

**BUY (REIT) | USD\$31.32 PT**  
(↑from \$25.87)

**SAIHEAT (SAIH.US) - Update Report**

**29 MAY 2025**

**SMR Breakthrough + Policy Tailwinds Justify Valuation Re-Rate**

<b>SPX</b>	5921.5
<b>NDX</b>	21414.99
<b>BTC</b>	107400.73

### Key Data

Closing price (USD)	6.535
52-week High/Low (USD)	26.98/3.0
Market Cap (USD\$mn)	11.05
Avg 3m Daily Volume	42,090

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### Investment Summary

**We raise our price target to \$31.32 and reiterate our BUY rating on SAIHEAT.** Recent developments—patent approval for its SMR control rod technology, sweeping U.S. nuclear policy reforms, and continued strength in BTC and AI infrastructure demand—support a material upward revision in the company's long-term strategic value. SAIHEAT is uniquely positioned at the intersection of AI, clean energy, and digital asset infrastructure, with a differentiated technology stack and accelerating commercial traction.

### Key Catalysts

- 1) On May 14, SAIHEAT received patent authorization for its proprietary SMR control rod drive mechanism.** The technology enhances core reactivity control in compact nuclear systems, improving both precision and safety. This approval marks a pivotal milestone in the company's advanced nuclear strategy and expands its IP portfolio with tangible commercialization potential.
- 2) U.S. policy momentum adds a second leg to the SMR story.** On May 24, President Trump signed executive orders streamlining nuclear licensing, enabling testing at DOE labs, and prioritizing reactor deployment on federal land. We see this as a structural catalyst for U.S.-based SMR players, removing key regulatory overhangs. The combination of patent progress and policy alignment significantly de-risks SAIHEAT's energy ambitions.
- 3) BTC strength and passage of the GENIUS Act (May 19) create favorable conditions for energy-efficient compute.** As crypto infrastructure seeks lower OPEX and cleaner footprints, SAIHEAT's edge in integrated liquid-cooled systems and heat recovery solutions could unlock new monetization opportunities.

### Operating Performance

FY24 results were in line with expectations. Revenue reached \$5.54M (vs. \$5.45M est.), while net loss was \$5.89M (vs. \$5.82M est.). Opex was well-managed at \$6.90M despite ongoing R&D and market expansion. Liquid cooling solutions continue to gain traction, and the ongoing AI computing demand/BTC rally could accelerate conversion from pilot deployments to full-scale contracts.

### Valuation Update

**We raise our target price to \$31.32, reflecting a re-rating driven by strengthening tailwinds across AI compute and crypto-aligned infrastructure.** Since our last report (Mar 26), the digital compute ecosystem has seen significant capital rotation. Bitcoin has rallied +26% (Apr 1 to May 28), while nuclear-themed compute peers such as OKLO (+139%) and NuScale (+143%) have materially outperformed. These moves signal broad-based investor appetite for scalable, energy-resilient compute infrastructure — a theme central to SAIHEAT's dual-focus strategy.

**We view SAIHEAT not as a pure-play SMR name, but as a full-stack computing infrastructure operator integrating AI, BTC, and advanced energy systems.** Its containerized IDC solution and liquid cooling platform uniquely position it to monetize compute demand surges from both AI (LLM, MoE architecture) and BTC (self-mining + hosting). Recent U.S. policy shifts — including pro-nuclear executive orders and the GENIUS Act for crypto regulation — further de-risk SAIHEAT's longer-term trajectory.

While current revenue scale remains modest, the company's asymmetric upside potential, IP-led edge, and order pipeline visibility support our revised valuation framework. Shares currently trade at ~0.3x FY26E P/S, materially below the infrastructure-adjusted valuations of AI/crypto compute and SMR peers. We believe the market is underappreciating SAIHEAT's leverage to multiple high-growth themes with strong regulatory and macro alignment.

## Ratings and related definitions

### Company short-term ratings

Stock ratings of Buy, Hold and Sell have a time horizon of 6 months from the publishing date of the initiation or subsequent rating/price target change report issued for the subject company's stock.

**Buy** - The subject company's stock price should outperform the typical benchmark market index (eg. HSI) by 20% or above.

**Hold** - The subject company's stock price should outperform the typical benchmark market index by 5-20%.

**Neutral** - The subject company's stock price change is within  $\pm 5\%$  compared to the benchmark index.

**Rating Suspended** - No judgment is made on the company's stock performance in the next 12 months.

### Company long-term ratings

**A** - The company's long-term growth potential is above the industry comparable average level.

**B** - The company's long-term growth potential is in line with the industry comparable average level.

**C** - The company's long-term growth potential is below the industry comparable average level.

### Sector ratings and definitions

Over the 6-month period from the publishing date of the initiation or subsequent rating/price target change, the performance of the industry index relative to the concurrent market benchmark (HSI) is used as the standard:

**Overweight** - The industry fundamentals are favorable, and the industry index outperforms the benchmark by more than 10%.

**Neutral** - The industry fundamentals are stable, and the industry index moves within  $\pm 5\%$  of the benchmark.

**Underweight** - The industry fundamentals are weak, and the industry index is expected to underperform the benchmark by more than -10%.

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