69
P/Sales (FY24E)	0.5x

OWNERSHIP

Insider	39.00%
Institutional	0.62%

PERFORMANCE (VS. S&P500)



Source: Trading View, Data as of 01/27/2025

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Nature's Miracle Holding Inc. (OTCPK: NMHI)

Starting off 2025 with Strong Footing with Diversification and Accretive Growth Opportunities

- NMHI is undergoing a transformative phase, strategically diversifying into high-growth markets while addressing regulatory headwinds. **More specifically, we believe the Company's proactive entry into Bitcoin mining and its acquisition of Pangea Global Technologies signal a true dual focus that will equate to enhanced near term profitability and create longer term strategic and shareholder value.**
- **Bitcoin Mining Expansion:** NMHI, through NM Data Inc., is advancing its Bitcoin mining operations with a 50MW facility in Ohio and a 14MW facility in Toronto, which will position the company to capitalize on the sector's robust economics and accelerated growth rate, with ~3x margins in 2025. Further, **we believe this investment offers diversification from NMHI's core vertical farming business and aligns with growing industry trends such as artificial intelligence (AI)-driven computing demand.** Favorable electricity rates and scalable infrastructure further strengthen NMHI's competitive positioning in this high-margin sector.
- **Accretive Pangea Acquisition:** The proposed acquisition of Pangea Global Technologies, generating ~\$38M & ~\$2M in 23' revs & adjusted EBITDA, is poised to be earnings-accretive. More specifically, **we believe Pangea strengthens NMHI's vertical farming capabilities, expands its product offerings, and incorporates their U.S. distribution network of 48 agencies and 600 sales representatives, driving a substantial expansion in market reach and accelerating product adoption across strategic regions.** Additionally, the acquisition integrates Pangea's SaaS platform, enabling NMHI to offer advanced energy management solutions while optimizing its supply chain via Pangea's manufacturing facilities in Mexico.
- **Regulatory Mitigation:** NMHI's recent Nasdaq delisting represents a short-term challenge. However, strategic initiatives such as the \$29.7M convertible preferred stock agreement and reverse stock split signal a clear commitment to regulatory / listing compliance and balance sheet enhancement. **We have confidence in the Company's external growth opportunities, which will mitigate near-term risks and ultimately preserve and creating long-term shareholder value.**
- **In Q3:24, NMHI achieved a 13.5% y/y revenue growth, reaching \$3.1 million, driven by increased demand and an expanded customer base.** Gross profit improved to \$228,113, with gross margins rising to 7.5% from 5.9% in the previous year. However, the net loss widened to \$2.8 million, compared to \$0.4 million in 3Q23. The company also reported a 40% increase in its average revenue per user (ARPU), reflecting its strong market position. Overall, **we believe that with timely funding initiatives, operational improvements, and strategic diversification, NMHI is poised to enhance its financial stability and capitalize on growth opportunities. While we are not formally updating our financial model and estimates today, we have a clear upside bias and confidence level.**

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Unlocking \$38.5 Million In Revenue: NMHI’s Strategic Acquisition of Pangea

- On January 21, 2025, NMHI announced signing a non-binding letter of intent (LOI) to acquire 100% of Pangea Global Technologies, Inc. (Pangea), a prominent manufacturer of LED lighting and technology solutions provider. **This strategic move is poised to accelerate growth through synergies, and we believe it is a transformative milestone for NMHI, enabling the company to capitalize on Pangea’s extensive U.S. distribution network and over two decades of experience in its core business of LED lighting and technology.** The proposed transaction, pending the execution of definitive agreements, includes a total consideration of 3,500,000 shares and \$2.0 million in working capital to Pangea. We expect this to strengthen the combined entity’s balance sheet, create synergies, and position NMHI for accelerated growth.
- **We believe the acquisition of Pangea represents a strategic fit for NMHI, enhancing its product offerings and bolstering its position in the vertical farming infrastructure market.** Pangea’s diverse portfolio, including Visionaire Lighting, LLC, RapidGrow LED Technologies, and Pangea Software Inc., aligns seamlessly with NMHI’s existing vertical farming technology and infrastructure, enabling the combined entity to deliver a more comprehensive suite of technologically advanced solutions to customers. Further, access to Pangea’s PANGEA SaaS platform, which features advanced lighting controls and energy management solutions, would further enhance NMHI’s capabilities in the technology solutions sector.

Chart 1: Pangea’s RapidGrow LED Product Offerings



Source: Pangea Company Website

- Additionally, Pangea’s extensive sales network—comprising 48 agencies and over 600 sales representatives across the U.S.—would significantly expand NMHI’s distribution capabilities, broadening its customer reach and strengthening market share. With Pangea reporting audited revenues of \$38.5 million and adjusted EBITDA of \$2 million for 2023, **we believe the acquisition would be accretive to NMHI’s earnings while driving its growth trajectory.**
- **By leveraging Pangea’s vertically integrated and expansive manufacturing facilities in Mexico—spanning over 350,000 square feet of R&D, testing, and manufacturing space— we believe NMHI would gain the ability to optimize its supply chain, reduce costs, and enhance its overall market competitiveness.** Notably, Pangea’s impressive customer base, which includes major retailers like Walmart, Target, Best Buy, and Lowe’s, alongside government agencies such as NASA, would significantly expand NMHI’s customer reach and diversify its revenue streams. Further, Pangea’s software solutions, utilized by clients such as Toyota, Vance Airforce Base, and Central Florida Express Authority, would strengthen NMHI’s technology solution capabilities, allowing the company to deliver a more comprehensive suite of offerings to its customers. Overall, **we believe this acquisition will act as a strong catalyst for NMHI’s stock and shareholder value creation.**

NMHI Entering into a Lucrative and Profitable BTC Mining Business Opportunity with ~3x Margins

- The Bitcoin mining industry experienced significant economic shifts in 2024, highlighted by the 4th halving event, which drove hash prices to record lows. This spurred M&A activity as large miners consolidated for scale and began allocating capacity to emerging AI and high-performance computing (HPC) demand, enabling some to achieve threefold profitability margins. With the cost to mine one Bitcoin estimated at \$33,900 and the price at \$105,578 (as of January 21), miners holding their Bitcoin reflects confidence in its long-term value. **We believe NMHI's move into this high-growth sector could align with its strategic vision, reduce reliance on traditional vertical farming solutions, and provide an early-mover advantage in a rapidly evolving industry.**
- The Bitcoin mining industry is expected to remain stable and profitable in 2025, according to a report by Canaccord Genuity, with miners increasingly diversifying into HPC and AI to boost earnings. **We believe this stability, coupled with rising demand for Bitcoin mining and data centers, offers NMHI a prime opportunity to expand and gain market share.** Further, access to 50MW of low-cost electricity in Ohio gives NMHI a competitive edge by lowering operational costs. Additionally, co-hosting opportunities, like Core Scientific's deal with AI hyperscaler CoreWeave, could unlock new revenue streams and further solidify NMHI's market position.
- NMHI's recent spin-off of NM Data Inc., a 100% subsidiary, marks a strategic step in the right direction for its foray into the segment. Moreover, its \$3 million investment in Ohio-based Future Tech Inc. to develop a 50MW Bitcoin mining facility demonstrates a calculated move to capitalize on U.S. market demand. The investment structure, including an initial \$200,000 payment and a conditional \$2.8 million subject to execution of agreements, ensures a stable operating environment, with NM Data set to own 51% upon completion. We note that the company's ability to negotiate a favorable electricity supply rate will be crucial in determining the project's profitability and competitiveness in the Bitcoin mining market. **We believe this investment is particularly attractive due to its timing, aligning with the expected growth of crypto mining in the U.S. under the new Trump administration.**
- Additionally, NMHI's strategic decision of acquiring a 90% equity interest in Toronto-based J&Y Marigold - through the former's subsidiary NM Data, Inc. - for an aggregate purchase price of up to \$5.32 million, is another strategic initiative to solidify its position in this emerging segment. J&Y is currently developing a Bitcoin mining facility with an anticipated power load of 14 megawatts and is expected to be operational in H1 2025. **We believe this timeline is aggressive, yet achievable, given the company's stated ambitions and the growing demand for cryptocurrency mining infrastructure.** Further, **we believe this acquisition will empower NMHI to capitalize on advanced infrastructure, thereby delivering highly efficient and scalable mining capabilities that will significantly enhance its competitive edge in the market.**

Pursuing Growth Opportunities Amid Navigating Regulatory Challenges

- NMHI is navigating a critical juncture in its corporate trajectory, marked by the recent delisting notice from The Nasdaq Stock Market LLC due to non-compliance with the minimum shareholder's equity requirement under Nasdaq Listing Rule 5550(b)(1). The company's common stock and warrants were subsequently suspended from trading on Nasdaq, effective January 15, 2025, and have since been relegated to the OTC Pink Sheet. Despite this setback, **we believe NMHI remains committed to restoring its Nasdaq listing and enhancing shareholder value, as evidenced by its proactive engagement with legal counsel to ensure regulatory compliance and transparent communication of material developments.** The company's recent entry into a Securities Purchase Agreement (SPA) with an institutional investor on January 10, 2025, although met with a ~40% decline in stock price, is a potential way to address the deficiency issue.
- This ~40% decline in stock price, while pronounced, **believe should be viewed within the context of the broader market's risk appetite and the inherent uncertainties associated with regulatory notices and provides a strong entry point for long-term oriented investors.** It is crucial for investors to distinguish between the company's operational performance and the transient impacts of regulatory actions. **We believe NMHI's core business in vertical farming technology and infrastructure remains a compelling growth story, underpinned by increasing demand for sustainable and efficient agricultural practices.** The company's

dedication to its strategic objectives, including the exploration of mergers, acquisitions, and partnerships to bolster its financial position and operational capabilities, underscores its commitment to creating long-term value for shareholders.

- **From a financial perspective, we believe NMHI's ability to navigate this challenging period will depend on its capacity to secure additional funding, reduce costs, and drive revenue growth.** A proactive measure taken in anticipation of the delisting was the announcement of a 1-for-30 reverse stock split on November 19, 2024, effective November 21, 2024. This strategic decision was primarily intended to increase the bid price of the company's common stock, thereby enabling NMHI to regain compliance with the minimum bid price requirement of \$1.00 per share for continued listing on The Nasdaq Global Market. The split, which affected all holders of common stock uniformly, did not alter the fundamental value of the company but rather recalibrated its capital structure to meet the listing requirements. **We expect the company to undertake further such measures in the near future.**
- **We believe NMHI's recent announcement of a SPA with an institutional investor highlights the company's efforts to secure funding to support its growth initiatives.** The agreement allows NMHI to sell up to \$29.7 million in convertible preferred stock, with the initial tranche of \$2,700,000 to be funded in two parts: \$1,800,000 within one business day of closing and the remaining \$900,000 after the registration of common stock for resale. **We believe this financing arrangement provides NMHI with the necessary capital to invest in its vertical farming and horticultural LED lighting solutions, potentially driving expansion and increasing its market presence.**
- Further, the funding of subsequent tranches is critical for NMHI to execute its growth strategy and meet specific conditions, including an average daily trading volume exceeding \$500,000 and a daily volume-weighted average price above \$1.50. These requirements indicate that NMHI must demonstrate consistent trading activity and a stable stock price to access the remaining funds. How this plays out, especially given the current delisting of the company from Nasdaq, remains to be seen. Overall, **we believe the registration of common stock for resale, a prerequisite for funding subsequent tranches, will also be an important milestone for NMHI, as it will provide liquidity to the investor and potentially attract new investors to the company.**

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Mid-Quarter Update Note

Stock Price Chart with Target Prices

Target price was initiated on **November 07, 2024** at \$0.70.

Target price was reduced on **November 18, 2024** to \$0.52.



Note: The close prices in the chart above are split-adjusted, following the 30:1 reverse stock split undertaken by the company on November 21, 2024, as noted on pg. 04.

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Mid-Quarter Update Note

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