UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-40931

Stronghold Digital Mining, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**86-2759890**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
595 Madison Avenue, 28th Floor New York, New York	**10022**
(Address of principal executive offices)	(Zip Code)

(845) 579-5992
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock	SDIG	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 8, 2024, the registrant had outstanding 14,837,229 shares of Class A common stock, par value $0.0001 per share, 5,990 shares of Series C convertible preferred stock, par value $0.0001 per share, 0 shares of Series D convertible preferred stock, par value $0.0001 per share, and 2,405,760 shares of Class V common stock, par value $0.0001 per share. On May 15, 2023, the Company effected a 1-for-10 reverse stock split ("Reverse Stock Split") of its Class A common stock, par value $0.0001 per share, and Class V common stock, par value $0.0001 per share. All share and per share amounts and related stockholders' equity balances presented herein have been retroactively adjusted to reflect the Reverse Stock Split.

EXPLANATORY NOTE

Stronghold Digital Mining, Inc. (the "Company") is filing this Amendment No. 1 on Form 10-Q/A (the "Amended Form 10-Q") to amend and restate Items 1, 2 and 4 of Part I and Item 6 of Part II of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024, which was

originally filed with the Securities and Exchange Commission (the "SEC") on November 13, 2024 (the "Original Form 10-Q"). This Amended Form 10-Q includes restated unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2024.

Background

In connection with the SEC's 14-month review of the Company's Annual Report on Form 10-K for the fiscal years ended December 31, 2023, and 2022 (as well as subsequent interim filings), and in consultation with the Audit Committee of the Company's Board of Directors, management and independent registered public accounting firm, the Company determined that its previously issued unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2024 (the "Restatement Periods"), including the related *Management's Discussion and Analysis of Financial Condition and Results of Operations* within Item 2 of Part I in the Original Form 10-Q, should be restated to correct an error in the Company's revenue recognition policy with respect to the Bitcoin miner hosting contracts the Company had in place with two customers during the Restatement Periods.

As disclosed in the Original Form 10-Q, the Company corrected an error in its revenue recognition policy with respect to its Bitcoin miner hosting contracts to be consistent with U.S. GAAP, which requires an entity to measure noncash consideration using the estimated fair value of the consideration at contract inception. Instead of measuring the noncash (Bitcoin) consideration at the time of each hosting contract's inception, the Company measured the noncash (Bitcoin) consideration in prior periods on a daily basis, as each Bitcoin was awarded. This change in measurement had a $0 impact on the Company's net loss for all quarterly periods in 2024, and therefore, the Company initially determined the resulting impact was an immaterial classification error in the Company's condensed consolidated statements of operations. Accordingly, the Company corrected this error in its revenue recognition policy beginning on the first day of the third quarter of 2024, but did not record the cumulative impact of the correction from the first and second quarters of 2024. The cumulative impact of correcting this error from the first and second quarters of 2024 is a decrease to cryptocurrency hosting revenues of $3,145,003 and equal and offsetting changes to realized gain on sale of digital currencies (increase of $3,257,827) and unrealized gain/loss on digital currencies (decrease of $112,824) for the three and nine months ended September 30, 2024. Subsequent to the filing of the Original Form 10-Q, the SEC communicated its disagreement with the Company's materiality assessment for the 2024 quarterly periods and, consequently, how the Company corrected the error in the Original Form 10-Q. In connection with the SEC's review, the Company reevaluated its materiality assessment for the 2024 quarterly periods and concluded that the cumulative classification error totaling $3,145,003 was material to the Company's results of operations and should have been recorded in its unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2024.

Refer to *Note 1 – Basis of Presentation (As Restated)* in the notes to the Condensed Consolidated Financial Statements of this Amended Form 10-Q for additional details regarding the Company's restatement of its previously issued financial statements for the three and nine months ended September 30, 2024.

As a result of this error, the Company determined that the previously issued unaudited condensed consolidated financial statements for the Restatement Periods should no longer be relied upon. The Company notes, however, that the error in the Company's revenue recognition policy with respect to its Bitcoin miner hosting contracts in previously issued consolidated financial statements for the year ended December 31, 2023, included in its Annual Report on Form 10-K filed with the SEC on March 8, 2024, or any quarterly and annual periods prior thereto, was immaterial; therefore, no restatement is required with respect to the consolidated financial statements for those periods. All material restatement information is included in this Amended Form 10-Q, and the Company does not intend to separately amend other filings that we have previously filed with the SEC. Accordingly, investors and other readers should rely on the financial information and other disclosures regarding the Restatement Periods in this Amended Form 10-Q and in any other future filings with the SEC, as applicable, and should not rely on any previously issued or filed reports, press releases, corporate presentations, or similar communications relating to the Restatement Periods.

As a result of the error described above and the related restatement, the Company identified a material weakness in its internal control over financial reporting, as described in more detail in *Part I – Item 4. Controls and Procedures (As Restated)* of this Amended Form 10-Q. Due to the identification of a material weakness, the Company concluded that its disclosure controls and procedures and internal control over financial reporting were not effective as of September 30, 2024. A discussion of the Company's actions taken and further plans to remediate this material weakness is set forth in *Part I – Item 4. Controls and Procedures (As Restated)* of this Amended Form 10-Q.

Except as described above and the items set forth below, no other amendments are being made to the Original Form 10-Q. This Amended Form 10-Q does not reflect events occurring after the filing of the Original Form 10-Q or modify or update the disclosures contained therein in any way other than as required to reflect the amendments discussed above. Any forward-looking statements included in this Amended Form 10-Q represent management's views as of the date of the Original Form 10-Q and should not be assumed to be accurate as of any date thereafter.

In accordance with applicable SEC rules, the Company has included in this Amended Form 10-Q an updated signature page and updated certifications executed as of the date of this Amended Form 10-Q by the Company's principal executive officer and principal financial officer as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The updated certifications are included as Exhibits 31.1, 31.2, 32.1, and 32.2 to this Amended Form 10-Q.

For the convenience of the reader, this Amended Form 10-Q amends and restates the Original Form 10-Q in its entirety. This Amended Form 10-Q, therefore, includes both items that have been changed as a result of the restatement described above as well as items that are unchanged from the Original Form 10-Q. The Company is filing this Amended Form 10-Q for the quarterly period ended September 30, 2024, to amend and restate the following items included in the Original Form 10-Q:

- Part I – Item 1. Financial Statements;
- Part I – Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations;
- Part I – Item 4. Controls and Procedures; and
- Part II – Item 6. Exhibits.

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Part I - Financial Information

Item 1. Financial Statements (As Restated)

STRONGHOLD DIGITAL MINING, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 30, 2024	December 31, 2023
ASSETS:		
Cash and cash equivalents	$ 4,491,447	$ 4,214,613
Digital currencies	613,949	3,175,595
Accounts receivable	1,240,900	507,029
Inventory	2,815,178	4,196,812
Prepaid insurance	1,668,837	3,787,048
Due from related parties	90,538	97,288
Other current assets	1,898,404	1,675,084
Total current assets	12,819,253	17,653,469
Equipment deposits	—	8,000,643
Property, plant and equipment, net	124,971,766	144,642,771
Operating lease right-of-use assets	904,988	1,472,747
Land	1,748,440	1,748,440
Road bond	299,738	299,738
Security deposits	348,888	348,888
Other noncurrent assets	271,960	170,488
TOTAL ASSETS	$ 141,365,033	$ 174,337,184
LIABILITIES:		
Accounts payable	$ 11,259,291	$ 11,857,052
Accrued liabilities	13,846,663	10,787,895
Financed insurance premiums	952,369	2,927,508
Current portion of long-term debt, net of discounts and issuance fees	19,566,519	7,936,147
Current portion of operating lease liabilities	605,324	788,706
Due to related parties	1,449,195	718,838
Total current liabilities	47,679,361	35,016,146
Asset retirement obligation	1,116,958	1,075,728
Warrant liabilities	16,765,182	25,210,429
Long-term debt, net of discounts and issuance fees	33,879,516	48,203,762
Long-term operating lease liabilities	356,542	776,079
Other noncurrent liabilities	10,500,864	241,420
Total liabilities	110,298,423	110,523,564
COMMITMENTS AND CONTINGENCIES (NOTE 10)		
REDEEMABLE COMMON STOCK:		
Common Stock – Class V; $0.0001 par value; 50,000,000 shares authorized; 2,405,760 shares issued and outstanding as of September 30, 2024, and December 31, 2023.	11,536,161	20,416,116
Total redeemable common stock	11,536,161	20,416,116
STOCKHOLDERS' EQUITY:		
Common Stock – Class A; $0.0001 par value; 238,000,000 shares authorized; 14,737,601 and 11,115,561 shares issued and outstanding as of September 30, 2024, and December 31, 2023, respectively.	1,474	1,112
Series C convertible preferred stock; $0.0001 par value; 23,102 shares authorized; 5,990 shares issued and outstanding as of September 30, 2024, and December 31, 2023.	1	1
Series D convertible preferred stock; $0.0001 par value; 15,582 shares authorized; 0 and 7,610 shares issued and outstanding as of September 30, 2024, and December 31, 2023, respectively.	—	1
Accumulated deficits	(360,763,808)	(331,647,755)
Additional paid-in capital	380,292,782	375,044,145
Total stockholders' equity	19,530,449	43,397,504
Total redeemable common stock and stockholders' equity	31,066,610	63,813,620
TOTAL LIABILITIES, REDEEMABLE COMMON STOCK AND STOCKHOLDERS' EQUITY	$ 141,365,033	$ 174,337,184

The accompanying notes are an integral part of these condensed consolidated financial statements.

STRONGHOLD DIGITAL MINING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	(As Restated)		(As Restated)	
OPERATING REVENUES:				
Cryptocurrency mining	$ 8,709,777	$ 12,684,894	$ 44,989,361	$ 37,764,990
Cryptocurrency hosting	(1,233,393)	3,789,375	8,048,435	9,195,072
Energy	502,640	1,210,811	1,424,077	4,682,590
Capacity	—	—	—	1,442,067
Other	44,046	41,877	187,521	142,194
Total operating revenues	8,023,070	17,726,957	54,649,394	53,226,913
OPERATING EXPENSES:				
Fuel	6,500,292	8,556,626	19,709,424	22,262,141
Operations and maintenance	4,998,609	6,961,060	22,321,981	24,206,080
General and administrative	8,326,999	6,598,951	26,671,930	25,145,444
Depreciation and amortization	8,623,646	9,667,213	27,428,863	26,025,021
Loss on disposal of fixed assets	458,147	—	2,189,252	108,367
Realized gain on sale of digital currencies	(3,977,622)	(131,706)	(4,358,041)	(725,139)
Unrealized loss (gain) on digital currencies	146,607	—	(614)	—
Realized loss on sale of miner assets	530,099	—	494,087	—
Impairments on digital currencies	—	357,411	—	683,241
Impairments on equipment deposits	—	5,422,338	—	5,422,338
Total operating expenses	25,606,777	37,431,893	94,456,882	103,127,493
NET OPERATING LOSS	(17,583,707)	(19,704,936)	(39,807,488)	(49,900,580)
OTHER INCOME (EXPENSE):				
Interest expense	(2,236,587)	(2,441,139)	(6,748,059)	(7,428,530)
Loss on debt extinguishment	—	—	—	(28,960,947)
Changes in fair value of warrant liabilities	(2,850,298)	(180,838)	8,445,247	5,580,453
Other	—	15,000	15,000	45,000
Total other (expense) income	(5,086,885)	(2,606,977)	1,712,188	(30,764,024)
NET LOSS	$ (22,670,592)	$ (22,311,913)	$ (38,095,300)	$ (80,664,604)
NET LOSS attributable to noncontrolling interest	(3,181,407)	(5,188,727)	(5,588,300)	(26,663,731)
NET LOSS attributable to Stronghold Digital Mining, Inc.	$ (19,489,185)	$ (17,123,186)	$ (32,507,000)	$ (54,000,873)
NET LOSS attributable to Class A common shareholders:				
Basic	$ (1.34)	$ (2.26)	$ (2.27)	$ (8.93)
Diluted	$ (1.34)	$ (2.26)	$ (2.27)	$ (8.93)
Weighted average number of Class A common shares outstanding:				
Basic	14,594,955	7,569,511	14,319,202	6,047,891
Diluted	14,594,955	7,569,511	14,319,202	6,047,891

The accompanying notes are an integral part of these condensed consolidated financial statements.

STRONGHOLD DIGITAL MINING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

Three Months Ended September 30, 2024

	Convertible Preferred		Common A				
	Series C Shares	Amount	Shares	Amount	Accumulated Deficit	Additional Paid-in Capital	Stockholders' Equity
Balance – July 1, 2024	5,990	$ 1	12,980,864	$ 1,298	$ (336,973,510)	$ 378,716,670	$ 41,744,459
Net loss attributable to Stronghold Digital Mining, Inc.	—	—	—	—	(19,489,185)	—	(19,489,185)
Net loss attributable to noncontrolling interest	—	—	—	—	(3,181,407)	—	(3,181,407)
Maximum redemption right valuation [Common V Units]	—	—	—	—	(1,119,706)	—	(1,119,706)
Stock-based compensation	—	—	—	—	—	1,486,286	1,486,286
Vesting of restricted stock units	—	—	450,776	45	—	(45)	—
Exercised warrants	—	—	1,299,969	130	—	(130)	—
Issuance of common stock to settle payables	—	—	5,992	1	—	90,001	90,002
Balance – September 30, 2024	5,990	$ 1	14,737,601	$ 1,474	$ (360,763,808)	$ 380,292,782	$ 19,530,449

Three Months Ended September 30, 2023

	Convertible Preferred		Common A				
	Series C Shares	Amount	Shares	Amount	Accumulated Deficit	Additional Paid-in Capital	Stockholders' Equity
Balance – July 1, 2023	21,572	$ 2	6,055,618	$ 606	$ (298,199,062)	$ 380,538,701	$ 82,340,247
Net loss attributable to Stronghold Digital Mining, Inc.	—	—	—	—	(17,123,186)	—	(17,123,186)
Net loss attributable to noncontrolling interest	—	—	—	—	(5,188,727)	—	(5,188,727)
Maximum redemption right valuation [Common V Units]	—	—	—	—	(615,621)	—	(615,621)
Stock-based compensation	—	—	—	—	—	787,811	787,811
Vesting of restricted stock units	—	—	83,753	8	—	(8)	—
Exercised warrants	—	—	474,612	48	—	(48)	—
Issuance of common stock to settle payables	—	—	12,959	1	—	59,994	59,995
Issuance of common stock - ATM Agreement	—	—	1,249,746	125	—	8,120,924	8,121,049
Balance – September 30, 2023	21,572	$ 2	7,876,688	$ 788	$ (321,126,596)	$ 389,507,374	$ 68,381,568

The accompanying notes are an integral part of these condensed consolidated financial statements.

STRONGHOLD DIGITAL MINING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

Nine Months Ended September 30, 2024

	Convertible Preferred		Convertible Preferred		Common A				
	Series C Shares	Amount	Series D Shares	Amount	Shares	Amount	Accumulated Deficit	Additional Paid-in Capital	Stockholders' Equity
Balance – January 1, 2024	5,990	$ 1	7,610	$ 1	11,115,561	$ 1,112	$ (331,647,755)	$ 375,044,145	$ 43,397,504
Impact of ASU 2023-08 adoption (Note 1)	—	—	—	—	—	—	99,292	—	99,292
Net loss attributable to Stronghold Digital Mining, Inc.	—	—	—	—	—	—	(32,507,000)	—	(32,507,000)
Net loss attributable to noncontrolling interest	—	—	—	—	—	—	(5,588,300)	—	(5,588,300)
Maximum redemption right valuation [Common V Units]	—	—	—	—	—	—	8,879,955	—	8,879,955
Stock-based compensation	—	—	—	—	—	—	—	5,093,193	5,093,193
Vesting of restricted stock units	—	—	—	—	882,410	88	—	(88)	—
Exercised warrants	—	—	—	—	1,299,969	130	—	(130)	—
Issuance of common stock to settle payables	—	—	—	—	25,544	3	—	175,299	175,302
Conversion of Series D preferred stock	—	—	(7,610)	(1)	1,414,117	141	—	(19,637)	(19,497)
Balance – September 30, 2024	5,990	$ 1	—	$ —	14,737,601	$ 1,474	$ (360,763,808)	$ 380,292,782	$ 19,530,449

Nine Months Ended September 30, 2023

	Convertible Preferred		Convertible Preferred		Common A				
	Series C Shares	Amount	Series D Shares	Amount	Shares	Amount	Accumulated Deficit	Additional Paid-in Capital	Stockholders' Equity
Balance – January 1, 2023	—	$ —	—	$ —	3,171,022	$ 317	$ (240,443,302)	$ 323,468,129	$ 83,025,144
Net loss attributable to Stronghold Digital Mining, Inc.	—	—	—	—	—	—	(54,000,873)	—	(54,000,873)
Net loss attributable to noncontrolling interest	—	—	—	—	—	—	(26,663,731)	—	(26,663,731)
Maximum redemption right valuation [Common V Units]	—	—	—	—	—	—	(18,690)	—	(18,690)
Stock-based compensation	—	—	—	—	250,000	25	—	7,603,834	7,603,859
Vesting of restricted stock units	—	—	—	—	337,515	34	—	(34)	—
Warrants issued and outstanding	—	—	—	—	—	—	—	1,739,882	1,739,882
Exercised warrants	—	—	—	—	1,608,195	161	—	155	316
Redemption of Class V shares	—	—	—	—	200,000	20	—	1,209,980	1,210,000
Issuance of common stock to settle payables	—	—	—	—	110,289	11	—	1,033,178	1,033,189
Issuance of common stock - April 2023 Private Placement	—	—	—	—	566,661	57	—	941,595	941,652
Issuance of common stock - ATM Agreement	—	—	—	—	1,250,506	125	—	8,123,749	8,123,874
Issuance of Series C convertible preferred stock	23,102	2	—	—	—		—	45,386,944	45,386,946
Conversion of Series C preferred stock	(1,530)	—	—	—	382,500	38	—	(38)	—
Balance – September 30, 2023	21,572	$ 2	—	$ —	7,876,688	$ 788	$ (321,126,596)	$ 389,507,374	$ 68,381,568

The accompanying notes are an integral part of these condensed consolidated financial statements.

STRONGHOLD DIGITAL MINING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended	
	September 30, 2024	**September 30, 2023**
	(As Restated)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (38,095,300)	$ (80,664,604)
Adjustments to reconcile net loss to cash flows from operating activities:		
Depreciation and amortization	27,428,863	26,025,021
Accretion of asset retirement obligation	41,230	39,153
Loss on disposal of fixed assets	2,189,252	108,367
Realized loss on sale of miner assets	494,087	—
Change in value of accounts receivable	399,192	1,867,506
Amortization of debt issuance costs	154,419	161,093
Stock-based compensation	5,093,193	7,603,859
Loss on debt extinguishment	—	28,960,947
Impairments on equipment deposits	—	5,422,338
Changes in fair value of warrant liabilities	(8,445,247)	(5,580,453)
Non-cash adjustments for loss contingencies	5,253,238	—
Other	584,510	(229,485)
(Increase) decrease in digital currencies:		
Mining revenue	(52,075,961)	(43,778,958)
Net proceeds from sale of digital currencies	54,737,513	42,563,545
Unrealized gain on digital currencies	(614)	—
Impairments on digital currencies	—	683,241
(Increase) decrease in assets:		
Accounts receivable	(1,133,062)	8,129,033
Prepaid insurance	4,218,459	5,174,903
Due from related parties	(211,870)	(91,617)
Inventory	1,381,634	1,328,373
Other assets	(896,572)	9,666
Increase (decrease) in liabilities:		
Accounts payable	(643,132)	(1,445,109)
Due to related parties	730,357	(239,230)
Accrued liabilities	(543,442)	875,203
Other liabilities, including contract liabilities	7,888,095	(211,225)
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	8,548,842	(3,288,433)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(749,528)	(14,743,269)
Proceeds from sale of property, plant and equipment, including CIP	221,212	—
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(528,316)	(14,743,269)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of debt	(3,668,304)	(3,196,644)
Repayments of financed insurance premiums	(4,075,388)	(5,250,538)
Proceeds from debt, net of issuance costs paid in cash	—	(147,385)
Proceeds from private placements, net of issuance costs paid in cash	—	9,824,567
Proceeds from ATM, net of issuance costs paid in cash	—	8,483,982
Proceeds from exercise of warrants	—	316
NET CASH FLOWS (USED IN) PROVIDED BY FINANCING ACTIVITIES	(7,743,692)	9,714,298
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	276,834	(8,317,404)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	4,214,613	13,296,703
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 4,491,447	$ 4,979,299

The accompanying notes are an integral part of these condensed consolidated financial statements.

NATURE OF OPERATIONS

Stronghold Digital Mining, Inc. ("Stronghold Inc." or the "Company") is a low-cost, environmentally beneficial, vertically integrated crypto asset mining company focused on mining Bitcoin and environmental remediation and reclamation services. The Company wholly owns and operates two coal refuse power generation facilities that it has upgraded: (i) the Company's first reclamation facility located on a 650-acre site in Scrubgrass Township, Venango County, Pennsylvania, which the Company acquired the remaining interest of in April 2021, and has the capacity to generate approximately 83.5 megawatts (“MW”) of electricity (the "Scrubgrass Plant"); and (ii) a facility located near Nesquehoning, Pennsylvania, which the Company acquired in November 2021, and has the capacity to generate approximately 80 MW of electricity (the "Panther Creek Plant," and collectively with the Scrubgrass Plant, the "Plants"). Both facilities qualify as an Alternative Energy System because coal refuse is classified under Pennsylvania law as a Tier II Alternative Energy Source (large-scale hydropower is also classified in this tier). The Company is committed to generating energy and managing its assets sustainably, and the Company believes that it is one of the first vertically integrated crypto asset mining companies with a focus on environmentally beneficial operations.

Stronghold Inc. operates in two business segments – the *Energy Operations* segment and the *Cryptocurrency Operations* segment. This segment presentation is consistent with how the Company's chief operating decision maker evaluates financial performance and makes resource allocation and strategic decisions about the business.

Energy Operations

The Company operates two qualifying small power production facilities under the provisions of the Public Utilities Regulatory Policies Act of 1978 and sells its electricity into the PJM Interconnection Merchant Market ("PJM") under a Professional Services Agreement (“PSA”) with Customized Energy Solutions (“CES”), effective July 27, 2022. Under the PSA, CES agreed to act as the exclusive provider of services for the benefit of the Company related to interfacing with PJM, including handling daily marketing, energy scheduling, telemetry, capacity management, reporting, and other related services for the Plants. The initial term of the agreement is two years, and then will extend automatically on an annual basis unless terminated by either party with 60 days written (or electronic) notice prior to the current term end. The Company’s primary fuel source is waste coal which is provided by various third parties. Waste coal tax credits are earned by the Company by generating electricity utilizing coal refuse.

Cryptocurrency Operations

The Company is also a vertically integrated Bitcoin mining business. The Company buys and maintains a fleet of Bitcoin miners, as well as the required infrastructure, and provides power to third-party Bitcoin miners under hosting agreements. The Bitcoin mining operations are in their early stages, and Bitcoin and energy pricing mining economics are volatile and subject to uncertainty. The Company’s current strategy will continue to expose it to the numerous risks and volatility associated with the Bitcoin mining and power generation sectors, including fluctuating Bitcoin-to-U.S.-Dollar prices, the costs and availability of Bitcoin miners, the number of market participants mining Bitcoin, the availability of other power generation facilities to expand operations, and regulatory changes.

NOTE 1 – BASIS OF PRESENTATION (As Restated)

The unaudited condensed consolidated balance sheet as of September 30, 2024, the unaudited condensed consolidated statements of operations and stockholders' equity for the three and nine months ended September 30, 2024, and 2023, and the unaudited condensed consolidated statements of cash flows for the nine months ended September 30, 2024, and 2023, have been prepared by the Company. In the opinion of management, all adjustments, consisting of only normal and recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented, have been made. The results of operations for the three and nine months ended September 30, 2024, are not necessarily indicative of the operating results expected for the full year.

The condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Certain information and footnote disclosures normally included in the annual financial statements, prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), have been condensed or omitted. Certain reclassifications of amounts previously reported have been made to the accompanying condensed consolidated financial statements in order to conform to current presentation.

Additionally, since there are no differences between net income (loss) and comprehensive income (loss), all references to comprehensive income (loss) have been excluded from the condensed consolidated financial statements.

On May 15, 2023, following approval by the Board of Directors and stockholders of the Company, the Company effected a 1-for-10 reverse stock split ("Reverse Stock Split") of its Class A common stock, par value $0.0001 per share, and Class V common stock, par value $0.0001 per share. The par values of the Company's Class A and Class V common stock were not adjusted as a result of the Reverse Stock Split. All share and per share amounts and related stockholders' equity balances presented herein have been retroactively adjusted to reflect the Reverse Stock Split.

Bitfarms Merger Agreement

On August 21, 2024, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Bitfarms Ltd., a corporation incorporated under the Canada Business Corporations Act and continued under the Business Corporations Act (Ontario) (the "OBCA") ("Bitfarms" or "Parent"), Backbone Mining Solutions LLC, a Delaware limited liability company and a wholly-owned, indirect subsidiary of Parent ("BMS"), and HPC & AI Megacorp, Inc., a Delaware corporation and a wholly-owned, direct subsidiary of BMS ("Merger Sub"), pursuant to which Merger Sub will be merged with and into the Company (the "merger"), with the Company surviving the merger as an indirect, wholly-owned subsidiary of Bitfarms. The Merger Agreement has been unanimously approved by the Boards of Directors of the Company and Bitfarms and is expected to close in the first quarter of 2025, subject to the receipt of Stronghold stockholder approval, applicable regulatory approvals, certain third-party consents and other customary closing conditions. Under the terms of the Merger Agreement, upon the closing of the merger, holders of Class A common stock (including holders of Series C Preferred Stock and holders of Class V common stock whose shares will convert into or be exchanged for shares of Class A common stock immediately prior to the closing of the merger) will receive 2.52 Bitfarms common shares for each share of Class A common stock they own. Refer to *Item 1A. Risk Factors* in this Quarterly Report on Form 10-Q for risks associated with the Company's proposed merger with Bitfarms.

Restatement of Previously Issued Financial Statements

During the third quarter of 2024, the Company corrected an error in its revenue recognition policy with respect to its Bitcoin miner hosting contracts to be consistent with GAAP, which requires an entity to measure noncash consideration using the estimated fair value of the consideration at contract inception. Instead of measuring the noncash (Bitcoin) consideration at the time of each hosting contract's inception, the Company measured the noncash (Bitcoin) consideration in prior periods on a daily basis, as each Bitcoin was awarded. The Company has two hosting contracts with customers that are currently in operation, for which the quoted price of Bitcoin in the Company's principal market at the time of each contract's inception was approximately $23,000 and $30,000. Further information regarding the Company's corrected revenue recognition policy is described below.

This change in measurement had a $0 impact on the Company's net loss for all quarterly periods in 2024, and therefore, the Company initially determined the resulting impact was an immaterial classification error in the Company's condensed consolidated statements of operations. Accordingly, the Company corrected this error in its revenue recognition policy beginning on the first day of the third quarter of 2024, but the Company did not record the cumulative impact of the correction from the first and second quarters of 2024 in its unaudited condensed consolidated statements of operations for the third quarter of 2024. The cumulative impact of correcting this error from the first and second quarters of 2024, using the approaches described in Staff Accounting Bulletins No. 99 and No. 108, is a decrease to cryptocurrency hosting revenues of $3,145,003 and equal and offsetting changes to realized gain on sale of digital currencies (increase of $3,257,827) and unrealized gain/loss on digital currencies (decrease of $112,824) for the three and nine months ended September 30, 2024. As such, the cumulative impact of correcting this error does not change the Company's previously reported net loss for any period.

In accordance with Accounting Standards Codification ("ASC") Topic 250, *Accounting Changes and Error Corrections*, the Company evaluated the materiality of this error on the consolidated financial statements as of and for the year ended December 31, 2023, and the unaudited consolidated financial statements as of and for the quarters and year-to-date periods ended March 31, 2023, June 30, 2023, September 30, 2023, March 31, 2024, and June 30, 2024. The Company determined that this error did not result in a material misstatement (quantitatively or qualitatively) to the Company's financial condition, results of operations or liquidity for any of the current year or prior year periods. However, subsequent to the filing of the Original Form 10-Q and following the SEC's 14-month review process, the SEC communicated its disagreement with the Company's materiality assessment for the 2024 quarterly periods and, consequently, how the Company corrected the error in its condensed consolidated statements of operations for the three and nine months ended September 30, 2024. Accordingly, in connection with the SEC's review, the Company reevaluated its materiality assessment for the 2024 quarterly periods and concluded that the cumulative classification error totaling $3,145,003 was

material to the Company's results of operations and should have been recorded in its unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2024.

The Company additionally notes that, had it corrected this error in the prior year as of December 31, 2023, its adoption of the Financial Accounting Standards Board ("FASB") ASU 2023-08, *Intangibles – Goodwill and Other – Crypto Assets (Subtopic 350-60)*, which requires crypto assets to be recorded at fair value, would have been different. The Company adopted ASU 2023-08 in the current year as of January 1, 2024, and recorded a cumulative-effect adjustment to increase the opening balance of retained earnings by $99,292; but including the impact of correcting this error, the cumulative-effect adjustment to retained earnings would have increased by $192,237. The Company's adoption of ASU 2023-08 in the current year, however, corrected the cumulative balance sheet impact of this error. For this reason, there is no cumulative adjustment to correct the immaterial impact to the 2023 periods during the third quarter of 2024. Additionally, given the immaterial nature of this error (quantitatively and qualitatively) for all prior year periods, the Company has not corrected this immaterial prior-period error in the current year presentation of comparative financial statements.

The following tables reflect the impact of the restatement to the specific line items presented in the Company's previously reported unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2024.

	Three Months Ended September 30, 2024			Nine Months Ended September 30, 2024		
	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated
Cryptocurrency hosting	$ 1,911,610	$ (3,145,003)	$ (1,233,393)	$ 11,193,438	$ (3,145,003)	$ 8,048,435
Total operating revenues	11,168,073	(3,145,003)	8,023,070	57,794,397	(3,145,003)	54,649,394
Realized gain on sale of digital currencies	(719,795)	(3,257,827)	(3,977,622)	(1,100,214)	(3,257,827)	(4,358,041)
Unrealized loss (gain) on digital currencies	33,783	112,824	146,607	(113,438)	112,824	(614)
Total operating expenses	28,751,780	(3,145,003)	25,606,777	97,601,885	(3,145,003)	94,456,882
NET OPERATING LOSS	$ (17,583,707)	$ —	$ (17,583,707)	$ (39,807,488)	$ —	$ (39,807,488)

	Nine Months Ended September 30, 2024		
	As Reported	Adjustment	As Restated
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (38,095,300)	$ —	$ (38,095,300)
(Increase) decrease in digital currencies:			
Mining revenue	(51,963,137)	(112,824)	(52,075,961)
Unrealized gain on digital currencies	(113,438)	112,824	(614)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 8,548,842	$ —	$ 8,548,842

Revenue Recognition Accounting Policy

The following disclosure represents the Company's corrected revenue recognition policy specific to its cryptocurrency hosting revenues. Except for the updates noted below, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2023, for a detailed discussion of the Company's significant accounting policies.

Cryptocurrency Hosting Revenue

The Company has entered into customer hosting contracts whereby the Company promises to unload, install, provision, maintain, and operate the hosted Bitcoin mining machines located at the Company's premises, which includes hosting services comprised of electrical power, internet access, racking infrastructure, general maintenance and operations as instructed in writing by the customer, ambient cooling, and miner reboots. Each of these promises is not separately identifiable from the other promises in the Company's hosting contracts and, therefore, represents a single performance obligation to provide an integrated hosting service.

The Company has two customer hosting contracts that are currently in operation for initial terms of 24 months ending December 31, 2024, and April 30, 2025, that automatically renew for additional one-year periods unless one party notifies the other in writing at least 60 days prior to the conclusion of the then-current term. Neither the Company nor the customers can cancel or terminate the hosting agreements without penalty before the initial terms of 24 months elapse. Therefore, the accounting duration of the hosting contracts is two years.

The Company has determined the renewal options do not provide a material right to the hosting customers because the price charged for the Company's integrated hosting service approximates the standalone selling price in total. Because each contract's renewal option does not provide a material right to the hosting customers, the Company has concluded that the renewal option is not a performance obligation that requires an allocation of the transaction price. Therefore, the Company will recognize revenue for the integrated hosting service to be provided during the additional one-year renewal periods only if and when the Company provides those services.

The consideration of the Company's hosting contracts is comprised of (i) the variable cost-of-power fee, denominated in cash, and (ii) a portion of the Bitcoin mined by the customers' Bitcoin mining machines that the Company hosts, denominated in Bitcoin. The promised amount of consideration does not include a significant financing component and, therefore, is not adjusted for the effects of the time value of money in determining the transaction price.

i. The variable cost-of-power fee is directly tied to the energy used by the hosted Bitcoin mining machines and calculated as 50% of the energy used by the Bitcoin mining machines multiplied by a formulaically derived rate. This rate is calculated by dividing (1) all fuel costs, operations and maintenance expenses, general and administrative expenses, and financing charges incurred (subject to certain adjustments), multiplied by 110%, by (2) the total number of megawatt hours generated and purchased from the grid to supply the data center. All estimates associated with the variable cost-of-power consideration are fully constrained. The Company only includes the variable cost-of-power consideration in the transaction price to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Therefore, each quarterly reporting period when the uncertainty is resolved, the Company includes in the transaction price the actual amount of the variable cost-of-power-fee and, at that point, reassesses the estimated transaction price to determine whether an estimate of the variable consideration over the remaining two-year contract term is fully constrained.

ii. The Company's portion of the Bitcoin mined by the customers' Bitcoin mining machines that the Company hosts, or 50%, is also variable but in the form of noncash (Bitcoin) consideration. All estimates associated with the Company's portion of the variable Bitcoin mined by the customers' hosted Bitcoin mining machines are fully constrained. ASC 606 requires an entity to measure noncash consideration using the estimated fair value of the consideration at contract inception. The Company has two hosting contracts with customers that are currently in operation, for which the quoted price of Bitcoin in the Company's principal market at the time of each contract's inception was approximately $23,000 and $30,000. The Company only includes the variable noncash (Bitcoin) consideration in the transaction price to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Therefore, each quarterly reporting period when the uncertainty is resolved, the Company includes in the transaction price the noncash (Bitcoin) consideration equal to the product of (1) the Company's portion of the Bitcoin mined by the customers' hosted Bitcoin mining machines during the reporting period, and (2) the quoted price of Bitcoin in the Company's principal market at the time of each contract's inception. At the end of each quarterly reporting period, the Company also reassesses the estimated transaction price to determine whether an estimate of the variable consideration over the remaining two-year contract term is fully constrained. Subsequent changes in the fair value of such noncash consideration that are due to the form of the consideration (i.e., fluctuations in the value of Bitcoin) are excluded from the transaction price.

Because there is only one performance obligation – to provide an integrated hosting service to the Company's hosting customers – all of the transaction price described above is allocated to the single performance obligation for revenue recognition purposes.

The Company recognizes revenue for the transaction price over time as the Company satisfies its performance obligation to provide an integrated hosting service. Throughout the two-year term of the hosting contracts, the hosting customers simultaneously receive and consume the benefits provided by the Company's performance of its integrated hosting service. The Company has a right to consideration from its hosting customers in amounts that correspond directly with the value to the customer of the Company's performance completed to date. Therefore, the Company has adopted the practical expedient under ASC 606-10-55-18, which permits an entity to recognize revenue in the amount to which the entity has a right to invoice. The amount to which the Company has a right to invoice, and therefore recognize revenue, includes the actual cost-of-power and Bitcoin mining components of the transaction price that are updated each quarterly reporting period. For the three and nine months ended September 30, 2024, the Company recognized cryptocurrency hosting revenues of $1,266,097 and $4,399,662, respectively, for the cost-of-power component of the transaction price, and $(2,499,490) and $3,648,773, respectively, for the Company's portion of Bitcoin mined by the customer's hosted Bitcoin mining machines.

Advance payments and customer deposits are recorded as contract liabilities, within other noncurrent liabilities or accrued liabilities as applicable, in the consolidated balance sheet. As of September 30, 2024, and December 31, 2023, the Company had contract liability balances of approximately $0.5 million and $0.2 million, respectively, associated with its two customer hosting contracts that are currently in operation. In September 2024, the Company entered into a third hosting contract that resulted in an additional contract liability balance of approximately $8.0 million as of September 30, 2024, comprised of a customer deposit of $7.8 million and an advance payment of approximately $0.2 million. This third hosting contract is not currently in operation but will become operational during the fourth quarter of 2024. Additionally, refer to *Note 21 – Subsequent Events* for information about a fourth hosting contract the Company entered into after quarter end on October 29, 2024.

For the three and nine months ended September 30, 2024, the Company recognized cryptocurrency hosting revenues of approximately $0.4 million and $0.2 million, respectively, that were included in contract liabilities at the beginning of each respective period. The Company had no accounts receivable balances as of September 30, 2024, and December 31, 2023, associated with its two customer hosting contracts that are currently in operation.

Recently Implemented Accounting Pronouncements

In September 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses*, which adds a new impairment model, known as the current expected credit loss ("CECL") model, that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes an allowance for its estimate of expected credit losses at the initial recognition of an in-scope financial instrument and applies it to most debt instruments, trade receivables, lease receivables, financial guarantee contracts, and other loan commitments. The CECL model does not have a minimum threshold for recognition of impairment losses, and entities will need to measure expected credit losses on assets that have a low risk of loss. Since the Company is a smaller reporting company, as defined by the U.S. Securities and Exchange Commission (the "SEC"), the new guidance became effective on January 1, 2023. The Company adopted ASU 2016-13 effective January 1, 2023, but the adoption of ASU 2016-13 did not have an impact on the Company's consolidated financial statements.

In December 2023, the FASB issued ASU 2023-08, *Intangibles – Goodwill and Other - Crypto Assets (Subtopic 350-60)*, which requires all entities holding crypto assets that meet certain requirements to subsequently measure those in-scope crypto assets at fair value, with the remeasurement recorded in net income. Among other things, the new guidance also requires separate presentation of (i) the gain or loss associated with remeasurement of crypto assets on the income statement and (ii) crypto assets from other intangible assets on the balance sheet. Before this new guidance, crypto assets were generally accounted for as indefinite-lived intangible assets, which follow a cost-less-impairment accounting model that only reflects decreases, but not increases, in the fair value of crypto assets holdings until sold. Although early adoption is permitted, the new guidance becomes effective on January 1, 2025, and should be applied using a modified retrospective transition method with a cumulative-effect adjustment recorded to the opening balance of retained earnings as of the beginning of the year of adoption. The Company adopted ASU 2023-08 as of January 1, 2024, and the cumulative adjustment increased the opening balance of retained earnings by $99,292. See *Note 2 – Digital Currencies (As Restated)* for more information.

Recently Issued Accounting Pronouncements

During the first nine months of 2024, there have been no recently issued accounting pronouncements applicable to the Company. However, the Company continues to evaluate the impact of the following accounting pronouncements issued during the prior year.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure*, which requires public entities to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment’s profit or loss and assets that are currently required annually. Additionally, public entities with a single reportable segment will be required to provide the new disclosures and all the disclosures required under ASC 280, *Segment Reporting*. Although early adoption is permitted, this new guidance becomes effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, on a retrospective basis. The Company is currently evaluating the impact of adopting this new guidance on its interim and annual consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, to enhance the transparency and decision-usefulness of income tax disclosures, particularly in the rate reconciliation table and disclosures about income taxes paid. Although early adoption is permitted, this new guidance becomes effective for annual periods beginning after December 15, 2024, on a prospective basis. The Company is currently evaluating the impact of adopting this new guidance on its interim and annual consolidated financial statements and related disclosures.

NOTE 2 – DIGITAL CURRENCIES (As Restated)

As of September 30, 2024, the Company held an aggregate amount of $613,949 in digital currencies comprised of unrestricted Bitcoin. Changes in digital currencies consisted of the following for the three and nine months ended September 30, 2024, and 2023:

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	(As Restated)		(As Restated)	
Digital currencies at beginning of period	$ 253,710	$ 1,429,653	$ 3,175,595	$ 109,827
Additions of digital currencies [1]	9,648,115	15,069,008	52,075,961	43,778,958
Realized gain on sale of digital currencies	3,977,622	131,706	4,358,041	725,139
Unrealized (loss) gain on digital currencies	(146,607)	—	614	—
Impairment losses	—	(357,411)	—	(683,241)
Proceeds from sale of digital currencies	(13,118,891)	(15,630,957)	(59,095,554)	(43,288,684)
Impact of ASU 2023-08 as of January 1, 2024 [2]	—	—	99,292	—
Digital currencies at end of period	$ 613,949	$ 641,999	$ 613,949	$ 641,999

[1] Additions of digital currencies were related to mining activities.

[2] See *Note 1 – Basis of Presentation (As Restated)* for more details regarding the Company's adoption of ASU 2023-08 as of January 1, 2024.

As previously disclosed, the Company adopted ASU 2023-08 effective January 1, 2024, using a modified retrospective transition method, with a cumulative-effect adjustment of $99,292 recorded to the opening balance of retained earnings. Following the adoption of ASU 2023-08, realized gains (net of realized losses) on the sale of digital currencies were $3,977,622 and $4,358,041 and unrealized (losses)/gains (net of unrealized gains/losses) on digital currencies were $(146,607) and $614 for the three and nine months ended September 30, 2024.

Furthermore, with the adoption of ASU 2023-08, the Company no longer accounts for digital currencies as indefinite-live intangible assets, and therefore, no impairment losses have been recognized in the current year period. The Company used a first-in, first-out methodology to determine its cost basis for computing realized gains and losses on the sale of digital currencies. The Company’s Bitcoin mining activities are conducted in the ordinary course of business, and the digital currency assets awarded to the Company by mining pool operators are converted nearly immediately into cash. As such, the Company has classified such cash flows derived from its Bitcoin mining within operating activities in the condensed consolidated statements of cash flows.

As of September 30, 2024, the Company's crypto asset holdings consisted of approximately 9.7 Bitcoin with a fair value and carrying value of $613,949. None of these digital currency assets are subject to contractual sale restrictions as of September 30, 2024. The cumulative realized gains and losses from dispositions that occurred during the nine months ended September 30, 2024, totaled $1,637,590 and $537,376, respectively. As of December 31, 2023, the Company's crypto asset holdings consisted of approximately 76.7 Bitcoin with a carrying value was $3,175,595 and fair value of $3,274,887.

NOTE 3 – INVENTORY

Inventory consisted of the following components as of September 30, 2024, and December 31, 2023:

	September 30, 2024	December 31, 2023
Waste coal	$ 2,658,462	$ 4,066,201
Fuel oil	113,860	57,642
Limestone	42,856	72,969
Inventory	$ 2,815,178	$ 4,196,812

NOTE 4 – EQUIPMENT DEPOSITS

Equipment deposits represent contractual agreements with vendors to deliver and install miners at future dates. The following details the vendor, miner model, miner count, and expected delivery month(s).

The total equipment deposits of $8,000,643 as of December 31, 2023, represent cash paid for the following 5,000 miner assets: (i) 1,100 MicroBT WhatsMiner M50 miners; (ii) 2,800 Bitmain Antminer S19k Pro miners; and (iii) 1,100 Canaan

Avalon A1346 miners. These miner assets were all delivered to the Company during the first quarter of 2024, resulting in an equipment deposits balance of $0 as of September 30, 2024.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following as of September 30, 2024, and December 31, 2023:

	Useful Lives (Years)	September 30, 2024	December 31, 2023
Electric plant	10 - 60	$ 67,161,300	$ 67,063,626
Strongboxes and power transformers	8 - 30	54,588,284	54,588,284
Karbolith	30	493,626	—
Machinery and equipment	5 - 20	17,175,420	16,222,214
Rolling stock	5 - 7	272,267	261,000
Cryptocurrency machines and powering supplies	2 - 3	89,538,064	88,445,931
Computer hardware and software	2 - 5	106,679	100,536
Vehicles and trailers	2 - 7	658,500	658,500
Leasehold improvements	2 - 3	2,992,845	2,992,845
Construction in progress	Not Depreciable	11,290,847	11,562,170
Asset retirement cost	10 - 30	580,452	580,452
		244,858,284	242,475,558
Accumulated depreciation and amortization		(119,886,518)	(97,832,787)
Property, plant and equipment, net		$ 124,971,766	$ 144,642,771

Construction in progress consists of various projects to build out the cryptocurrency machine power infrastructure and is not depreciable until the asset is considered in service and successfully powers and runs the attached cryptocurrency machines. Completion of these projects will have various rollouts of energized transformed containers and are designed to calibrate power from the plant to the container that houses multiple cryptocurrency machines. Currently, the balance of $11,290,847 as of September 30, 2024, represents amounts paid for ongoing or future projects.

Depreciation and amortization expense charged to operations was $8,623,646 and $9,667,213 for the three months ended September 30, 2024, and 2023, respectively, including depreciation of assets under finance leases of $118,727 and $122,762 for the same respective periods.

Depreciation and amortization expense charged to operations was $27,428,863 and $26,025,021 for the nine months ended September 30, 2024, and 2023, respectively, including depreciation of assets under finance leases of $338,650 and $368,285 for the same respective periods.

The gross value of assets under finance leases and the related accumulated amortization approximated $3,430,357 and $1,759,386 as of September 30, 2024, respectively, and $2,797,265 and $1,420,736 as of December 31, 2023, respectively.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities consisted of the following as of September 30, 2024, and December 31, 2023:

	September 30, 2024	December 31, 2023
Accrued legal and professional fees	$ 823,960	$ 733,115
Accrued interest	21,485	22,101
Accrued sales and use tax	6,088,271	5,660,028
Accrued plant utilities and fuel	329,148	3,505,203
Accrued loss contingencies	3,238,295	—
Accrued transaction costs	2,568,831	—
Other	776,673	867,448
Accrued liabilities	$ 13,846,663	$ 10,787,895

NOTE 7 – DEBT

Total debt consisted of the following as of September 30, 2024, and December 31, 2023:

	September 30, 2024	December 31, 2023
$499,520 loan, with interest at 2.74%, due February 2024.	$ —	$ 26,522
$517,465 loan, with interest at 4.79%, due November 2024.	30,766	158,027
$119,000 loan, with interest at 7.40%, due December 2026.	95,942	119,000
$384,055 loan, with interest at 5.25%, due June 2029.	367,147	—
$585,476 loan, with interest at 4.99%, due November 2025.	214,320	345,665
$431,825 loan, with interest at 7.60%, due April 2024.	—	31,525
$58,149,411 Credit Agreement, with interest at 10.00% plus SOFR, due October 2025.	49,341,042	51,060,896
$92,381 loan, with interest at 1.49%, due April 2026.	39,162	56,470
$64,136 loan, with interest at 11.85%, due May 2024.	—	13,795
$196,909 loan, with interest at 6.49%, due October 2025.	95,124	134,845
$249,037 loan, with interest at 4.49%, due April 2029	226,569	—
$60,679 loan, with interest at 7.60%, due March 2025.	35,963	48,672
$3,500,000 Promissory Note, with interest at 7.50%, due October 2025.	3,000,000	3,000,000
$1,184,935 Promissory Note, due June 2024.	—	592,468
$552,024 Promissory Note, due July 2024.	—	552,024
Total outstanding borrowings	$ 53,446,035	$ 56,139,909
Current portion of long-term debt, net of discounts and issuance fees	19,566,519	7,936,147
Long-term debt, net of discounts and issuance fees	$ 33,879,516	$ 48,203,762

WhiteHawk Refinancing Agreement

On October 27, 2022, the Company entered into a secured credit agreement (the “Credit Agreement”) with WhiteHawk Finance LLC ("WhiteHawk") to refinance an existing equipment financing agreement, dated June 30, 2021, by and between Stronghold Digital Mining Equipment, LLC and WhiteHawk (the “WhiteHawk Financing Agreement”). Upon closing, the Credit Agreement consisted of $35.1 million in term loans and $23.0 million in additional commitments.

The financing pursuant to the Credit Agreement (such financing, the “WhiteHawk Refinancing Agreement”) was entered into by Stronghold Digital Mining Holdings, LLC ("Stronghold LLC"), as Borrower (in such capacity, the “Borrower”), and is secured by substantially all of the assets of the Company and its subsidiaries and is guaranteed by the Company and each of its material subsidiaries. The WhiteHawk Refinancing Agreement requires equal monthly amortization payments resulting in full amortization at maturity. The WhiteHawk Refinancing Agreement has customary representations, warranties and covenants including restrictions on indebtedness, liens, restricted payments and dividends, investments, asset sales and similar covenants and contains customary events of default.

On February 6, 2023, the Company, Stronghold LLC, as borrower, their subsidiaries and WhiteHawk Capital Partners LP ("WhiteHawk Capital"), as collateral agent and administrative agent, and the other lenders thereto, entered into an amendment to the Credit Agreement (the “First Amendment”) in order to modify certain covenants and remove certain prepayment requirements contained therein. As a result of the First Amendment, amortization payments for the period from February 2023 through July 2024 were not required, with monthly amortization resuming July 31, 2024. However, in December 2023, the Company made two amortization payments of the WhiteHawk Refinancing Agreement that were otherwise due on July 31, 2024, and August 31, 2024. During the third quarter of 2024, the Company resumed the required monthly amortization payments of the WhiteHawk Refinancing Agreement with its payment of the September 2024 amortization payment.

Beginning June 30, 2023, following a five-month holiday, Stronghold LLC began to make monthly prepayments of the loan in an amount equal to 50% of its average daily cash balance (including cryptocurrencies) in excess of $7,500,000 for such month. Consistent with the First Amendment, the Company made loan prepayments of $0 and $217,800 during the three and nine months ended September 30, 2024, respectively. The First Amendment also modified the financial covenants to (i) in the case of the requirement of the Company to maintain a leverage ratio no greater than 4.00:1.00, such covenant will not be tested until the fiscal quarter ending September 30, 2024, and (ii) in the case of the minimum liquidity covenant, modified to require minimum liquidity at any time to be not less than: (A) until March 31, 2024, $2,500,000; (B) during the period beginning April 1, 2024, through and including December 31, 2024, $5,000,000; and (C) from and after January 1, 2025, $7,500,000. On February 15, 2024, the Company and WhiteHawk Capital, as collateral agent and administrative agent, and the other lenders thereto, entered into a Third Amendment to the Credit Agreement (the "Third

Amendment") which, among other items, amended the Company's minimum liquidity requirement to not be less than: (A) until June 30, 2025, $2,500,000 and (B) from and after July 1, 2025, $5,000,000. The Company was in compliance with all applicable covenants under the WhiteHawk Refinancing Agreement as of September 30, 2024.

The borrowings under the WhiteHawk Refinancing Agreement mature on October 26, 2025, and bear interest at a rate of either (i) the Secured Overnight Financing Rate ("SOFR") plus 10% or (ii) a reference rate equal to the greater of (x) 3%, (y) the federal funds rate plus 0.5% and (z) the term SOFR rate plus 1%, plus 9%. Borrowings under the WhiteHawk Refinancing Agreement may also be accelerated in certain circumstances. The average interest rate for borrowings under the WhiteHawk Refinancing Agreement approximated 15.54% and 15.10% for the nine months ended September 30, 2024, and 2023, respectively.

As noted above, the Company's Credit Agreement with its primary lender matures on October 26, 2025. The Company has entered into a merger agreement that is subject to final closing conditions. The merger is considered probable as both the Company's Board of Directors and the acquiring company's Board of Directors have approved the merger. The plan of merger will pay off the Company's current outstanding borrowings, thereby reducing liquidity needs to enable continuation of operations, as a wholly owned subsidiary of the acquiring company, for the foreseeable future.

Convertible Note Exchange

On December 30, 2022, the Company entered into an exchange agreement with the holders (the "Purchasers") of the Company's Amended and Restated 10% Notes (the "Amended May 2022 Notes"), providing for the exchange of the Amended May 2022 Notes (the "Exchange Agreement") for shares of the Company's newly-created Series C Convertible Preferred Stock, par value $0.0001 per share (the "Series C Preferred Stock"). On February 20, 2023, the transactions contemplated under the Exchange Agreement were consummated, and the Amended May 2022 Notes were deemed paid in full. Approximately $16.9 million of principal amount of debt was extinguished in exchange for the issuance of the shares of Series C Preferred Stock. As a result of this transaction, the Company incurred a loss on debt extinguishment of approximately $28,960,947 during the first quarter of 2023.

Bruce & Merrilees Promissory Note

On March 28, 2023, the Company and Stronghold LLC entered into a settlement agreement (the "B&M Settlement") with its electrical contractor, Bruce & Merrilees Electric Co. ("B&M"). Pursuant to the B&M Settlement, B&M agreed to eliminate an approximately $11.4 million outstanding payable in exchange for a promissory note in the amount of $3,500,000 (the "B&M Note") and a stock purchase warrant for the right to purchase from the Company 300,000 shares of Class A common stock (the "B&M Warrant"). The B&M Note has no definitive payment schedule or term. Pursuant to the B&M Settlement, B&M released ten (10) 3000kva transformers to the Company and fully cancelled ninety (90) transformers remaining under a pre-existing order with a third-party supplier. The terms of the B&M Settlement included a mutual release of all claims. Simultaneous with the B&M Settlement, the Company and each of its subsidiaries entered into a subordination agreement with B&M and WhiteHawk Capital pursuant to which all obligations, liabilities and indebtedness of every nature of the Company and each of its subsidiaries owed to B&M shall be subordinate and subject in right and time of payment, to the prior payment of full of the Company's obligation to WhiteHawk Capital pursuant to the Credit Agreement. This subordination agreement became effective on March 28, 2023, with the Second Amendment to the Credit Agreement.

Pursuant to the B&M Note, the first $500,000 of the principal amount of the loan was payable in four equal monthly installments of $125,000 beginning on April 30, 2023, so long as (i) no default or event of default has occurred or is occurring under the WhiteHawk Credit Agreement and (ii) no PIK Option (as such term is defined in the WhiteHawk Refinancing Agreement) has been elected by the Company. The principal amount under the B&M Note bears interest at seven and one-half percent (7.5%). As of September 30, 2024, the Company has paid $500,000 of principal pursuant to the B&M Note.

Canaan Promissory Notes

On July 19, 2023, the Company entered into a Sales and Purchase Contract with Canaan Inc. ("Canaan") whereby the Company purchased 2,000 A1346 Bitcoin miners for a total purchase price of $2,962,337. The purchase price was payable to Canaan via an upfront payment of $1,777,402 on or before August 1, 2023, which the Company paid on July 25, 2023, and a promissory note of $1,184,935 due to Canaan in ten (10) equal, interest-free installments on the first day of each consecutive month thereafter until the remaining promissory note balance is fully repaid. The miners were delivered and

installed during the third quarter of 2023 at the Company's Panther Creek Plant. As of September 30, 2024, the Company fully repaid the promissory note due to Canaan.

On December 26, 2023, the Company entered into a second Sales and Purchase Contract with Canaan whereby the Company purchased 1,100 A1346 Bitcoin miners for a total purchase price of $1,380,060. The purchase price was payable to Canaan via an upfront payment of $828,036 on or before December 26, 2023, which the Company paid on December 26, 2023, and a promissory note of $552,024 due to Canaan in six (6) equal, interest-free installments on the first day of each consecutive month thereafter, beginning in 2024, until the remaining promissory note balance is fully repaid. The miners were delivered and installed during the first quarter of 2024 at the Company's Scrubgrass Plant. As of September 30, 2024, the Company fully repaid the promissory note due to Canaan.

NOTE 8 – RELATED PARTY TRANSACTIONS

Waste Coal Agreement

The Company is obligated under a Waste Coal Agreement (the “WCA”) to take minimum annual delivery of 200,000 tons of waste coal as long as there is a sufficient quantity of waste coal that meets the Average Quality Characteristics (as defined in the WCA). Under the terms of the WCA, the Company is not charged for the waste coal itself but is charged a $6.07 per ton base handling fee as it is obligated to mine, process, load, and otherwise handle the waste coal for itself and also for other customers of Coal Valley Sales, LLC (“CVS”) from the Company's Russellton site specifically. The Company is also obligated to unload and properly dispose of ash at its Russellton site. The Company is charged a reduced handling fee of $1.00 per ton for any tons in excess of the minimum take of 200,000 tons. The Company is the designated operator of the Russellton site, and therefore, is responsible for complying with all state and federal requirements and regulations.

The Company purchases coal from Coal Valley Properties, LLC, a single-member limited liability company which is entirely owned by one individual who has ownership in Q Power LLC ("Q Power"), and from CVS. CVS is a single-member limited liability company which is owned by a coal reclamation partnership of which an owner of Q Power has a direct and an indirect interest in the partnership of 16.26%.

The Company expensed $413,500 and $195,161 for the three months ended September 30, 2024, and 2023, respectively, and $1,036,977 and $495,161 for the nine months ended September 30, 2024 and 2023, respectively, associated with coal purchases from CVS, which is included in fuel expense in the condensed consolidated statements of operations. See the composition of the due to related parties balance as of September 30, 2024, and December 31, 2023, below.

Fuel Service and Beneficial Use Agreement

The Company has a Fuel Service and Beneficial Use Agreement (“FBUA”) with Northampton Fuel Supply Company, Inc. (“NFS”), a wholly owned subsidiary of Olympus Power. The Company buys fuel from and sends ash to NFS, for the mutual benefit of both facilities, under the terms and rates established in the FBUA. The FBUA expired on December 31, 2023. The Company expensed $0 and $324,925 for the three months ended September 30, 2024, and 2023, respectively, and $1,442,640 and $2,406,726 for the nine months ended September 30, 2024, and 2023, respectively, which is included in fuel expense in the condensed consolidated statements of operations. See the composition of the due to related parties balance as of September 30, 2024, and December 31, 2023, below.

Effective February 13, 2024, the Company terminated its Omnibus Services Agreement with Olympus Power, and therefore, Northampton is no longer a related party entity.

Fuel Management Agreements

Panther Creek Fuel Services LLC

Effective August 1, 2012, the Company entered into the Fuel Management Agreement (the “Panther Creek Fuel Agreement”) with Panther Creek Fuel Services LLC, a wholly owned subsidiary of Olympus Services LLC which, in turn, is a wholly owned subsidiary of Olympus Power LLC. Under the Panther Creek Fuel Agreement, Panther Creek Fuel Services LLC provides the Company with operations and maintenance services with respect to the Panther Creek Plant. The Company reimburses Panther Creek Energy Services LLC for actual wages and salaries. The Company expensed $0 and $2,093 for the three months ended September 30, 2024, and 2023, respectively, and $0 and $929,942 for the nine months ended September 30, 2024, and 2023, which is included in operations and maintenance expense in the condensed

consolidated statements of operations. See the composition of the due to related parties balance as of September 30, 2024, and December 31, 2023, below.

Effective February 13, 2024, the Company terminated its Omnibus Services Agreement with Olympus Power, and therefore, Panther Creek Fuel Services LLC is no longer a related party entity.

Scrubgrass Fuel Services, LLC

Effective February 1, 2022, the Company entered into the Fuel Management Agreement (the "Scrubgrass Fuel Agreement") with Scrubgrass Fuel Services LLC, a wholly owned subsidiary of Olympus Services LLC, which, in turn, is a wholly owned subsidiary of Olympus Power LLC. Under the Scrubgrass Fuel Agreement, Scrubgrass Fuel Services LLC provides the Company with operations and maintenance services with respect to the Panther Creek Plant. The Company reimburses Scrubgrass Energy Services LLC for actual wages and salaries. The Company expensed $0 and $0 for the three months ended September 30, 2024, and 2023, respectively, and $0 and $374,944 for the nine months ended September 30, 2024, and 2023, which is included in operations and maintenance expense in the condensed consolidated statements of operations. See the composition of the due to related parties balance as of September 30, 2024, and December 31, 2023, below.

Effective February 13, 2024, the Company terminated its Omnibus Services Agreement with Olympus Power, and therefore, Scrubgrass Fuel Services, LLC is no longer a related party entity.

O&M Agreements

Olympus Power LLC

On November 2, 2021, Stronghold LLC entered into an Operations, Maintenance and Ancillary Services Agreement (the "Omnibus Services Agreement") with Olympus Stronghold Services, LLC ("Olympus Stronghold Services"), whereby Olympus Stronghold Services provided certain operations and maintenance services to Stronghold LLC and employed certain personnel to operate the Plants. Stronghold LLC reimbursed Olympus Stronghold Services for those costs incurred by Olympus Stronghold Services and approved by Stronghold LLC in the course of providing services under the Omnibus Services Agreement, including payroll and benefits costs and insurance costs. The material costs incurred by Olympus Stronghold Services were to be approved by Stronghold LLC. From November 2, 2021, until October 1, 2023, Stronghold LLC also agreed to pay Olympus Stronghold Services a management fee at the rate of $1,000,000 per year, payable monthly for services provided at each of the Plants, and an additional one-time mobilization fee of $150,000 upon the effective date of the Omnibus Services Agreement, which was deferred. Effective October 1, 2022, Stronghold LLC began paying Olympus Stronghold Services a management fee for the Panther Creek Plant in the amount of $500,000 per year, payable monthly for services provided at the Panther Creek Plant. This was a reduction of $500,000 from the $1,000,000 per year management fee that the Company was previously scheduled to pay Olympus Stronghold Services. The Company expensed $30,000 and $133,499 for the three months ended September 30, 2024, and 2023, respectively, and $90,000 and $603,563 for the nine months ended September 30, 2024, and 2023, respectively, which includes the monthly management fees plus reimbursable costs incurred by Olympus Stronghold Services for payroll, benefits and insurance. See the composition of the due to related parties balance as of September 30, 2024, and December 31, 2023, below. On February 13, 2024, Stronghold LLC and Olympus Services entered into a Termination and Release Agreement (the "Termination and Release") whereby the Omnibus Services Agreement was terminated. The Termination and Release contained a mutual customary release. The Company expects to continue to pay Olympus Power LLC $10,000 per month for ongoing assistance at each of the Scrubgrass Plant and Panther Creek Plant.

As disclosed above, effective February 13, 2024, the Company terminated its Omnibus Services Agreement with Olympus Power, and therefore, Olympus Power LLC is no longer a related party entity.

Panther Creek Energy Services LLC

Effective August 2, 2021, the Company entered into the Operations and Maintenance Agreement (the "O&M Agreement") with Panther Creek Energy Services LLC, a wholly owned subsidiary of Olympus Services LLC which, in turn, is a wholly owned subsidiary of Olympus Power LLC. Under the O&M Agreement, Panther Creek Energy Services LLC provides the Company with operations and maintenance services with respect to the Panther Creek Plant. The Company reimburses Panther Creek Energy Services LLC for actual wages and salaries. The Company also agreed to pay a management fee of $175,000 per operating year, which is payable monthly, and is adjusted by the consumer price index on each anniversary date of the effective date. The Company expensed $0 and $10,337 for the three months ended September 30, 2024, and 2023, respectively, and $0 and $1,856,501 for the nine months ended September 30, 2024, and 2023, respectively, which includes the monthly management fees plus reimbursable costs incurred by Olympus Stronghold Services for payroll,

benefits and insurance. See the composition of the due to related parties balance as of September 30, 2024, and December 31, 2023, below.

In connection with the equity contribution agreement, effective July 9, 2021 (the "Equity Contribution Agreement"), the Company entered into the Amended and Restated Operations and Maintenance Agreement (the “Amended O&M Agreement”) with Panther Creek Energy Services LLC. Under the Amended O&M Agreement, the management fee is $250,000 for the twelve-month period following the effective date and $325,000 per year thereafter. The effective date of the Amended O&M Agreement was the closing date of the Equity Contribution Agreement. Effective November 1, 2023, Stronghold LLC no longer pays Olympus Stronghold Services a management fee for the Panther Creek Plant.

Effective February 13, 2024, the Company terminated its Omnibus Services Agreement with Olympus Power, and therefore, Panther Creek Energy Services LLC is no longer a related party entity.

Scrubgrass Energy Services, LLC

Effective February 1, 2022, the Company entered into the Operations and Maintenance Agreement (the “Scrubgrass O&M Agreement”) with Scrubgrass Energy Services LLC, a wholly owned subsidiary of Olympus Services LLC which, in turn, is a wholly owned subsidiary of Olympus Power LLC. Under the Scrubgrass O&M Agreement, Scrubgrass Energy Services LLC provides the Company with operations and maintenance services with respect to the Scrubgrass Plant. The Company reimburses Scrubgrass Energy Services LLC for actual wages and salaries. The Company also agreed to pay a management fee of $175,000 per operating year, which is payable monthly, and is adjusted by the consumer price index on each anniversary date of the effective date. The Company expensed $0 and $0 for the three months ended September 30, 2024, and 2023, respectively, and $0 and $2,269,290 for the nine months ended September 30, 2024, and 2023, respectively, which includes the monthly management fees plus reimbursable costs incurred by Olympus Stronghold Services for payroll, benefits and insurance. See the composition of the due to related parties balance as of September 30, 2024, and December 31, 2023, below.

In connection with the Equity Contribution Agreement effective July 9, 2021, the Company entered into the Amended and Restated Operations and Maintenance Agreement (the “Scrubgrass Amended O&M Agreement”) with Scrubgrass Energy Services LLC. Under the Scrubgrass Amended O&M Agreement, the management fee is $250,000 for the twelve-month period following the effective date and $325,000 per year thereafter. The effective date of the Scrubgrass Amended O&M Agreement is the closing date of the Equity Contribution Agreement. Effective October 1, 2022, Stronghold LLC no longer pays Olympus Stronghold Services a management fee for the Scrubgrass Plant.

Effective February 13, 2024, the Company terminated its Omnibus Services Agreement with Olympus Power, and therefore, Scrubgrass Energy Services, LLC is no longer a related party entity.

Management Services Agreement

On April 19, 2023, pursuant to an independent consulting agreement the Company entered into with William Spence in connection with his departure from the Board (the "Spence Consulting Agreement"), Mr. Spence's annualized management fee of $600,000 decreased to the greater of $200,000 or 10% of any economic benefits derived from the sale of beneficial use ash, carbon sequestration efforts or alternative fuel arrangements, in each case, arranged by Mr. Spence. The previous consulting and advisory agreement with Mr. Spence was terminated in connection with entry into the Spence Consulting Agreement.

In April 2023, as part of the compensation pursuant to the Spence Consulting Agreement, Mr. Spence also received a one-time grant of 250,000 fully vested shares of the Company's Class A common stock, which was recorded as stock-based compensation in the second quarter of 2023.

Warrants

On September 13, 2022, the Company entered into a Securities Purchase Agreement with Greg Beard, the Company's chairman and chief executive officer, for the purchase and sale of 60,241 shares of Class A common stock and warrants to purchase 60,241 shares of Class A common stock, at an initial exercise price of $17.50 per share, subsequently amended to $10.10 per share and then $7.51 per share. Refer to *Note 15 – Equity Issuances* for additional details.

Additionally, on April 20, 2023, Mr. Beard invested $1.0 million in exchange for 100,000 shares of Class A common stock and 100,000 pre-funded warrants. Refer to *Note 15 – Equity Issuances* for additional details.

Amounts due to related parties as of September 30, 2024, and December 31, 2023, were as follows:

	September 30, 2024	December 31, 2023
Coal Valley Sales, LLC	$ 1,265,862	$ 433,195
Panther Creek Operating LLC	—	14,511
Northampton Generating Fuel Supply Company, Inc.	—	226,951
Olympus Power LLC and other subsidiaries	—	44,181
William Spence	183,333	—
Due to related parties	$ 1,449,195	$ 718,838

NOTE 9 – CONCENTRATIONS (As Restated)

Credit risk is the risk of loss the Company would incur if counterparties fail to perform their contractual obligations (including accounts receivable). The Company primarily conducts business with counterparties in the cryptocurrency mining and energy industry. This concentration of counterparties may impact the Company's overall exposure to credit risk, either positively or negatively, in that its counterparties may be similarly affected by changes in economic, regulatory or other conditions. The Company mitigates potential credit losses by dealing, where practical, with counterparties that are rated at investment grade by a major credit agency or have a history of reliable performance within the cryptocurrency mining and energy industry.

Financial instruments which potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents customarily exceed federally insured limits. For accounts receivable, the Company's significant credit risk is primarily concentrated with CES. CES accounted for approximately 92% and 100% of the Company's *Energy Operations* segment revenues for the three months ended September 30, 2024, and 2023, respectively, and approximately 88% and 100% of the Company's *Energy Operations* segment revenues for the nine months ended September 30, 2024, and 2023, respectively.

Additionally, approximately 14% and 19% of the Company's total revenues for the nine months ended September 30, 2024, and 2023, respectively, were derived from services provided to two customers.

For the three months ended September 30, 2024, and 2023, the Company purchased approximately 0% and 41% of waste coal, respectively, from two suppliers. For the nine months ended September 30, 2024, and 2023, the Company purchased approximately 40% and 49% of waste coal, respectively, from the same related parties. See *Note 8 – Related Party Transactions* for further information.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Commitments:

As discussed in *Note 4 – Equipment Deposits*, the Company has entered into various equipment contracts to purchase miners. Most of these contracts required a percentage of deposits upfront and subsequent payments to cover the contracted purchase price of the equipment. Details of the outstanding purchase agreement with MinerVa are summarized below.

MinerVa Semiconductor Corp

On April 2, 2021, the Company entered into a purchase agreement (the "MinerVa Purchase Agreement") with MinerVa for the acquisition of 15,000 of their MV7 ASIC SHA256 model cryptocurrency miners with a total terahash to be delivered equal to 1.5 million terahash. The price per miner was $4,892.50 for an aggregate purchase price of $73,387,500 to be paid in installments. The first installment equal to 60% of the purchase price, or $44,032,500, was paid on April 2, 2021, and an additional payment of 20% of the purchase price, or $14,677,500, was paid on June 2, 2021. As of September 30, 2024, there were no remaining deposits owed.

In December 2021, the Company extended the deadline for delivery of the MinerVa miners to April 2022. In March 2022, MinerVa was again unable to meet its delivery date and had only delivered approximately 3,200 of the 15,000 miners. As a result, an impairment totaling $12,228,742 was recorded in the first quarter of 2022. Furthermore, in the fourth quarter of 2022, the difference between the fair value of the MinerVa equipment deposits and the carrying value resulted in the Company recording an additional impairment charge of $5,120,000.

As of September 30, 2024, MinerVa had delivered, refunded cash or swapped into deliveries of industry-leading miners of equivalent value to approximately 12,700 of the 15,000 miners. As disclosed below, the Company is pursuing legal action through the dispute resolution process, and as a result, the Company no longer expects equipment deliveries.

Contingencies:

Legal Proceedings

The Company experiences litigation in the normal course of business. Certain of these matters are discussed below. The Company accrues for estimated costs related to existing lawsuits, claims and legal proceedings when it is probable that it will incur these costs in the future and the costs are reasonably estimable.

McClymonds Supply & Transit Company, Inc. and DTA, L.P. vs. Scrubgrass Generating Company, L.P.

On January 31, 2020, McClymonds Supply and Transit Company, Inc. (“McClymonds”) made a Demand for Arbitration, as required by the terms of the Transportation Agreement between McClymonds and Scrubgrass Generating Company, L.P. ("Scrubgrass") dated April 8, 2013 (the “Agreement”). In its demand, McClymonds alleged damages in the amount of $5,042,350 for failure to pay McClymonds for services. On February 18, 2020, Scrubgrass submitted its answering statement denying the claim of McClymonds in its entirety. On March 31, 2020, Scrubgrass submitted its counterclaim against McClymonds in the amount of $6,747,328 as the result of McClymonds’ failure to deliver fuel as required under the terms of the Agreement. Hearings were held from January 31, 2022, to February 3, 2022. On May 9, 2022, an award in the amount of $5.0 million plus interest of approximately $0.8 million was issued in favor of McClymonds. The two managing members of Q Power have executed a binding document to pay the full amount of the award and have begun to pay the full amount of the award, such that there will be no effect on the financial condition of the Company. McClymonds shall have no recourse to the Company with respect to the award.

Allegheny Mineral Corporation v. Scrubgrass Generating Company, L.P., Butler County Court of Common Pleas, No. AD 19-11039

In November 2019, Allegheny Mineral Corporation ("Allegheny Mineral") filed suit against the Company seeking payment of approximately $1,200,000 in outstanding invoices. In response, the Company filed counterclaims against Allegheny Mineral asserting breach of contract, breach of express and implied warranties, and fraud in the amount of $1,300,000. After unsuccessful mediation in August 2020, the parties again attempted to mediate the case on October 26, 2022, which led to a mutual agreement to settlement terms of a $300,000 cash payment, and a supply agreement for limestone. Subject to completion of the settlement terms, this matter has been stayed in Butler County Court, and the outstanding litigation has been terminated.

Federal Energy Regulatory Commission ("FERC") Matters

On November 19, 2021, Scrubgrass received a notice of breach from PJM Interconnection, LLC alleging that Scrubgrass breached Interconnection Service Agreement – No. 1795 (the “ISA”) by failing to provide advance notice to PJM Interconnection, LLC and Mid-Atlantic Interstate Transmission, LLC pursuant to ISA, Appendix 2, section 3, of modifications made to the Scrubgrass Plant. On December 16, 2021, Scrubgrass responded to the notice of breach and respectfully disagreed that the ISA had been breached. On January 7, 2022, Scrubgrass participated in an information gathering meeting with representatives from PJM regarding the notice of breach and continued to work with PJM regarding the dispute, including conducting a necessary study agreement with respect to the Scrubgrass Plant. On January 20, 2022, the Company sent PJM a letter regarding the installation of a resistive computational load bank at the Panther Creek Plant. On March 1, 2022, the Company executed a necessary study agreement with respect to the Panther Creek Plant.

PJM’s investigation and discussions with the Company regarding the notice of breach at the Scrubgrass Plant and the Panther Creek Plant are ongoing, including with respect to interim procedures, until the Company receives revised Interconnect Service Agreements for the Scrubgrass Plant and the Panther Creek Plant. Stronghold does not expect to make any material payments related to any resettlements of prior billing statements. The Company continues to expect to source electricity for its computational load banks from the Scrubgrass and Panther Creek Plants; however, Stronghold expects that, until the revised Interconnect Service Agreements are finalized and potentially thereafter, the Company will pay retail rates for electricity that is imported from the grid should it be unable to fully supply power to the computational load banks.

On May 11, 2022, the Division of Investigations of the FERC Office of Enforcement (“OE”) informed the Company that the OE was conducting a non-public preliminary investigation concerning Scrubgrass’ compliance with various aspects of the PJM tariff. The OE requested that the Company provide certain information and documents concerning Scrubgrass’

operations by June 10, 2022. On July 13, 2022, after being granted an extension to respond by the OE, the Company submitted a formal response to the OE's request. Since the Company submitted its formal response to the OE's request, the Company has had further discussions with the OE regarding the Company's formal response. The OE's investigation, and discussions between the OE and the Company, regarding potential instances of non-compliance is continuing. The Company does not believe that the PJM notice of breach, the Panther Creek necessary study agreement, discussions regarding other potential issues related to the computational load bank, including power consumption and potential resettlements of billing statements for certain prior months, or the preliminary investigation by the OE will have a material adverse effect on the Company's reported financial position or results of operations, although the Company cannot predict with certainty the final outcome of these proceedings.

Shareholder Securities and Derivative Lawsuits

On April 14, 2022, the Company, and certain of our current and former directors, officers and underwriters were named in a putative class action complaint filed in the United States District Court for the Southern District of New York (Winter v. Stronghold Digital Mining, Case No. 1:22-cv-3088). On August 4, 2022, co-lead plaintiffs were appointed. On October 18, 2022, the plaintiffs filed an amended complaint, alleging that the Company made misleading statements and/or failed to disclose material facts in violation of Section 11 of the Securities Act, 15 U.S.C. §77k and Section 15 of the Securities Act of 1933, as amended (the "Securities Act"), about the Company's business, operations, and prospects in the Company's registration statement on Form S-1 related to its initial public offering, and when subsequent disclosures were made regarding these operational issues when the Company announced its fourth quarter and full year 2021 financial results, the Company's stock price fell, causing significant losses and damages. As relief, the plaintiffs are seeking, among other things, compensatory damages. The amended complaint also alleged violations of Section 12 of the Securities Act based on alleged false or misleading statements in the Company's prospectus related to its initial public offering. On December 19, 2022, the Company filed a motion to dismiss, which the court largely denied on August 10, 2023. On September 8, 2023, the Court entered a Case Management Order, which set a number of case deadlines, including the completion of all discovery by April 21, 2025. On January 19, 2024, the Court granted the motion of one co-lead plaintiff to withdraw from the case, leaving one plaintiff remaining. Plaintiff filed a motion for class certification on February 19, 2024, and defendants' response to that motion is due on June 10, 2024. The defendants continue to believe the allegations in the complaint are without merit and intend to defend these suits vigorously.

On September 5, 2023, and September 15, 2023, respectively, purported shareholders of the Company filed two derivative actions in the United States District Court for the Southern District of New York (Wilson v. Beard, Case No. 1:23-cv-7840, and Navarro v. Beard, Case No. 1:23-cv-08714) against certain of our current and former directors and officers, and the Company as a nominal defendant. The shareholders generally allege that the individual defendants breached their fiduciary duties by making or failing to prevent the misrepresentations alleged in the putative Winter securities class action, and assert claims for breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, corporate waste, and for contribution under Section 11 of the Securities Act and Section 21D of the Securities Exchange Act of 1934. The two cases were consolidated on October 24, 2023, under the case name In Re Stronghold Digital Mining, Inc., Stockholder Derivative Litigation (the "Consolidated Derivative Action"). On November 21, 2023, the Court entered an order staying the Consolidated Derivative Action pending a ruling on the motion for class certification in the putative Winter securities class action. The defendants believe the allegations in the Consolidated Derivative Action are without merit and intend to defend the suits vigorously.

On November 14, 2023, and February 4, 2024, respectfully, purported shareholders of the Company filed two additional derivative actions in the United States District Court for the Southern District of New York (Parker v. Beard, Case No. 23 Civ. 10028 and Bruno v. Beard, Case No. 24 Civ. 798) against certain of our current and former directors and officers, and the Company as a nominal defendant. These lawsuits assert substantially the same claims and allegations as the Wilson and Navarro complaints. Plaintiff in the Bruno action had previously served a books and records demand, as well as an investigation/litigation demand, on the Company making similar allegations. On April 24, 2024, the Parker and Bruno cases were consolidated with the Consolidated Derivative Action by agreement of the parties. As a result, the Parker and Bruno cases are also stayed pending further proceedings in the putative Winter securities class action.

Representatives for the Company and plaintiffs executed a Memorandum of Understanding reflecting the terms of their agreement in principle on July 18, 2024. On November 8, 2024, counsel for all parties to the Class Action executed a Stipulation of Settlement (the "Stipulation") which contains the terms of the settlement of the Class Action. Among other terms, the Company has agreed to pay an amount equal to $4.75 million payable in cash on the first day of the month following entry by the District Court of an order preliminarily approving the Stipulation (the "Preliminary Approval"). The Preliminary Approval is expected to be entered into within ninety (90 days) of November 8, 2024. $2.5 million is expected to be covered in full by the Company's insurance providers and paid directly at the time of Preliminary Approval. The terms of the Stipulation also include the Company paying the cash value of twenty-five (25) Bitcoins, one of which will be

paid monthly for two years beginning on the first day of the month following Preliminary Approval, and two of which will be paid in the final month. The cash value of each Bitcoin is expected to be calculated monthly according to a price set by the Nasdaq Bitcoin reference price index. The Company expects District Court to enter the Preliminary Approval Order and to schedule a Final Hearing, at which time the shareholders may raise objections to the terms of the settlement as set forth in the Stipulation. The Company expects the final hearing to be scheduled approximately 120 days after the District Court enters the Preliminary Order. The Company has not executed a Memorandum of Understanding with respect to the Consolidated Derivative Actions to date.

The Company has agreed to settle the claims in order to avoid the cost, risks and distraction of continued litigation, as the expected costs of defense likely exceeded to amounts agreed to in the Stipulation. The Company continues to deny all allegations of wrongdoing and the Stipulation is not an admission of guilt. However, given the inherent risk of any trial and the potential cost of an adverse resolution of the litigation, the Company believes that the Stipulation is in the Company's best interest and in the best interests of its stockholders.

Mark Grams v. Treis Blockchain, LLC, Chain Enterprises, LLC, Cevon Technologies, LLC, Stronghold Digital Mining, LLC, David Pence, Michael Bolick, Senter Smith, Brian Lambretti and John Chain

On May 4, 2023, Stronghold Digital Mining, LLC, a subsidiary of the Company, was named as one of several defendants in a complaint filed in the United States District Court for the Middle District of Alabama Eastern Division (the "Grams Complaint"). The Grams Complaint alleges that certain Bitcoin miners the Company purchased from Treis Blockchain, LLC ("Treis") in December 2021 contained firmware that is alleged to have constituted "trade secrets" owned by Grams. Principally, the Grams Complaint included allegations of misappropriation of these alleged trade secrets.

The Company believes that the allegations against it and its subsidiaries in the Grams Complaint are without merit and intends to vigorously defend the suit. To that end, the Company has entered into a joint defense agreement with Treis and the other named defendants. The Company has also entered into a tolling agreement with Treis. The Company filed a motion to dismiss the case for lack of personal jurisdiction on June 23, 2023. On October 6, 2023, Grams filed an Amended Complaint, to which the Company filed a renewed Motion to Dismiss for Lack of Personal Jurisdiction, or in the Alternative to Transfer the Case to the District of South Carolina, in addition to a renewed Motion to Dismiss several causes of action alleged in the Amended Complaint. On December 8, 2023, the Company filed its reply to Plaintiff's response to the Company's Motion to Transfer or Alternatively to Dismiss pursuant to Rule 12(b)(2). On April 12, 2024, Grams filed an opposition to the Company's previously filed motion to dismiss. On April 22, 2024, the Company filed a reply in support of its motion to dismiss. A ruling on the pending motions is expected to be forthcoming in the foreseeable future. On July 8, 2024, the Court denied the Motion to Dismiss for Lack of Personal Jurisdiction, or in the Alternative to Transfer the Case to the District of South Carolina. It further requested the Defendants to refile their Motion to Dismiss several causes of action alleged in the Amended Complaint so that the court could consider that motion separately. Defendants filed their Motion to Dismiss on July 22, 2024. The Company does not believe the Grams Complaint will have a material adverse effect on the Company's reported financial position or results of operations.

MinerVa Purchase Agreement

On July 18, 2022, the Company provided written notice of dispute to MinerVa pursuant to the MinerVa Purchase Agreement. Under the MinerVa Purchase Agreement, the Company and MinerVa were required to work together in good faith towards a resolution for a period of sixty (60) days following this notice, after which, if no settlement had been reached, the Company could end discussions, declare an impasse, and adhere to the dispute resolution provisions of the MinerVa Purchase Agreement. As the 60-day period has expired, the Company is evaluating all available remedies under the MinerVa Purchase Agreement. On October 30, 2023, the Company sent MinerVa a Notice of Impasse. On October 31, 2023, the Company filed a Statement of Claim in Calgary, Alberta against MinerVa for breach of contract related to the MinerVa Purchase Agreement. On October 18, 2024, the Company filed an Amended Statement of Claim that adds additional misrepresentation allegations against MinerVa and Chong Chao Ma, MinerVa's former Chief Executive Officer and Director. The Claim is ongoing before the Alberta courts.

John W. Krynock v. Panther Creek Fuel Services, LLC c/o Olympus Power

On June 2, 2023, Panther Creek Fuel Services, LLC, an affiliate of the Company was named as a defendant in a Federal Black Lung Case under Title IV of the Federal Coal Mine Health and Safety Act of 1969. The Plaintiff previously settled a state law claim with a predecessor in interest of the Company. The Company denies any liability in connection with the claim and intends to defend the suit vigorously. The Company does not believe that the claim will have a material adverse

effect on the Company's reported financial position or results of operations, although the Company cannot predict with any certainty the outcome of these proceedings.

Department of Environmental Protection

On November 9, 2023, the Company entered into a Consent Order and Agreement ("COA") with the Commonwealth of Pennsylvania, Department of Environmental Protection ("DEP"). Pursuant to the COA, the DEP found that a July 5, 2022, inspection of the Company's Scrubgrass Plant observed that coal ash at the Scrubgrass Plant exceeded the capacity of the permitted ash conditioning area as approved by the DEP on September 12, 2007. The COA found that the Scrubgrass Plant's storage of excess waste coal ash violated certain provisions of the Solid Waste Management Act and Pennsylvania Code, among other items. Pursuant to the COA, Scrubgrass must pay a civil penalty in the amount of $28,800, in two equal installments within ninety (90) days of entry into the COA. The Company made the first payment to the DEP on November 10, 2023. The terms of the COA also require the Company to remove (i) a minimum of 80,000 tons of excess waste coal ash by November 9, 2024, (ii) 160,000 aggregate tons of excess waste coal ash by November 9, 2025, (iii) 220,000 aggregate tons of excess waste coal ash by November 9, 2026, and (iv) all remaining excess waste coal ash by November 9, 2027, such that the ash conditioning area is consistent with the specifications accepted by the DEP on September 7, 2007. Beginning on January 24, 2024, the Company is to provide quarterly progress reports to the DEP. On December 15, 2023, the Scrubgrass Creek Watershed Association and Citizens for Pennsylvania's Future filed a Notice of Appeal to the Environmental Hearing Board regarding the COA (the "COA Appeal"). The Company has removed in excess of 80,000 tons coal ash from the Scrubgrass Plant during the time period from November 9, 2023 until November 9, 2024. The Company has been made aware that waste coal ash from one transporter may not have arrived at its contracted location. The Company is currently investigating this situation. This waste coal ash represents a small percentage of the waste coal ash to be removed under the COA. Previously, in connection with the COA, in 2023 the Company had discussions with the Pennsylvania Public Utilities Commission ("PUC") and the DEP regarding potential resettlement or forfeiture of Pennsylvania Tier II Alternative Energy Credits during any period of non-compliance, between July 5-22, 2022. In February of 2024, the Company retired 25,968 Alternative Energy Credits reflective of the amount of credits generated during the period of non-compliance from July 5-22, 2022. At this time, the Company does not believe the COA, COA Appeal or discussions with the PUC will have a material adverse effect on the Company's reported financial position or its operations.

Save Carbon County

On March 26, 2024, the Company, Panther Creek Power Operating, LLC, Stronghold and Stronghold LLC were named as defendants (collectively, the "Stronghold Defendants") in a complaint filed in the Court of Common Pleas in Philadelphia County by Save Carbon County (the "Complaint"). In addition to the Stronghold Defendants, Josh Shapiro in his capacity as the Governor of the Commonwealth of Pennsylvania, the Pennsylvania Department of Environmental Protection, Jessica Shirley in her capacity as the Interim Secretary for the Pennsylvania Department of Environmental Protection, and the Pennsylvania Public Utility Commission were named as defendants. Pursuant to the Complaint, Save Carbon County alleges certain public nuisance, private nuisance, products liability, and negligence claims against the Stronghold Defendants and demands compensatory and punitive damages, together with costs of suit, interest, and attorney's fees. On July 30, 2024, the parties stipulated to the transfer of the litigation to the Commonwealth Court of Pennsylvania, where the litigation will resume in the initial pleading stage, including resolution of preliminary objections to dismiss or narrow the scope of the Complaint's claims. The Commonwealth Court processed the transfer on October 8, 2024, and the Company filed its preliminary objections on October 28, 2024. The Company believes the Complaint is without merit. The Company does not believe that the claim will have a material adverse effect on the Company's reported financial position or results of operations, although the Company cannot predict with any certainty the outcome of these proceedings.

NOTE 11 – REDEEMABLE COMMON STOCK

Class V common stock represented 14.0% and 17.8% ownership of Stronghold LLC, as of September 30, 2024, and December 31, 2023, respectively, granting the owners of Q Power economic rights and, as a holder, one vote on all matters to be voted on by the Company's stockholders generally, and a redemption right into Class A shares. Refer to *Note 12 – Noncontrolling Interests* for more details.

The Company classifies its Class V common stock as redeemable common stock in the accompanying condensed consolidated balance sheets as, pursuant to the Stronghold LLC Agreement, the redemption rights of each unit held by Q Power for either shares of Class A common stock or an equivalent amount of cash is not solely within the Company's control. This is due to the holders of the Class V common stock collectively owning a majority of the voting stock of the Company, which allows the holders of Class V common stock to elect the members of the Board, including those directors

who determine whether to make a cash payment upon a Stronghold LLC unit holder's exercise of its redemption rights. Redeemable common stock is recorded at the greater of the book value or redemption amount from the date of the issuance, April 1, 2021, and the reporting date as of September 30, 2024.

The Company recorded redeemable common stock as presented in the table below.

	Common - Class V	
	Shares	Amount
Balance - December 31, 2023	**2,405,760**	**$ 20,416,116**
Net loss attributable to noncontrolling interest	—	(5,588,300)
Maximum redemption right valuation	—	(3,291,655)
Balance - September 30, 2024	**2,405,760**	**$ 11,536,161**

NOTE 12 – NONCONTROLLING INTERESTS

The Company is the sole managing member of Stronghold LLC and, as a result, consolidates the financial results of Stronghold LLC and reports a noncontrolling interest representing the common units of Stronghold LLC held by Q Power. Changes in the Company's ownership interest in Stronghold LLC, while the Company retains its controlling interest, are accounted for as redeemable common stock transactions. As such, future redemptions or direct exchanges of common units of Stronghold LLC by the continuing equity owners will result in changes to the amount recorded as noncontrolling interest. Refer to *Note 11 – Redeemable Common Stock* which describes the redemption rights of the noncontrolling interest.

Class V common stock represented 14.0% and 17.8% ownership of Stronghold LLC as of September 30, 2024, and December 31, 2023, respectively, granting the owners of Q Power economic rights and, as a holder, one vote on all matters to be voted on by the Company's stockholders generally, and a redemption right into shares of Class A common stock.

The following summarizes the redeemable common stock adjustments pertaining to the noncontrolling interest as of and for the nine months ended September 30, 2024:

	Class V Common Stock Outstanding	Fair Value Price	Redeemable Common Stock Adjustments
Balance - December 31, 2023	**2,405,760**	$ 8.49	**$ 20,416,116**
Net loss attributable to noncontrolling interest	—		(5,588,300)
Adjustment of redeemable common stock to redemption amount [(1)]	—		(3,291,655)
Balance - September 30, 2024	**2,405,760**	$ 4.80	**$ 11,536,161**

[(1)] Redeemable common stock adjustment based on Class V common stock outstanding at fair value price at each quarter end, using a 10-day variable weighted average price of trading dates including the closing date.

NOTE 13 – STOCK-BASED COMPENSATION

Stock-based compensation expense was $1,486,286 and $787,811 for the three months ended September 30, 2024, and 2023, respectively, and $5,093,193 and $7,603,859 for the nine months ended September 30, 2024, and 2023, respectively, and is included in general and administrative expense in the condensed consolidated statements of operations. There was no income tax benefit related to stock-based compensation expense due to the Company having a full valuation allowance recorded against its deferred income tax assets.

On January 22, 2024, the Company entered into award agreements with certain executive officers in which the executive officers were granted 135,000 restricted stock units. Similarly, on March 15, 2023, the Company entered into award agreements with certain executive officers in which the executive officers were granted 272,500 restricted stock units in exchange for the cancellation of 98,669 stock options and 25,000 performance share units previously granted to the executive officers. All restricted stock units were granted under the Company's previously adopted Omnibus Incentive Plan, dated October 19, 2021.

Additionally, in April 2023, as part of the compensation pursuant to the Spence Consulting Agreement described in *Note 8 – Related Party Transactions*, Mr. Spence received a one-time grant of 250,000 fully vested shares of the Company's Class A common stock, which was recorded as stock-based compensation in the second quarter of 2023.

NOTE 14 – WARRANTS

The following table summarizes outstanding warrants as of September 30, 2024.

	Number of Warrants
Outstanding as of December 31, 2023	**5,277,985**
Issued	—
Exercised	(1,300,000)
Outstanding as of September 30, 2024	**3,977,985**

September 2022 Private Placement

On September 13, 2022, the Company entered into Securities Purchase Agreements with Armistice Capital Master Fund Ltd. ("Armistice") and Greg Beard, the Company's chairman and chief executive officer, for the purchase and sale of 227,435 and 60,241 shares of Class A common stock, respectively, and warrants to purchase an aggregate of 560,241 shares of Class A common stock, at an initial exercise price of $17.50 per share. Refer to *Note 15 – Equity Issuances* for additional details and information regarding subsequent amendments. As part of the transaction, Armistice purchased the pre-funded warrants for 272,565 shares of Class A common stock at a purchase price of $16.00 per warrant. The pre-funded warrants have an exercise price of $0.001 per warrant share.

In April 2023, the Company, Armistice and Mr. Beard entered into amendments to, among other things, adjust the strike price of the remaining outstanding warrants from $17.50 per share to $10.10 per share. In December 2023, the Company and Armistice entered into an amendment to, among other things, adjust the strike price of the remaining outstanding warrants from $10.10 per share to $7.00 per share and extend the expiration date through December 31, 2029. Furthermore, in January 2024, the Company and Mr. Beard entered into an amendment to, among other things, adjust the strike price of the remaining outstanding warrants from $10.10 per share to $7.51 per share. Refer to *Note 15 – Equity Issuances* for additional details.

As of September 30, 2024, 560,241 warrants issued in connection with the September 2022 Private Placement remained outstanding.

April 2023 Private Placement

On April 20, 2023, the Company entered into Securities Purchase Agreements with an institutional investor and Greg Beard, the Company's chairman and chief executive officer, for the purchase and sale of shares of Class A common stock, par value $0.0001 per share at a purchase price of $10.00 per share, and warrants to purchase shares of Class A common stock, at an initial exercise price of $11.00 per share (the “April 2023 Private Placement”). Pursuant to the Securities Purchase Agreements, the institutional investor invested $9.0 million in exchange for an aggregate of 900,000 shares of Class A common stock and pre-funded warrants, and Mr. Beard invested $1.0 million in exchange for an aggregate of 100,000 shares of Class A common stock, in each case at a price of $10.00 per share equivalent. Further, the institutional investor and Mr. Beard received warrants exercisable for 900,000 shares and 100,000 shares, respectively, of Class A common stock. Refer to *Note 15 – Equity Issuances* for additional details.

In January 2024, the Company and Mr. Beard entered into an amendment to, among other things, adjust the strike price of the remaining outstanding warrants from $11.00 per share to $7.51 per share. Refer to *Note 15 – Equity Issuances* for additional details.

As of September 30, 2024, warrants exercisable for a total of 1,000,000 shares of Class A common stock remained outstanding.

December 2023 Private Placement

On December 21, 2023, the Company entered into a Securities Purchase Agreement with an institutional investor for the purchase and sale of shares of Class A common stock, par value $0.0001 per share at a purchase price of $6.71 per share, and warrants to purchase shares of Class A common stock, at an initial exercise price of $7.00 per share. Pursuant to the Securities Purchase Agreement, the institutional investor invested $15.4 million in exchange for an aggregate of 2,300,000 shares of Class A common stock and pre-funded warrants at a price of $6.71 per share equivalent. Further, the institutional

investor received warrants exercisable for 2,300,000 shares of Class A common stock. Refer to *Note 15 – Equity Issuances* for additional details.

During the three months ended September 30, 2024, the institutional investor exercised all 1,300,000 of its pre-funded warrants for an approximately equal amount of shares of Class A common stock. As of September 30, 2024, warrants exercisable for a total of 2,300,000 shares of Class A common stock remained outstanding.

NOTE 15 – EQUITY ISSUANCES

Series C Convertible Preferred Stock

On December 30, 2022, the Company entered into the Exchange Agreement with the Purchasers of the Amended May 2022 Notes whereby the Amended May 2022 Notes were to be exchanged for shares of Series C Preferred Stock that, among other things, will convert into shares of Class A common stock or pre-funded warrants that may be exercised for shares of Class A common stock, at a conversion rate equal to the stated value of $1,000 per share plus cash in lieu of fractional shares, divided by a conversion price of $4.00 per share of Class A common stock. Upon the fifth anniversary of the Series C Preferred Stock, each outstanding share of Series C Preferred Stock will automatically and immediately convert into Class A common stock or pre-funded warrants. In the event of a liquidation, the Purchasers shall be entitled to receive an amount per share of Series C Preferred Stock equal to its stated value of $1,000 per share. The Exchange Agreement closed on February 20, 2023.

Pursuant to the Exchange Agreement, the Purchasers received an aggregate 23,102 shares of the Series C Preferred Stock, in exchange for the cancellation of an aggregate $17,893,750 of principal and accrued interest, representing all of the amounts owed to the Purchasers under the May 2022 Notes. On February 20, 2023, one Purchaser converted 1,530 shares of the Series C Preferred Stock to 382,500 shares of the Company's Class A common stock. The rights and preferences of the Series C Preferred Stock are designated in a certificate of designation, and the Company provided certain registration rights to the Purchasers. As of September 30, 2024, 5,990 shares of the Series C Preferred Stock remain outstanding following the Series D Exchange Agreement described below.

Series D Exchange Agreement

On November 13, 2023, the Company consummated a transaction (the "Series D Exchange Transaction") pursuant to an exchange agreement, dated November 13, 2023 (the "Series D Exchange Agreement") with Adage Capital Partners, LP (the "Holder") whereby the Company issued to the Holder an aggregate of 15,582 shares of a newly created series of preferred stock, the Series D Convertible Preferred Stock, par value $0.0001 per share (the "Series D Preferred Stock"), in exchange for 15,582 shares of Series C Preferred Stock held by the Holder, which represented all of the shares of Series C Preferred Stock held by the Holder. The Series D Preferred Stock contains substantially similar terms as the Series C Preferred Stock except with respect to a higher conversion price. The Series D Exchange Agreement contains representations, warranties, covenants, releases, and indemnities customary for transactions of this type, as well as certain trading volume restrictions. As a result of the Series D Exchange Transaction, the Company recorded a deemed contribution of $20,492,568 resulting from the extinguishment of 15,582 shares of Series C Preferred Stock associated with the Series D Exchange Transaction. The deemed contribution represented the difference between the carrying value of the existing Series C Preferred Stock and the estimated fair value of the newly-issued Series D Preferred Stock. During the first quarter of 2024, the remaining 7,610 shares of Series D Convertible Preferred Stock were converted to 1,414,117 shares of Class A common stock.

During the nine months ended September 30, 2024, the Company incurred $19,637 of final offering costs which has been recorded within additional paid-in capital in the condensed consolidated balance sheet.

September 2022 Private Placement

On September 13, 2022, the Company entered into Securities Purchase Agreements with Armistice and Greg Beard, the Company's chairman and chief executive officer (together with Armistice, the "September 2022 Private Placement Purchasers"), for the purchase and sale of 227,435 and 60,241 shares, respectively, of Class A common stock, par value $0.0001 per share at a purchase price of $16.00 and $16.60, respectively, and warrants to purchase an aggregate of 560,241 shares of Class A common stock, at an initial exercise price of $17.50 per share (subject to certain adjustments). Subject to certain ownership limitations, such warrants are exercisable upon issuance and will be exercisable for five and a half years commencing upon the date of issuance. Armistice also purchased the pre-funded warrants to purchase 272,565 shares of Class A common stock at a purchase price of $16.00 per pre-funded warrant. The pre-funded warrants have an exercise

price of $0.001 per warrant share. The transaction closed on September 19, 2022. The gross proceeds from the sale of such securities, before deducting offering expenses, were approximately $9.0 million.

The warrant liabilities are subject to remeasurement at each balance sheet date, and any change in fair value is recognized as "changes in fair value of warrant liabilities" in the condensed consolidated statements of operations. The fair value of the warrant liabilities was estimated as of September 30, 2024, using a Black-Scholes model with significant inputs as follows:

	September 30, 2024
Expected volatility	137.2 %
Expected life (in years)	5.25
Risk-free interest rate	3.6 %
Expected dividend yield	0.00 %
Fair value	**$ 2,446,409**

In connection with the closing of the December 2023 Private Placement (discussed below), the Company and Armistice entered into an amendment to, among other things, adjust the strike price of the remaining outstanding warrants from $10.10 per share to $7.00 per share and extend the expiration date through December 31, 2029. Furthermore, in January 2024, the Company and Mr. Beard entered into an amendment to, among other things, adjust the strike price of the remaining outstanding warrants from $10.10 per share to $7.51 per share.

April 2023 Private Placement

On April 20, 2023, the Company entered into Securities Purchase Agreements with an institutional investor and the Company's chairman and chief executive officer, Greg Beard, for the purchase and sale of shares of Class A common stock, par value $0.0001 per share at a purchase price of $10.00 per share, and warrants to purchase shares of Class A common stock, at an initial exercise price of $11.00 per share (subject to certain adjustments in accordance with the terms thereof). Pursuant to the Securities Purchase Agreements, the institutional investor invested $9.0 million in exchange for an aggregate of 900,000 shares of Class A common stock and pre-funded warrants, and Mr. Beard invested $1.0 million in exchange for an aggregate of 100,000 shares of Class A common stock, in each case at a price of $10.00 per share equivalent. Further, the institutional investor and Mr. Beard received warrants exercisable for 900,000 shares and 100,000 shares, respectively, of Class A common stock.

Subject to certain ownership limitations, the warrants are exercisable six months after issuance. The warrants are exercisable for five and a half years commencing upon the date of issuance, subject to certain ownership limitations. The pre-funded warrants have an exercise price of $0.001 per warrant share and are immediately exercisable, subject to certain ownership limitations. The gross proceeds from the April 2023 Private Placement, before deducting offering expenses, were approximately $10.0 million. The April 2023 Private Placement closed on April 21, 2023.

The warrant liabilities are subject to remeasurement at each balance sheet date, and any change in fair value is recognized as "changes in fair value of warrant liabilities" in the condensed consolidated statements of operations. The fair value of the warrant liabilities was estimated as of September 30, 2024, using a Black-Scholes model with significant inputs as follows:

	September 30, 2024
Expected volatility	137.2 %
Expected life (in years)	5.25
Risk-free interest rate	3.6 %
Expected dividend yield	0.00 %
Fair value	**$ 4,395,995**

Additionally, as previously disclosed, the Company entered into Securities Purchase Agreements with the September 2022 Private Placement Purchasers for, in part, warrants to purchase an aggregate of 560,241 shares of Class A common stock, at an exercise price of $17.50 per share. On April 20, 2023, the Company and the September 2022 Private Placement Purchasers entered into amendments to, among other things, adjust the strike price of the warrants from $17.50 per share to $10.10 per share.

Pursuant to Greg Beard's employment agreement with the Company dated September 6, 2023, Mr. Beard is eligible for an annual bonus if the applicable targets to achieve such annual bonus are met. For Mr. Beard's 2023 annual bonus, on January 29, 2024, the Compensation Committee of the Company amended Mr. Beard's warrants under the September 2022 Private Placement (described above) and the April 2023 Private Placement such that the exercise price of the warrants was adjusted to $7.51.

December 2023 Private Placement

On December 21, 2023, the Company entered into a Securities Purchase Agreement with an institutional investor for the purchase and sale of shares of Class A common stock, par value $0.0001 per share at a purchase price of $6.71 per share, and warrants to purchase shares of Class A common stock, at an initial exercise price of $7.00 per share (the "December 2023 Private Placement"). Pursuant to the Securities Purchase Agreement, the institutional investor invested $15.4 million in exchange for an aggregate of 2,300,000 shares of Class A common stock and pre-funded warrants at a price of $6.71 per share equivalent. Further, the institutional investor received warrants exercisable for 2,300,000 shares of Class A common stock.

Subject to certain ownership limitations, the warrants are exercisable six months after issuance. The warrants are exercisable for five and a half years commencing upon the date of issuance, subject to certain ownership limitations. The pre-funded warrants have an exercise price of $0.001 per warrant share and are immediately exercisable, subject to certain ownership limitations. The gross proceeds from the December 2023 Private Placement, before deducting offering expenses, were approximately $15.4 million. The December 2023 Private Placement closed on December 21, 2023.

The warrant liabilities are subject to remeasurement at each balance sheet date, and any change in fair value is recognized as "changes in fair value of warrant liabilities" in the condensed consolidated statements of operations. The fair value of the warrant liabilities was estimated as of September 30, 2024, using a Black-Scholes model with significant inputs as follows:

	September 30, 2024
Expected volatility	137.2 %
Expected life (in years)	4.75
Risk-free interest rate	3.6 %
Expected dividend yield	0.00 %
Fair value	**$ 9,922,778**

During the three months ended September 30, 2024, the institutional investor exercised all 1,300,000 of its pre-funded warrants for an approximately equal amount of shares of Class A common stock. As of September 30, 2024, warrants exercisable for a total of 2,300,000 shares of Class A common stock remained outstanding.

ATM Agreement

On May 23, 2023, the Company entered into an at-the-market offering agreement (the "ATM Agreement") with H.C. Wainwright & Co., LLC ("HCW") to sell shares of its Class A common stock having aggregate sales proceeds of up to $15.0 million (the "ATM Shares"), from time to time, through an "at the market" equity offering program under which HCW acts as sales agent and/or principal.

Pursuant to the ATM Agreement, the ATM Shares may be offered and sold through HCW in transactions that are deemed to be "at the market" offerings as defined in Rule 415 under the Securities Act, including sales made directly on The Nasdaq Stock Market LLC ("Nasdaq") or sales made to or through a market maker other than on an exchange or in negotiated transactions. Under the ATM Agreement, HCW is entitled to compensation equal to 3.0% of the gross proceeds from the sale of the ATM Shares sold through HCW. The Company has no obligation to sell any of the ATM Shares under the ATM Agreement and may at any time suspend solicitations and offers under the ATM Agreement. The Company and HCW may each terminate the ATM Agreement at any time upon specified prior written notice.

The ATM Shares have been and are being issued pursuant to the Company's shelf registration statement on Form S-3 (File No. 333-271671), filed with the SEC on May 5, 2023, as amended by Amendment No. 1 to the registration statement filed with the SEC on May 23, 2023 (as amended, the "ATM Registration Statement"). Pursuant to the ATM Agreement, no sales may be made until 30 days following the date on which the ATM Registration Statement is declared effective. The ATM Registration Statement was declared effective on May 25, 2023.

During the nine months ended September 30, 2024, the Company sold zero ATM Shares.

NOTE 16 – SEGMENT REPORTING (As Restated)

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly in deciding how to allocate resources and assess performance. The Company's CEO is the chief operating decision maker. The Company functions in two operating segments, *Energy Operations* and *Cryptocurrency Operations*, about which separate financial information is presented below.

	Three Months Ended		Nine Months Ended	
	September 30, 2024 (As Restated)	September 30, 2023	September 30, 2024 (As Restated)	September 30, 2023
OPERATING REVENUES:				
Energy Operations	$ 546,686	$ 1,252,688	$ 1,611,598	$ 6,266,851
Cryptocurrency Operations	7,476,384	16,474,269	53,037,796	46,960,062
Total operating revenues	$ 8,023,070	$ 17,726,957	$ 54,649,394	$ 53,226,913
NET OPERATING LOSS:				
Energy Operations	$ (6,079,564)	$ (9,685,721)	$ (23,155,919)	$ (29,864,794)
Cryptocurrency Operations	(11,504,143)	(10,019,215)	(16,651,569)	(20,035,786)
Total net operating loss	$ (17,583,707)	$ (19,704,936)	$ (39,807,488)	$ (49,900,580)
OTHER (EXPENSE) INCOME [1]	(5,086,885)	(2,606,977)	1,712,188	(30,764,024)
NET LOSS	$ (22,670,592)	$ (22,311,913)	$ (38,095,300)	$ (80,664,604)
DEPRECIATION AND AMORTIZATION:				
Energy Operations	$ (1,359,278)	$ (1,341,076)	$ (4,031,499)	$ (4,004,596)
Cryptocurrency Operations	(7,264,368)	(8,326,137)	(23,397,364)	(22,020,425)
Total depreciation and amortization	$ (8,623,646)	$ (9,667,213)	$ (27,428,863)	$ (26,025,021)
INTEREST EXPENSE:				
Energy Operations	$ (22,056)	$ (39,007)	$ (70,721)	$ (450,472)
Cryptocurrency Operations	(2,214,531)	(2,402,132)	(6,677,338)	(6,978,058)
Total interest expense	$ (2,236,587)	$ (2,441,139)	$ (6,748,059)	$ (7,428,530)

[1] The Company does not allocate other income (expense) for segment reporting purposes. Amount is shown as a reconciling item between net operating income (loss) and consolidated net income (loss). Refer to the accompanying condensed consolidated statements of operations for further details.

For the three and nine months ended September 30, 2024, and 2023, the loss on disposal of fixed assets, realized loss (gain) on sale of digital currencies, unrealized loss (gain) on digital currencies, realized loss on sale of miner assets, and impairments on digital currencies recorded in the condensed consolidated statements of operations were entirely attributable to the *Cryptocurrency Operations* segment.

NOTE 17 – EARNINGS (LOSS) PER SHARE

Basic EPS is computed by dividing the Company's net income (loss) by the weighted average number of Class A shares of common stock outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted net loss per share of Class A common stock for the three and nine months ended September 30, 2024, and 2023.

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Numerator:				
Net loss	$ (22,670,592)	$ (22,311,913)	$ (38,095,300)	$ (80,664,604)
Less: net loss attributable to noncontrolling interest	(3,181,407)	(5,188,727)	(5,588,300)	(26,663,731)
Net loss attributable to Stronghold Digital Mining, Inc.	$ (19,489,185)	$ (17,123,186)	$ (32,507,000)	$ (54,000,873)
Denominator:				
Weighted average number of Class A common shares outstanding	14,594,955	7,569,511	14,319,202	6,047,891
Basic net loss per share	$ (1.34)	$ (2.26)	$ (2.27)	$ (8.93)
Diluted net loss per share	$ (1.34)	$ (2.26)	$ (2.27)	$ (8.93)

Securities that could potentially dilute earnings (loss) per share in the future were not included in the computation of diluted net loss per share for the three and nine months ended September 30, 2024, and 2023, because their inclusion would be anti-dilutive. As of September 30, 2024, the potentially dilutive impact of Series C Preferred Stock not yet exchanged for shares of Class A common stock was 1,497,500, the potentially dilutive impact of Class V shares not yet exchanged for shares of Class A common stock was 2,405,760, and the potentially dilutive impact of outstanding warrants (excluding those with a $0.01 exercise price) was 3,865,910.

NOTE 18 – INCOME TAXES

Tax Receivable Agreement

The Company entered into a Tax Receivable Agreement ("TRA") with Q Power and an agent named by Q Power on April 1, 2021 (to which an additional holder was subsequently joined as an additional "TRA Holder" on March 14, 2023), pursuant to which the Company will pay the TRA Holders 85% of the realized (or, in certain circumstances, deemed to be realized) cash tax savings attributable to the tax basis step-ups arising from taxable exchanges of units and certain other items.

During 2022 and 2023, taxable exchanges of Stronghold LLC units, together with a corresponding number of Class V common shares by Q Power for Class A common stock of the Company, resulted in adjustments to the tax basis of Stronghold LLC's assets. Such step-ups in tax basis, which were allocated to Stronghold Inc., are expected to increase Stronghold Inc.'s tax depreciation, amortization and/or other cost recovery deductions, which may reduce the amount of tax Stronghold Inc. would otherwise be required to pay in the future. No cash tax savings have been realized by Stronghold Inc. with respect to these basis adjustments due to the Company's estimated taxable losses, and the realization of cash tax savings in the future is dependent, in part, on estimates of sufficient future taxable income. As such, a deferred income tax asset has not been recorded due to maintaining a valuation allowance on the Company's deferred income tax assets, and no liability has been recorded with respect to the TRA in light of the applicable criteria for accrual.

Estimating the amount and timing of Stronghold Inc.'s realization of income tax benefits subject to the TRA is imprecise and unknown at this time and will vary based on a number of factors, including when future redemptions actually occur. Accordingly, the Company has not recorded any deferred income tax asset or liability associated with the TRA.

TRA Waiver and Termination Agreement

On August 21, 2024, concurrently with the execution and delivery of the Merger Agreement, the Company, Parent and each of the TRA Holders entered into a TRA Waiver and Termination Agreement (the "TRA Waiver"), pursuant to which the parties agreed, among other things, subject to and effective upon the consummation of the transactions contemplated by the Merger Agreement, to (i) terminate the TRA, dated April 1, 2021, as amended November 9, 2022, by and among the Company and the TRA Holders and (ii) waive the Early Termination Payment (as defined in the TRA) pursuant to the TRA, which would have otherwise become payable to the TRA Holders in connection with the consummation of the merger, and any other amounts to which the TRA Holders would have otherwise been entitled under the TRA. The TRA continues to be in effect prior to the completion of the Merger Agreement, but due to the TRA Waiver discussed above, the TRA is not recorded and is not currently expected to have an impact on the Company's consolidated financial statements.

Provision for Income Taxes

The provision for income taxes for the three and nine months ended September 30, 2024, and 2023, was zero, resulting in an effective income tax rate of zero. The difference between the statutory income tax rate of 21% and the Company's effective tax rate for the three and nine months ended September 30, 2024, and 2023, was primarily due to pre-tax losses attributable to the noncontrolling interest and due to maintaining a valuation allowance against the Company's deferred income tax assets.

The determination to record a valuation allowance was based on management's assessment of all available evidence, both positive and negative, supporting realizability of the Company's net operating losses and other deferred income tax assets, as required by ASC 740, *Income Taxes*. In light of the criteria under ASC 740 for recognizing the tax benefit of deferred income tax assets, the Company maintained a valuation allowance against its federal and state deferred income tax assets as of September 30, 2024, and December 31, 2023.

NOTE 19 – SUPPLEMENTAL CASH AND NON-CASH INFORMATION

Supplemental disclosures of cash flow information for the nine months ended September 30, 2024, and 2023, were as follows:

	September 30, 2024	September 30, 2023
Income tax payments	$ —	$ —
Interest payments	$ 5,981,021	$ 7,054,387

Supplementary non-cash investing and financing activities consisted of the following for the nine months ended September 30, 2024, and 2023:

	September 30, 2024	September 30, 2023
Equipment financed with debt	$ —	$ 1,184,935
Purchases of property, plant and equipment through finance leases	633,092	60,679
Purchases of property, plant and equipment included in accounts payable or accrued liabilities	134,811	145,093
Operating lease right-of-use assets exchanged for lease liabilities	—	291,291
Reclassifications from deposits to property, plant and equipment	8,000,643	4,658,970
Issued as part of financing:		
Warrants – April 2023 Private Placement	—	8,882,914
Convertible Note Exchange for Series C Convertible Preferred Stock:		
Extinguishment of convertible note	—	16,812,500
Extinguishment of accrued interest	—	655,500
Issuance of Series C convertible preferred stock, net of issuance costs	—	45,386,944
B&M Settlement:		
Warrants – B&M	—	1,739,882
Return of transformers to settle outstanding payable	—	6,007,500
Issuance of B&M Note	—	3,500,000
Elimination of accounts payable	—	11,426,720
Financed insurance premiums	2,100,249	1,887,824
Class A common stock issued to settle outstanding payables or accrued liabilities	134,984	1,014,780

NOTE 20 – FAIR VALUE

In addition to assets and liabilities that are measured at fair value on a recurring basis, such as digital currencies pursuant to ASU 2023-08 as described above in *Note 1 – Basis of Presentation (As Restated)* and *Note 2 – Digital Currencies (As Restated)*, the Company also measures certain assets and liabilities at fair value on a nonrecurring basis. The Company's non-financial assets, including operating lease right-of-use assets and property, plant and equipment, are measured at fair value when there is an indication of impairment and the carrying amount exceeds the asset’s projected undiscounted cash flows. These assets are recorded at fair value only when an impairment charge is recognized.

The fair values of cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, accounts payable, and accrued liabilities approximate their carrying values because of the short-term nature of these instruments.

Adverse changes in business climate, including decreases in the price of Bitcoin and resulting decreases in the market price of miners, may indicate that an impairment triggering event has occurred. If the testing performed indicates the estimated fair value of the Company’s miners to be less than their net carrying value, an impairment charge will be recognized, decreasing the net carrying value of the Company’s miners to their estimated fair value.

NOTE 21 – SUBSEQUENT EVENTS

Matthew Smith Resignation

On October 25, 2024, the Company announced that Matthew Smith, the Company’s Chief Financial Officer, will resign from such position effective November 15, 2024. Mr. Smith will also resign from the Company's Board at such time. Mr. Smith’s resignation was not because of any disagreement with the Company on any matter relating to the Company’s operations, policies or practices, including accounting principles and practices. At this time, the Company does not intend
to fill the vacancy on the Board that will be created following the effective date of Mr. Smith’s resignation.

Simultaneous with his departure, the Company and Mr. Smith entered into a Consulting Agreement (the "Consulting Agreement") pursuant to which Mr. Smith will provide assistance with the Company's finance function, and a transition from Mr. Smith's prior employment with the Company, as requested by the Company. Pursuant to the Consulting Agreement, Mr. Smith will be paid $400 per hour, and a minimum of $8,000 per month representative of twenty (20) hours per month. The Consulting Agreement has a three (3) month term and may be terminated at any time by either party upon five (5) days' notice.

Second Bitfarms Hosting Agreement

On October 29, 2024, Stronghold Digital Mining Hosting, LLC ("Stronghold Hosting"), a Delaware limited liability company and indirect subsidiary of the Company entered into a Hosting Agreement (the "Second Hosting Agreement") with Backbone Mining Solutions LLC ("BMS"), a Delaware limited liability company and a subsidiary of Bitfarms Ltd., a corporation organized under the Business Corporations Act (Ontario) ("Bitfarms"), pursuant to which BMS will deliver approximately 10,000 Bitmain T21 or similar miners owned by BMS (the "BMS Miners") to the Company's mining facilities, and the Company will provide power to, maintain, host and operate the BMS Miners.

The initial term of the Second Hosting Agreement will commence on November 1, 2024 and remain effective until December 31, 2025, after which it will automatically renew for additional one year periods unless either party provides written notice of non-renewal to the other party at least sixty days prior to the expiration of the then-current initial term or renewal term, as applicable. Upon the occurrence of an event of default that is not cured within fifteen days, the non-breaching party may terminate the Second Hosting Agreement.

Pursuant to the Second Hosting Agreement, BMS will pay Stronghold Hosting a monthly fee equal to fifty percent (50%) of the profit generated by the BMS Miners, subject to certain monthly adjustments between the parties to account for the upfront monthly payment due from BMS to Stronghold Hosting in an amount of $600,000, and for taxes and the net cost of power associated with the operation of the BMS Miners.

In connection with the execution of the Second Hosting Agreement, BMS deposited with Stronghold Hosting $7,800,000 (the "Second Deposit"), equal to the estimated cost of power for three months of operations of the BMS Miners, which will be refundable in full to BMS within one business day of the end of the initial term expiring on December 31, 2025. The Second Deposit will bear interest at a floating rate equal to the forward-looking term secured overnight financing rate as administered by CME Group Benchmark Administration Limited for the applicable interest period plus 1.0%, payable in kind on the last day of each calendar quarter by capitalizing and adding such interest to the then-outstanding amount of the Second Deposit. Upon the occurrence and during the continuance of an event of default under the Second Hosting Agreement, the principal of, and all accrued and unpaid interest on, the Second Deposit shall bear interest from the date of such event of default, until cured or waived, at a rate equal to 24.0%.

Given the Company's efforts to high-grade its fleet, including through the First Hosting Agreement and Second Hosting Agreement with Bitfarms, we are exploring alternatives for a portion of our current fleet of Bitcoin miners.

Fourth Amendment to the Cantaloupe Hosting Agreement

On November 4, 2024, Stronghold Digital Mining Hashco, LLC and Cantaloupe Digital, LLC ("Cantaloupe") entered into a fourth amendment (the "Fourth Amendment") to the Hosting Agreement dated April 27, 2023. Pursuant to the Fourth Amendment, Cantaloupe is to deliver 4,000 Model A1446 Bitcoin miners, to replace the previously delivered 4,000 Model A1346 Bitcoin miners, to the Company's Panther Creek facility by December 31, 2024.

Sunnyside Sale Agreement

On November 13, 2024, as part of the Company's efforts to high-grade its Bitcoin mining fleet following entry into the First Hosting Agreement and Second Hosting Agreement, Stronghold LLC entered into a Sale and Purchase Agreement (the "Sunnyside Purchase Agreement") with Sunnyside Digital, Inc. ("Sunnyside"). Pursuant to the Sunnyside Purchase Agreement, Stronghold LLC sold 6,000 M50 Bitcoin miners to Sunnyside for $4.60 per terahash, for a total purchase price of $3,256,800. Pursuant to the Sunnyside Purchase Agreement, the Company shall make the M50 Bitcoin miners available to Sunnyside within ten (10) days of the transaction at the Company's Panther Creek Plant. The Company expects the proceeds from the Sunnyside Purchase Agreement to be immediately applied towards indebtedness under the Company's Credit Agreement.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this "Form 10-Q") contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act")), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In particular, statements pertaining to our trends, liquidity, capital resources, and future performance, among others, contain forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology including, but not limited to, "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," or "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise, and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all).

Forward-looking statements may include statements about:

- *the hybrid nature of our business model, which is highly dependent on the price of Bitcoin;*
- *our dependence on the level of demand and financial performance of the crypto asset industry;*
- *our substantial indebtedness and its effect on our results of operations and financial condition;*
- *our ability to manage our growth, business, financial results, and results of operations;*
- *uncertainty regarding our evolving business model;*
- *our ability to raise capital to fund our business and growth;*
- *our ability to maintain sufficient liquidity to fund operations, growth and acquisitions;*
- *uncertainty regarding the outcomes of any investigations or proceedings;*
- *our ability to retain management and key personnel and the integration of new management;*
- *our ability to enter into purchase agreements, acquisitions and financing transactions;*
- *our ability to maintain our relationships with our third-party brokers and our dependence on their performance;*
- *our ability to procure crypto asset mining equipment from foreign-based suppliers;*
- *developments and changes in laws and regulations, including increased regulation of the crypto asset industry through legislative action and revised rules and standards applied by The Financial Crimes Enforcement Network under the authority of the U.S. Bank Secrecy Act and the Investment Company Act;*
- *the future acceptance and/or widespread use of, and demand for, Bitcoin and other crypto assets;*
- *our ability to respond to price fluctuations and rapidly changing technology;*
- *our ability to operate our coal refuse power generation facilities as planned;*
- *our ability to develop and monetize our carbon capture project to generate meaningful revenue, on a timely basis or at all;*
- *our ability to avail ourselves of tax credits for the clean-up of coal refuse piles;*
- *legislative or regulatory changes, and liability under, or any future inability to comply with, existing or future energy regulations or requirements;*
- *the market value of the merger consideration that Stronghold shareholders will receive in the merger may fluctuate;*
- *our ability to consummate the merger with Bitfarms on the anticipated terms in a timely manner or at all;*
- *the occurrence of any event, change or other circumstance that could give rise to the termination of the merger with Bitfarms;*
- *potential adverse reactions or changes to business relationships with key business partners and customers, and other with whom Stronghold does business, in light of the merger with Bitfarms;*
- *the possibility that the merger with Bitfarms may be more expensive to complete than anticipated, including as a result of unexpected factors or events;*
- *our ability to continue operating as a stand-alone business until the consummation of the merger with Bitfarms; and*
- *our ability to register for certain demand response and sync reserve programs in PJM.*

We caution you that the forward-looking statements contained in this Form 10-Q are subject to a variety of risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, decline in demand for our products and services, the seasonality and volatility of the crypto asset industry, our acquisition strategies, the inability to comply with developments and changes in regulation, cash flow and access to capital, maintenance of third-party relationships, and the other risks described under the heading "Item 1A.Risk Factors"

in our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the U.S. Securities and Exchange Commission (the "SEC") on March 8, 2024, and in any subsequently filed Quarterly Reports on Form 10-Q, including this Form 10-Q. Should one or more of the risks or uncertainties described in the Annual Report on Form 10-K or in any subsequently filed Form 10-Q occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this Quarterly Report on Form 10-Q are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Any forward-looking statement that we make in this Form 10-Q speaks only as of the date of such statement. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Form 10-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (As Restated)

Except as otherwise indicated or required by the context, all references to the "Company," "we," "us" or "our" relate to Stronghold Digital Mining, Inc. ("Stronghold Inc.") and its consolidated subsidiaries.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes and other financial information appearing in this Form 10-Q. Some of the information contained in this discussion and analysis or set forth elsewhere in this Form 10-Q, including information with respect to our plans, expectations and strategy for our business and operations, includes forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see section above entitled "Cautionary Statement Regarding Forward-Looking Statements." Certain risks may cause actual results, performance or achievements to differ materially from those expressed or implied by the following discussion and analysis. Factors that may cause actual results to differ materially from current expectations include, among other things, those described under the heading "Item 1A.Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on March 8, 2024 (the "2023 Form 10-K"), and in subsequently filed Quarterly Reports on Form 10-Q.

Overview of the Business

Stronghold Digital Mining, Inc. ("Stronghold Inc.," the "Company," "we," "us," or "our") was incorporated as a Delaware corporation on March 19, 2021. The Company is a low-cost, environmentally beneficial, vertically integrated crypto asset mining company focused on mining Bitcoin and environmental remediation and reclamation services. The Company wholly owns and operates two coal refuse power generation facilities that it has upgraded: (i) the Company's first reclamation facility located on a 650-acre site in Scrubgrass Township, Venango County, Pennsylvania, which the Company acquired the remaining interest of in April 2021, and has the capacity to generate approximately 83.5 megawatts ("MW") of electricity (the "Scrubgrass Plant"); and (ii) a facility located near Nesquehoning, Pennsylvania, which the Company acquired in November 2021, and has the capacity to generate approximately 80 MW of electricity (the "Panther Creek Plant," and collectively with the Scrubgrass Plant, the "Plants"). Both facilities qualify as an Alternative Energy System because coal refuse is classified under Pennsylvania law as a Tier II Alternative Energy Source (large-scale hydropower is also classified in this tier). The Company is committed to generating energy and managing its assets sustainably, and the Company believes that it is one of the first vertically integrated crypto asset mining companies with a focus on environmentally beneficial operations.

We believe that our integrated model of owning our own power plants and Bitcoin mining data center operations helps us to produce Bitcoin at a cost that is attractive versus the price of Bitcoin, and generally below the prevailing market price of power that many of our peers must pay and may have to pay in the future during periods of uncertain or elevated power pricing. Due to the environmental benefit resulting from the remediation of the sites from which the waste coal utilized by our two power generation facilities is removed, we also qualify for Tier II renewable energy tax credits ("RECs") in Pennsylvania. These RECs are currently valued at approximately $30 per megawatt hour ("MWh") and help reduce our net cost of power. We believe that our ability to utilize RECs in reducing our net cost of power further differentiates us from our public company peers that purchase power from third-party sources or import power from the grid and that do not have access to RECs or other similar tax credits. Should power prices weaken to a level that is below the Company's cost to produce power, we have the ability to purchase power from the PJM Interconnection Merchant Market ("PJM") grid pursuant to Electricity Sales and Purchase Agreements at each of our Plants with Champion Energy Services LLC to ensure that we are producing Bitcoin at the lowest possible cost. Conversely, we are able to sell power to the PJM grid instead of using the power to produce Bitcoin, as we have done, on an opportunistic basis, when revenue from power sales exceeds Bitcoin mining revenue. We operate as a market participant through PJM Interconnection, a Regional Transmission Organization ("RTO") that coordinates the movement of wholesale electricity. Our ability to sell energy in the wholesale generation market in the PJM RTO provides us with the ability to optimize between selling power to the grid and mining for Bitcoin. We also believe that owning our own power source makes us a more attractive partner to crypto asset mining equipment purveyors.

Bitcoin Mining

As of November 8, 2024, we own or host approximately 32,000 Bitcoin miners with hash rate capacity of approximately 3.2 EH/s. We own approximately 25,000 Bitcoin miners, with hash rate capacity of nearly 2.5 EH/s, and host approximately 6,000 Bitcoin miners, with hash rate capacity exceeding 0.7 EH/s. As of November 8, 2024, we expect to receive an additional 20,000 Bitcoin miners, with hash rate capacity exceeding 3.8 EH/s, pursuant to the First Hosting Agreement with Bitfarms and Second Hosting Agreement with Bitfarms. Additionally, pursuant to the Fourth Amendment

to our Bitcoin mining agreement with Canaan, Cantaloupe has agreed to replace 4,000 Model A1346 Bitcoin miners with 4,000 Model A1446 Bitcoin miners by December 31, 2024, which the Company expects will increase hash rate capacity by approximately 0.2 EH/s.

Our data centers have capacity to power more than 40,000 miners, which we believe can support hash rate capacity exceeding 7 EH/s through high-grading our fleet with current-generation Bitcoin miners. Additionally, we believe that opportunities exist to further grow our data center capacity to over 500 MW. Given the Company's efforts to high-grade its fleet, including through the First Hosting Agreement and Second Hosting Agreement with Bitfarms, we are exploring alternatives for a portion of our current fleet of Bitcoin miners.

Bitcoin

Bitcoin was introduced in 2008 with the goal of serving as a digital means of exchanging and storing value. Bitcoin is a form of digital currency that depends upon a consensus-based network and a public ledger called a "blockchain," which contains a record of every Bitcoin transaction ever processed. The Bitcoin network is the first decentralized peer-to-peer payment network, powered by users participating in the consensus protocol with no central authority or middlemen, that has wide network participation. The authenticity of each Bitcoin transaction is protected through digital signatures that correspond with addresses of users that send and receive Bitcoin. Users have full control over remitting Bitcoin from their own sending addresses. All transactions on the Bitcoin blockchain are transparent, allowing those running the appropriate software to confirm the validity of each transaction. To be recorded on the blockchain, each Bitcoin transaction is validated through a proof-of-work consensus method, which entails solving complex mathematical problems to validate transactions and post them on the blockchain. This process is called mining. Miners are rewarded with Bitcoin, both in the form of newly created Bitcoin and fees in Bitcoin, for successfully solving the mathematical problems and providing computing power to the network. A company's computing power, measured in hash rate, is generally considered to be one of the most important metrics for evaluating Bitcoin mining companies.

We receive Bitcoin as a result of our mining operations, and we sell Bitcoin, from time to time, to support our operations and strategic growth. We do not currently plan to engage in regular trading of Bitcoin (other than as necessary to convert our Bitcoin to U.S. dollars) or hedging activities related to our holding of Bitcoin; however, our decisions to hold or sell Bitcoin at any given time may be impacted by the Bitcoin market, which has been historically characterized by significant volatility. Currently, we do not use a formula or specific methodology to determine whether or when we will sell Bitcoin that we hold or the number of Bitcoin we will sell. We assess our fiat currency needs on an ongoing basis, incorporating market conditions, our financial forecasts, and scenarios analyses. We safeguard and keep private our digital assets by utilizing storage solutions provided by Anchorage Digital Bank ("Anchorage"), which require multi-factor authentication and utilize cold and hot storage. While we are confident in the security of our digital assets, we are evaluating additional measures to provide additional protection.

Carbon Capture Initiative

On November 10, 2023, the Company launched the first phase of its carbon capture project with the deployment of the first unit of carbon capture technology at the Scrubgrass Plant. The design and process follow four months of third-party laboratory tests, utilizing a variety of testing methodologies. The Company's beneficial use ash naturally contains reactive calcium oxide as a result of including limestone in the fuel mix to reduce sulfur dioxide emissions, given the high sulfur content in mining waste. Calcium oxide can, under the right conditions, bond with carbon dioxide to form calcium carbonate, effectively absorbing carbon dioxide out of ambient air and permanently storing it in a geologically stable solid. Lab results have demonstrated that the Company's beneficial use ash can potentially capture carbon dioxide at a capacity of approximately 14% by weight of starting ash. The Company expects that development of the project will be iterative, as the Company works to optimize processes around ash movement, composition, rate of capture, time to capture and cost, among other variables. Actual carbon dioxide absorption rates, and timing thereof, may vary, including by site across the Scrubgrass Plant and Panther Creek Plant, type of ash between fly and bottom ash, arrangement of ash in the field, and weather conditions, among other variables. The cost of equipment for the first phase is expected to be less than $100,000, and the Company believes that the scaled project will cost approximately $50 to $125 per annual ton of carbon dioxide capture capacity, assuming the laboratory results are validated. Assumptions included in the estimated $50 to $125 per annual ton of carbon dioxide capture capacity include, but are not limited to, (i) expected costs of equipment, taking into account the cost of the equipment used to construct the first unit at the Scrubgrass Plant, (ii) incremental labor costs related to the construction of the project, and (iii) the expected deployment of a combined 100 to 150 carbon capture units across the Scrubgrass Plant and Panther Creek Plant.

The Company's Scrubgrass Plant and Panther Creek Plant produce approximately 800,000 to 900,000 combined tons of beneficial use ash per year at baseload capacity utilization. Extrapolating the potential 14% carbon dioxide capture capacity

from the Scrubgrass Plant's ash lab tests would imply potential to capture approximately 115,000 tons of carbon dioxide per year. The Company intends to monetize any credits generated from its carbon capture initiatives in private markets, and the Company hopes for such monetization in the private markets in earnest in 2025 or 2026. In February 2024, the carbon capture initiative at the Scrubgrass Plant was registered on the Puro Carbon Registry ("Puro"). The Company then undertook the audit process with Puro, but the carbon capture initiative at Scrubgrass was not certified by Puro due to the use of coal refuse at the Scrubgrass facility. The Company intends to continue to explore the monetization of the carbon capture initiative on other registries and in private markets. The Company is also exploring whether its carbon capture initiatives are eligible to qualify for tax credits under Section 45Q of the Internal Revenue Code of 1986, as amended (such credits, "Section 45Q tax credits"). The earliest the Company would be in a position to qualify for Section 45Q tax credits is in 2025, or more likely, in 2026, if the Company is able to qualify for Section 45Q tax credits at all. See *Item 1A "Risk Factors"* in our 2023 Form 10-K for risks associated with the Company's carbon capture initiative and Section 45Q tax credits.

Recent Developments

Merger Agreement and First Amendment to Merger Agreement

On August 21, 2024, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Bitfarms Ltd., a corporation incorporated under the Canada Business Corporations Act and continued under the Business Corporations Act (Ontario) (the "OBCA") ("Bitfarms" or "Parent"), Backbone Mining Solutions LLC, a Delaware limited liability company and a wholly-owned, indirect subsidiary of Parent ("BMS"), and HPC & AI Megacorp, Inc., a Delaware corporation and a wholly-owned, direct subsidiary of BMS ("Merger Sub"), pursuant to which Merger Sub will be merged with and into the Company (the "merger"), with the Company surviving the merger as an indirect, wholly-owned subsidiary of Bitfarms. The Merger Agreement has been unanimously approved by the Boards of Directors of the Company and Bitfarms and is expected to close in the first quarter of 2025, subject to the receipt of Stronghold stockholder approval, applicable regulatory approvals, certain third-party consents and other customary closing conditions. Under the terms of the Merger Agreement, upon the closing of the merger, holders of Class A common stock (including holders of Series C Preferred Stock and holders of Class V common stock whose shares will convert into or be exchanged for shares of Class A common stock immediately prior to the closing of the merger) will receive 2.52 Bitfarms common shares for each share of Class A common stock they own. See *Item 1A "Risk Factors"* in this Quarterly Report on Form 10-Q for risks associated with the Company's proposed merger with Bitfarms.

On September 12, 2024, the Company, Bitfarms, BMS, and Merger Sub entered into Amendment No. 1 (the "Merger Agreement Amendment") to the Merger Agreement. The Merger Agreement Amendment revised the Merger Agreement to provide for the Parent Termination Fee Offset (as defined below), require the consent of Bitfarms for any issuances of equity interests of the Company pursuant to its at-the-market offering program, and amend certain representations and warranties of the Company.

Voting Agreement

On August 21, 2024, concurrently with the execution and delivery of the Merger Agreement, Parent entered into a Voting Agreement (the "Voting Agreement") with each of Q Power LLC, a Delaware limited liability company ("Q Power") and Gregory A. Beard (together with Q Power, the "Voting Agreement Holders"), pursuant to which and on the terms and subject to the conditions thereof, among other things, the Voting Agreement Holders have agreed to vote their shares of Class V common stock and Class A common stock (together, the "Company Common Stock") in favor of the matters to be submitted to the Company's stockholders in connection with the merger, subject to the terms and conditions set forth in the Voting Agreement.

The Voting Agreement will terminate upon the earliest to occur of (i) the effective time of the merger, (ii) the date and time the Merger Agreement is validly terminated pursuant to its terms or modified or amended in a manner that adversely affects the Voting Agreement Holders in any material respect, and (iii) the termination of the Voting Agreement by mutual consent of the parties thereto. As of the date of execution of the Merger Agreement, the shares of Company Common Stock owned by the Voting Agreement Holders represent approximately 16.4% of the outstanding shares of Company Common Stock.

TRA Waiver and Termination Agreement

On August 21, 2024, concurrently with the execution and delivery of the Merger Agreement, the Company, Parent and each of Q Power and William Spence (together with Q Power, the "TRA Holders"), entered into a TRA Waiver and

Termination Agreement (the "TRA Waiver"), pursuant to which the parties agreed, among other things, subject to and effective upon the consummation of the transactions contemplated by the Merger Agreement, to (i) terminate the Tax Receivable Agreement, dated April 1, 2021, as amended November 9, 2022, by and among the Company and the TRA Holders (the "Tax Receivable Agreement") and (ii) waive the Early Termination Payment (as defined in the Tax Receivable Agreement) pursuant to the Tax Receivable Agreement, which would have otherwise become payable to the TRA Holders in connection with the consummation of the merger, and any other amounts to which the TRA Holders would have otherwise been entitled under the Tax Receivable Agreement. The TRA continues to be in effect prior to the completion of the Merger Agreement, but due to the TRA Waiver discussed above, the Tax Receivable Agreement is not recorded and is not currently expected to have an impact on the Company's consolidated financial statements.

First Hosting Agreement

On September 12, 2024, Stronghold Digital Mining Hosting, LLC ("Stronghold Hosting"), a Delaware limited liability company and indirect subsidiary of the Company entered into a Hosting Agreement (the "First Hosting Agreement") with Bitfarms, pursuant to which Bitfarms will deliver approximately 10,000 Bitmain T21 miners owned by Bitfarms (the "Bitfarms Miners") to the Company's Panther Creek mining facility, and the Company will provide power to maintain, host and operate the Bitfarms Miners. To date, the Company has received some of these miners, with the remainder expected in November and December of this year.

The initial term of the First Hosting Agreement commenced on October 1, 2024 and will remain effective until December 31, 2025, after which it will automatically renew for additional one year periods unless either party provides written notice of non-renewal to the other party at least sixty days prior to the expiration of the then-current initial term or renewal term, as applicable. Upon the occurrence of an event of default that is not cured within fifteen days, the non-breaching party may terminate the First Hosting Agreement.

Pursuant to the First Hosting Agreement, Bitfarms will pay Stronghold Hosting a monthly fee equal to 50% of the profit generated by the Bitfarms Miners, subject to certain monthly adjustments between the parties to account for the upfront monthly payment paid by Bitfarms to Stronghold Hosting in an amount of $210,000 and for taxes and the net cost of power associated with the operation of the Bitfarms Miners.

In connection with the execution of the First Hosting Agreement, Bitfarms deposited with Stronghold Hosting $7.8 million (the "Deposit"), equal to the estimated cost of power for three months of operations of the Bitfarms Miners, which will be refundable in full to Bitfarms within one business day of the end of the initial term expiring on December 31, 2025. In addition, if the Merger Agreement is terminated and the Parent Termination Fee (as defined in the Merger Agreement) is payable by Bitfarms in connection with such termination, up to $5.0 million of the Deposit shall be refunded by way of a corresponding $5.0 million reduction in the amount of the Parent Termination Fee, payable in accordance with the Merger Agreement Amendment (the "Parent Termination Fee Offset"). The Deposit will bear interest at a floating rate equal to the forward-looking term secured overnight financing rate as administered by CME Group Benchmark Administration Limited for the applicable interest period plus 1.0%, payable in kind on the last day of each calendar quarter by capitalizing and adding such interest to the then-outstanding amount of the Deposit. Upon the occurrence and during the continuance of an event of default under the First Hosting Agreement, the principal of, and all accrued and unpaid interest on, the Deposit shall bear interest from the date of such event of default, until cured or waived, at a rate equal to 24.0%.

Second Bitfarms Hosting Agreement

On October 29, 2024, Stronghold Hosting entered into a Hosting Agreement (the "Second Hosting Agreement") with BMS, pursuant to which BMS will deliver approximately 10,000 BMS Miners to the Company's mining facilities, and the Company will provide power to, maintain, host and operate the BMS Miners.

The initial term of the Second Hosting Agreement commenced on November 1, 2024, and will remain effective until December 31, 2025, after which it will automatically renew for additional one year periods unless either party provides written notice of non-renewal to the other party at least sixty days prior to the expiration of the then-current initial term or renewal term, as applicable. Upon the occurrence of an event of default that is not cured within fifteen days, the non-breaching party may terminate the Second Hosting Agreement.

Pursuant to the Second Hosting Agreement, BMS will pay Stronghold Hosting a monthly fee equal to fifty percent of the profit generated by the BMS Miners, subject to certain monthly adjustments between the parties to account for the upfront monthly payment paid by BMS to Stronghold Hosting in an amount of $600,000, and for taxes and the net cost of power associated with the operation of the BMS Miners.

In connection with the execution of the Second Hosting Agreement, BMS deposited with Stronghold Hosting $7,800,000 (the "Second Deposit"), equal to the estimated cost of power for three months of operations of the BMS Miners, which will

be refundable in full to BMS within one business day of the end of the initial term expiring on December 31, 2025. The Second Deposit will bear interest at a floating rate equal to the forward-looking term secured overnight financing rate as administered by CME Group Benchmark Administration Limited for the applicable interest period plus 1.0%, payable in kind on the last day of each calendar quarter by capitalizing and adding such interest to the then-outstanding amount of the Second Deposit. Upon the occurrence and during the continuance of an event of default under the Second Hosting Agreement, the principal of, and all accrued and unpaid interest on, the Second Deposit shall bear interest from the date of such event of default, until cured or waived, at a rate equal to 24.0%.

PJM Base Residual Auction

On July 31, 2024, PJM held its annual Base Residual Auction for capacity reserve scheduling for the 12-month delivery year from June 2025 through May 2026. The Company's Panther Creek Plant and Scrubgrass Plant offered capacity into the auction, as required, and each cleared the auction at $269.92/MW/day, up approximately 833% from $28.92/MW/day in last year's Base Residual Auction. The Panther Creek Plant cleared 69.2 MW of capacity in the auction, which the Company estimates will yield approximately $7 million of incremental revenue at an estimated 100% net margin during the 12-month period from June 2025 through May 2026. The Scrubgrass Plant cleared 75.6 MW in the auction, but has since reduced that commitment through bi-lateral transactions some of its capacity commitment, retaining 62.5 MW of clearing capacity that will yield approximately $6 million of incremental revenue at an estimated 100% net margin during the 12-month period from June 2025 through May 2026. The Company is currently evaluating options with its remaining capacity commitment at the Scrubgrass Plant, including exiting the additional clearing capacity through additional bi-lateral transactions, with a focus on maximizing the flexibility and long-term potential of its data center operations. Each of the Company's plants have must-offer requirements in the upcoming 2026-2027 Base Residual Auction.

Increased Coal Refuse Reclamation and Energy Tax Credit

On July 11, 2024, the Pennsylvania General Assembly completed its annual commonwealth budget process and passed PA Senate Bill 654, which Governor Josh Shapiro subsequently signed into law. The law increases the Coal Refuse Reclamation and Energy Tax Credit from $4 per ton to $8 per ton, the annual program cap from $20 million to $55 million, and the individual facility cap from 22.2% to 26.5%. The law did not change the duration of the program, which remains effective through 2036. The Company estimates this increase in the waste coal tax credit will result in approximately $2 to $4 million per annum of incremental net income.

Distributed Energy Resource and Peak Saver Agreement with Voltus, Inc.

On April 26, 2024, the Company executed a Distributed Energy Resource and Peak Saver Agreement with Voltus, Inc. ("Voltus") pursuant to which Voltus will assist the Company in registering for certain demand response and sync reserve programs in PJM that the Company believes will allow it to capture additional revenue.

Trends and Other Factors Impacting Our Performance

General Digital Asset Market Conditions

During 2022 and more recently in 2023, a number of companies in the crypto assets industry have declared bankruptcy, including, but not limited to, Core Scientific, Celsius Network LLC ("Celsius"), Voyager Digital, Three Arrows Capital, BlockFi, FTX Trading Ltd. ("FTX"), and Genesis Holdco. Such bankruptcies have contributed, at least in part, to the volatility in the price of our shares as well as the price of Bitcoin, and some loss of confidence in the participants of the digital asset ecosystem and negative publicity surrounding digital assets more broadly. To date, aside from the general decrease in the price of Bitcoin and in our and our peers stock price that may be indirectly attributable to the bankruptcies in the crypto assets industry, we have not been indirectly or directly materially impacted by such bankruptcies. As of the date hereof, we have no direct or material contractual relationship with any company in the crypto assets industry that has experienced a bankruptcy. Additionally, there has been no impact on our hosting agreement or relationship with Foundry Digital, LLC ("Foundry"), our institutional custody agreement or relationship with Anchorage, or our institutional custody and trading relationship with Coinbase Inc. The hosting agreement with Foundry performed in line with our expectations from its inception through its bilateral termination on September 30, 2024. The bankruptcy of Genesis Holdco, which is affiliated with the parent entity of Foundry, has not materially impacted the original or currently existing hosting arrangement. Additionally, we have had no direct exposure to Celsius, First Republic Bank, FTX, Signature Bank, Silicon Valley Bank, or Silvergate Capital Corporation. We continue to conduct diligence, including into liquidity or insolvency issues, on third parties in the crypto asset space with whom we have potential or ongoing relationships. While we have not

been materially impacted by any liquidity or insolvency issues with such third parties to date, there is no guarantee that our counterparties will not experience liquidity or insolvency issues in the future.

We safeguard and keep private our digital assets, including the Bitcoin that we mine, by utilizing storage solutions provided by Anchorage, which requires multi-factor authentication. While we are confident in the security of our digital assets held by Anchorage, given the broader market conditions, there can be no assurance that other crypto asset market participants, including Anchorage as our custodian, will not ultimately be impacted. Further, given the current conditions in the digital assets ecosystem, we are liquidating our mined Bitcoin often, and generally at multiple points every week through Anchorage. We continue to monitor the digital assets industry as a whole, although it is not possible at this time to predict all of the risks stemming from these events that may result to us, our service providers, our counterparties, and the broader industry as a whole. We cannot provide any assurance that we will not be materially impacted in the future by bankruptcies of participants in the crypto asset space. See "*Risk Factors—Crypto Asset Mining Related Risks—Our crypto assets may be subject to loss, damage, theft or restriction on access. Further, digital asset exchanges on which crypto assets trade are relatively new and largely unregulated, and thus may be exposed to fraud and failure. Incorrect or fraudulent cryptocurrency transactions may be irreversible—*" in our 2023 Form 10-K for additional information.

Bitcoin Price Volatility

The market price of Bitcoin has historically and recently been volatile. For example, the price of Bitcoin ranged from a low of approximately $17,000 in January 2023 to over $76,000 in November 2024. After our initial public offering, the price of Bitcoin dropped over 75%, resulting in an adverse effect on our results of operations, liquidity and strategy, and increased credit pressures on the cryptocurrency industry. Since then, Bitcoin recovered to over $73,000 earlier in 2024, but more recently Bitcoin has traded between $60,000 and $70,000 over the past month. Our operating results depend on the value of Bitcoin because it is the only crypto asset we currently mine. We cannot accurately predict the future market price of Bitcoin and, as such, we cannot accurately predict potential adverse effects, including whether we will record unrealized or realized losses on the value of our Bitcoin assets. The future value of Bitcoin will affect the revenue from our operations, and any future decline in the value of the Bitcoin we mine would impact our consolidated financial statements and results of operations, which could have a material adverse effect on the market price for our securities.

Bitcoin Adoption and Network Hash Rate

Since its introduction in 2008, Bitcoin has become the leading cryptocurrency based on several measures of adoption: total value of coins in circulation, transactions, and computing power devoted to its protocol. The total value of Bitcoin in circulation was approximately $1.3 trillion as of October 25, 2024, nearly four times that of Ethereum at $298 billion, the second largest cryptocurrency. Bitcoin cumulative transactions have increased from one transaction on January 7, 2009, to 1.1 billion transactions through October 25, 2024. As the adoption of Bitcoin has progressed, the computing power devoted to mining for it has also increased. This collective computing power is referred to as "network hash rate". Bitcoin network hash rate has risen from nearly zero at inception to a seven-day average of 736 EH/s as of October 25, 2024, as Bitcoin price has risen from its initial trading price of $0.0008 in July 2010 to approximately $67,000 as of October 25, 2024. The actual number of mining computers hashing at any given time cannot be known; therefore, the network hash rate, at any given time, is approximated by using "mining difficulty."

The term difficulty refers to the complexity of the mathematical problems that the miners solve and is adjusted up or down automatically after 2,016 blocks (an "epoch") have been mined on the network. Difficulty on October 25, 2024, was 95.7 trillion, and it has ranged from one to 95.7 trillion. Generally speaking, if network hash rate has moved up during the current epoch, it is likely that difficulty will increase in the next epoch, which reduces the award per unit of hash rate during that epoch, all else equal, and vice versa. Deriving network hash rate from difficulty requires the following equation: network hash rate is the product of a) blocks solved over the last 24 hours divided by 144, b) difficulty, c) 2^32, divided by 600 seconds.

Embedded in the Bitcoin source code is an upper limit of 21 million for the quantity of Bitcoin that can ever be mined or in circulation, which means that the currency is finite, unlike fiat currencies. Through October 25, 2024, approximately 19.8 million Bitcoin have been mined, leaving approximately 1.2 million left to be mined. The year in which the last Bitcoin is expected to be mined is 2140. Every four years there is an event called a halving where the coins awarded per block is cut in half. While the reward for adding a block to the blockchain between May 11, 2020, and April 19, 2024, was 6.25 Bitcoin, the halving occurred on April 19, 2024, and the mining award per block is now 3.125 Bitcoin instead of 6.25 previously. Each day there are approximately 144 blocks awarded to the entirety of the global Bitcoin network. While network hash rate has been somewhat cyclical over short periods of time, since the creation of Bitcoin, as network hash rate has increased over time through a combination of an increased number of network participants, an increased quantity of

miners hashing, and more efficient miners with faster processing speeds hashing, competition for block awards has increased.

Hash Price

There are three critical drivers of revenue per unit of hash rate in the Bitcoin mining industry (using terahash as the unit of hash rate): Bitcoin price, difficulty, and Bitcoin transaction fees. Hash price is the nexus of those terms and is equivalent to revenue per terahash per day. Hash price was $0.049 on October 25, 2024, compared to the 2024 average year-to-date hash price of $0.066, and compared to the five-year, one year, 2023, and 2022 average hash prices of $0.148, $0.070, $0.075, and $0.124, respectively. The five-year high price was April 20, 2021, when hash price was at $0.57. The five-year low hash price was $0.038 on August 5, 2024. We estimate that the average global Bitcoin network breakeven hash price required to cover operating costs is currently between $0.045 to $0.080, which assumes variable operating expenses of $60 to $70 per MWh, annual fixed operating expenses of $1 to $5 per TH/s, and average network efficiency of 30 to 40 J/TH.

In addition to mining for new Bitcoin, we are also paid transaction fees in the form of Bitcoin for processing and validating transactions. During 2022, average transaction fees were 1.6% of block subsidies, and, during the first quarter of 2023, transaction fees were 2.3%. In April 2023, transaction fees and volume rose sharply on the Bitcoin network, and transaction fees averaged 8.2% from April 1, 2023, to June 30, 2023. During the third and fourth quarters of 2023, transaction fees averaged 2.8% and 14.6%, respectively, with the latter representing the highest quarterly average since Bitcoin was founded. Transaction fees have remained elevated during 2024, with an 7.7% year-to-date average through October 25, 2024. Transaction fees are volatile and there are no assurances that transaction fees will continue at recent levels in the future.

Critical Accounting Policies and Significant Estimates

Except for the Company's corrected revenue recognition policy specific to its cryptocurrency hosting revenues disclosed in *Note 1 – Basis of Presentation (As Restated)* in the notes to the Condensed Consolidated Financial Statements, the Company's critical accounting policies and significant estimates, as summarized in its Annual Report on Form 10-K for the year ended December 31, 2023, remain unchanged.

Post IPO Taxation and Public Company Costs

Stronghold LLC is and has been organized as a pass-through entity for U.S. federal income tax purposes and is therefore not subject to entity-level U.S. federal income taxes. Stronghold Inc. was incorporated as a Delaware corporation on March 19, 2021, and is therefore subject to U.S. federal income taxes and state and local taxes at the prevailing corporate income tax rates, including with respect to its allocable share of any taxable income of Stronghold LLC. In addition to tax expenses, Stronghold Inc. also incurs expenses related to its operations, plus payment obligations under the Tax Receivable Agreement entered into between the Company, Q Power LLC (“Q Power”) and an agent named by Q Power, dated April 1, 2021 (the “TRA”), which are expected to be significant. Additionally, on March 14, 2023, we executed a joinder agreement with an additional holder (together with Q Power, the “TRA Holders”) who thereby became a party to the TRA. To the extent Stronghold LLC has available cash and subject to the terms of any current or future debt instruments, the Fifth Amended and Restated Limited Liability Company Agreement of Stronghold LLC, as amended from time to time (the “Stronghold LLC Agreement”) requires Stronghold LLC to make cash distributions to holders of Stronghold LLC Units, including Stronghold Inc. and Q Power, in an amount sufficient to allow Stronghold Inc. to pay its taxes and to make payments under the TRA. In addition, the Stronghold LLC Agreement requires Stronghold LLC to make non-pro rata payments to Stronghold Inc. to reimburse it for its corporate and other overhead expenses, which payments are not treated as distributions under the Stronghold LLC Agreement. On August 21, 2024, the Company and the TRA Holders entered into the TRA Waiver to provide that, upon the closing of the merger, the TRA will terminate and the TRA Holders will waive the Early Termination Payment (as defined in the TRA) and any other amounts the TRA Holders would have otherwise been entitled to therein See “Tax Receivable Agreement” and “Recent Developments—TRA Waiver and Termination Agreement” herein for additional information.

In addition, we have incurred, and expect to continue to incur, incremental, non-recurring costs related to our transition to a publicly traded corporation, including the costs of the IPO and the costs associated with the initial implementation of our internal control reviews and testing pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). We have also incurred, and expect to continue to incur, additional significant and recurring expenses as a publicly traded corporation, including costs associated with compliance under the Securities Exchange Act, of 1934, as amended, annual and quarterly reports to common stockholders, registrar and transfer agent fees, national stock exchange fees, audit

fees, incremental director and officer liability insurance costs, and director and officer compensation. Our financial statements following the IPO have continued to reflect the impact of these expenses.

Factors Affecting Comparability of Our Future Results of Operations to Our Historical Results of Operations

Our historical financial results discussed below may not be comparable to our future financial results for the reasons described below.

Stronghold Inc. is subject to U.S. federal, state and local income taxes as a corporation. Our accounting predecessor was treated as a partnership for U.S. federal income tax purposes and, as such, was generally not subject to U.S. federal income tax at the entity level. Rather, the tax liability with respect to its taxable income was passed through to its members. Accordingly, the financial data attributable to our predecessor contains no provision for U.S. federal income taxes or income taxes in any state or locality. Due to cumulative and current losses as well as an evaluation of other sources of income as outlined in ASC 740, *Income Taxes*, management has determined that the utilization of our deferred income tax assets is not more likely than not, and therefore, we have recorded a valuation allowance against our net deferred income tax assets. Management continues to evaluate the likelihood of the Company utilizing its deferred taxes, and while the valuation allowance remains in place, we expect to record no deferred income tax expense or benefit. Should the valuation allowance no longer be required, the 21% statutory federal income tax rate, as well as state and local income taxes at their respective rates, will apply to income allocated to Stronghold Inc.

As we further implement controls, processes and infrastructure applicable to companies with publicly traded equity securities, it is likely that we will incur additional selling, general and administrative expenses relative to historical periods. Our future results will depend on our ability to efficiently manage our consolidated operations and execute our business strategy.

As we continue to acquire miners and utilize our power generating assets to power such miners, we anticipate that a greater proportion of our revenue and expenses will relate to cryptocurrency asset mining.

As previously discussed in the "Critical Accounting Policies" section in our 2023 Form 10-K, the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. The most significant accounting estimates inherent in the preparation of our financial statements include estimates associated with revenue recognition, property, plant and equipment (including the useful lives and recoverability of long-lived assets), investments, digital currency assets, intangible assets, stock-based compensation, loss contingency accruals, income taxes, and business combinations. The Company’s financial position, results of operations and cash flows are impacted by the accounting policies the Company has adopted. In order to get a full understanding of the Company’s financial statements, one must have a clear understanding of the accounting policies employed.

Consolidated Results of Operations (As Restated)

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	(As Restated)		(As Restated)	
OPERATING REVENUES:				
Cryptocurrency mining	$ 8,709,777	$ 12,684,894	$ 44,989,361	$ 37,764,990
Cryptocurrency hosting	(1,233,393)	3,789,375	8,048,435	9,195,072
Energy	502,640	1,210,811	1,424,077	4,682,590
Capacity	—	—	—	1,442,067
Other	44,046	41,877	187,521	142,194
Total operating revenues	8,023,070	17,726,957	54,649,394	53,226,913
OPERATING EXPENSES:				
Fuel	6,500,292	8,556,626	19,709,424	22,262,141
Operations and maintenance	4,998,609	6,961,060	22,321,981	24,206,080
General and administrative	8,326,999	6,598,951	26,671,930	25,145,444
Depreciation and amortization	8,623,646	9,667,213	27,428,863	26,025,021
Loss on disposal of fixed assets	458,147	—	2,189,252	108,367
Realized gain on sale of digital currencies	(3,977,622)	(131,706)	(4,358,041)	(725,139)
Unrealized loss (gain) on digital currencies	146,607	—	(614)	—
Realized loss on sale of miner assets	530,099	—	494,087	—
Impairments on digital currencies	—	357,411	—	683,241
Impairments on equipment deposits	—	5,422,338	—	5,422,338
Total operating expenses	25,606,777	37,431,893	94,456,882	103,127,493
NET OPERATING LOSS	(17,583,707)	(19,704,936)	(39,807,488)	(49,900,580)
OTHER INCOME (EXPENSE):				
Interest expense	(2,236,587)	(2,441,139)	(6,748,059)	(7,428,530)
Loss on debt extinguishment	—	—	—	(28,960,947)
Changes in fair value of warrant liabilities	(2,850,298)	(180,838)	8,445,247	5,580,453
Other	—	15,000	15,000	45,000
Total other (expense) income	(5,086,885)	(2,606,977)	1,712,188	(30,764,024)
NET LOSS	$ (22,670,592)	$ (22,311,913)	$ (38,095,300)	$ (80,664,604)

Highlights of our consolidated results of operations for the three and nine months ended September 30, 2024, compared to the three and nine months ended September 30, 2023, include:

Operating Revenues

Total operating revenues decreased by approximately $9.7 million for the three months ended September 30, 2024, as compared to the same period in 2023, resulting from (i) an approximately $5.0 million decrease in cryptocurrency hosting revenues driven by the cumulative impact of correcting an error in the Company's revenue recognition policy during the third quarter of 2024, as disclosed in *Note 1 – Basis of Presentation (As Restated),* and a decline in Bitcoin mining economics (e.g., hash price), and (ii) a $4.0 million decrease in cryptocurrency mining revenues due to a decline in Bitcoin mining economics (e.g., hash price). Energy revenue decreased by approximately $0.7 million driven by lower generation and increased consumption of self-generated electricity due to the expansion of our cryptocurrency operations.

Total operating revenues increased by approximately $1.4 million for the nine months ended September 30, 2024, as compared to the same period in 2023, primarily due to an approximately $7.2 million increase in cryptocurrency mining revenues driven by increased hash rate from the purchase and installation of additional Bitcoin miners. These increases were partially offset by (i) an approximately $3.3 million decrease in energy revenues driven by lower generation and increased consumption of self-generated electricity due to the expansion of our cryptocurrency operations, (ii) an approximately $1.4 million decrease in capacity revenue due to both plants strategically reducing exposure to the capacity markets and the resulting cost-capping and operational requirements in PJM's day ahead market, and (iii) a $1.1 million decrease in cryptocurrency hosting revenues primarily driven by a decrease in Bitcoin awards resulting from the April 2024 halving.

Operating Expenses

Total operating expenses decreased by approximately $11.8 million for the three months ended September 30, 2024, as compared to the same period in 2023, primarily driven by (i) an approximately $5.4 million decrease in impairments on

equipment deposits recorded in the third quarter of 2023, (ii) an approximately $3.8 million increase in realized gain on sale of digital currencies due to Bitcoin price appreciation and hosting-related Bitcoin awards being recorded with a carrying value equal to the Bitcoin market price at the date of contract inception, (iii) an approximately $2.1 million decrease in fuel expenses driven by lower megawatt generation by the power plants and lower megawatt consumption by the data centers, (iv) an approximately $2.0 million decrease in operations and maintenance expenses, and (v) an approximately $1.0 million decrease in depreciation and amortization primarily due to the decommissioning of MinerVa miners. These decreases were partially offset by an approximately $1.7 million increase in general and administrative expenses due to higher professional and legal fees incurred related to the Merger Agreement and higher stock-based compensation.

Total operating expenses decreased by approximately $8.7 million for the nine months ended September 30, 2024, as compared to the same period in 2023, primarily driven by (i) an approximately $5.4 million decrease in impairments on equipment deposits recorded in 2023, (ii) an approximately $3.6 million increase in realized gain on sale of digital currencies due to Bitcoin price appreciation and hosting-related Bitcoin awards being recorded with a carrying value equal to the Bitcoin market price at the date of contract inception, (iii) an approximately $2.6 million decrease in fuel expenses driven by lower megawatt generation partially offset by higher imported megawatts, and (iv) an approximately $1.9 million decrease in operations and maintenance expenses due to a decrease in plant maintenance expenses related to the Scrubgrass Plant being shut off in March 2024 as power prices softened, partially offset by an increase in professional services for cryptocurrency operations. These decreases were partially offset by (i) an approximately $1.5 million increase in general and administrative expenses driven by an estimated accrual for two loss contingencies totaling approximately $5.3 million and higher professional and legal fees incurred related to the Merger Agreement partially offset by lower stock-based compensation and insurance expenses, (ii) an approximately $2.1 million increase in the loss on disposal of fixed assets as a result of decommissioning MinerVa miners, and (iii) an approximately $1.4 million increase in depreciation and amortization due to the purchase and installation of additional Bitcoin miners.

Other Income (Expense)

Total other income (expense) decreased by approximately $2.5 million for the three months ended September 30, 2024, as compared to the same period in 2023, primarily driven by an approximately $2.7 million decrease in other income resulting from changes in the fair value of warrant liabilities, which is determined using a Black-Scholes model with significant inputs described in *Note 15 – Equity Issuances* in the notes to the Condensed Consolidated Financial Statements.

Total other income (expense) increased by approximately $32.5 million for the nine months ended September 30, 2024, as compared to the same period in 2023, primarily driven by (i) an approximately $29.0 million loss on debt extinguishment recorded in the first quarter of 2023 and (ii) an approximately $2.9 million increase in other income resulting from changes in the fair value of warrant liabilities. For more details regarding the loss on debt extinguishment, see *Note 7 – Debt* in the notes to the Condensed Consolidated Financial Statements.

Segment Results (As Restated)

The below presents summarized results for our operations for the two reporting segments: *Energy Operations* and C*ryptocurrency Operations*.

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	(As Restated)		(As Restated)	
OPERATING REVENUES:				
Energy Operations	$ 546,686	$ 1,252,688	$ 1,611,598	$ 6,266,851
Cryptocurrency Operations	7,476,384	16,474,269	53,037,796	46,960,062
Total operating revenues	$ 8,023,070	$ 17,726,957	$ 54,649,394	$ 53,226,913
NET OPERATING LOSS:				
Energy Operations	$ (6,079,564)	$ (9,685,721)	$ (23,155,919)	$ (29,864,794)
Cryptocurrency Operations	(11,504,143)	(10,019,215)	(16,651,569)	(20,035,786)
Total net operating loss	(17,583,707)	(19,704,936)	(39,807,488)	(49,900,580)
OTHER (EXPENSE) INCOME [1]	(5,086,885)	(2,606,977)	1,712,188	(30,764,024)
NET LOSS	$ (22,670,592)	$ (22,311,913)	$ (38,095,300)	$ (80,664,604)
DEPRECIATION AND AMORTIZATION:				
Energy Operations	$ (1,359,278)	$ (1,341,076)	$ (4,031,499)	$ (4,004,596)
Cryptocurrency Operations	(7,264,368)	(8,326,137)	(23,397,364)	(22,020,425)
Total depreciation and amortization	$ (8,623,646)	$ (9,667,213)	$ (27,428,863)	$ (26,025,021)
INTEREST EXPENSE:				
Energy Operations	$ (22,056)	$ (39,007)	$ (70,721)	$ (450,472)
Cryptocurrency Operations	(2,214,531)	(2,402,132)	(6,677,338)	(6,978,058)
Total interest expense	$ (2,236,587)	$ (2,441,139)	$ (6,748,059)	$ (7,428,530)

[1] We do not allocate other income (expense) for segment reporting purposes. Amount is shown as a reconciling item between net operating income (loss) and consolidated net income (loss). Refer to our accompanying condensed consolidated statements of operations for further details.

Energy Operations Segment (As Restated)

	Three Months Ended			Nine Months Ended		
	September 30, 2024	September 30, 2023	Change	September 30, 2024	September 30, 2023	Change
	(As Restated)		(As Restated)	(As Restated)		(As Restated)
OPERATING REVENUES:						
Energy	$ 502,640	$ 1,210,811	$ (708,171)	$ 1,424,077	$ 4,682,590	$ (3,258,513)
Capacity	—	—	—	—	1,442,067	(1,442,067)
Other	44,046	41,877	2,169	187,521	142,194	45,327
Total operating revenues	546,686	1,252,688	(706,002)	1,611,598	6,266,851	(4,655,253)
OPERATING EXPENSES:						
Fuel - net of crypto segment subsidy [1]	1,078,554	2,496,308	(1,417,754)	1,265,257	5,921,796	(4,656,539)
Operations and maintenance	3,379,694	5,685,366	(2,305,672)	17,308,588	20,618,654	(3,310,066)
General and administrative	263,826	1,026,100	(762,274)	1,276,164	3,015,375	(1,739,211)
Depreciation and amortization	1,359,278	1,341,076	18,202	4,031,499	4,004,596	26,903
Total operating expenses	6,081,352	10,548,850	(4,467,498)	$ 23,881,508	$ 33,560,421	$ (9,678,913)
NET OPERATING LOSS (EXCLUDING CORPORATE OVERHEAD)	$ (5,534,666)	$ (9,296,162)	$ 3,761,496	$ (22,269,910)	$ (27,293,570)	$ 5,023,660
Corporate overhead	544,898	389,559	155,339	886,009	2,571,224	(1,685,215)
NET OPERATING LOSS	$ (6,079,564)	$ (9,685,721)	$ 3,606,157	$ (23,155,919)	$ (29,864,794)	$ 6,708,875
INTEREST EXPENSE	$ (22,056)	$ (39,007)	$ 16,951	$ (70,721)	$ (450,472)	$ 379,751

[1] The *Cryptocurrency Operations* segment consumed $5.4 million and $18.4 million of electricity supplied by the *Energy Operations* segment for the three and nine months ended September 30, 2024, respectively, and $6.1 million and $16.3 million for the three and nine months ended September 30, 2023, respectively. For segment reporting, this intercompany electric charge is recorded as a contra-expense to offset fuel costs within the *Energy Operations* segment.

Operating Revenues

Total operating revenues decreased by approximately $0.7 million for the three months ended September 30, 2024, as compared to the same period in 2023, due to an approximately $0.7 million decrease in energy revenues driven by lower generation and increased consumption of self-generated electricity resulting from the expansion of our cryptocurrency operations.

Total operating revenues decreased by approximately $4.7 million for the nine months ended September 30, 2024, as compared to the same period in 2023, due to an approximately $3.3 million decrease in energy revenues driven by lower generation and increased consumption of self-generated electricity resulting from the expansion of our cryptocurrency operations and an approximately $1.4 million decrease in capacity revenues.

Effective June 1, 2022, through May 31, 2025, both plants strategically reduced their exposure to the capacity markets and the resulting cost-capping and operational requirements in PJM's day ahead market. The Company chose to be an energy resource, which reduced monthly capacity revenues and the frequency with which the plants will be mandated to sell power at non-market rates, in exchange for the opportunity to sell power to the grid at prevailing market rates, which management expects will more than make up for lost capacity revenues. This also gives the plants the ability to provide fast response energy to the grid in the real time market when needed without having to comply with day ahead power commitments. When high power prices call for more electricity to be supplied by the Company's plants, and those prices are in excess of Bitcoin-equivalent power prices, the Company may shut off its data center Bitcoin mining load in order to sell power to the grid. The Company believes that this integration should allow it to optimize for both revenue as well as grid support over time.

Full plant power utilization is optimal for the Company's revenue growth as it also drives a higher volume of Tier II RECs, waste coal tax credits, and beneficial use ash sales, as well as the increased electricity supply for our cryptocurrency asset operations.

Operating Expenses

Total operating expenses decreased by approximately $4.5 million for the three months ended September 30, 2024, as compared to the same period in 2023, primarily due to (i) an approximately $2.3 million decrease in operations and maintenance expenses, (ii) an approximately $1.4 million decrease in fuel expenses due to an increased percentage of fuel costs allocated to the *Cryptocurrency Operations* segment, resulting from fewer megawatt sales to the grid, and lower megawatt generation, and (iii) an approximately $0.8 million decrease in general and administration expenses primarily related to a decrease in the value of accounts receivable recorded during the third quarter of 2023. REC sales of approximately $2.5 million and $4.0 million were recognized as contra-expenses to offset fuel expenses for the three months ended September 30, 2024, and 2023, respectively.

Total operating expenses decreased by approximately $9.7 million for the nine months ended September 30, 2024, as compared to the same period in 2023, primarily due to (i) an approximately $4.7 million decrease in fuel expenses due to an increased percentage of fuel costs allocated to the *Cryptocurrency Operations* segment, resulting from fewer megawatt sales to the grid and lower megawatt generation, (ii) an approximately $3.3 million decrease in operations and maintenance expenses due to a decrease in plant maintenance expenses, and (iii) an approximately $1.7 million decrease in general and administrative expenses primarily related to a decrease in the value of accounts receivable recorded during the first quarter of 2023. REC sales of approximately $14.2 million and $14.4 million were recognized as contra-expenses to offset fuel expenses for the nine months ended September 30, 2024, and 2023, respectively.

Corporate overhead allocated to the *Energy Operations* segment decreased by approximately $1.7 million for the nine months ended September 30, 2024, respectively, as compared to the same periods in 2023, primarily driven by a decrease in *Energy Operations* segment revenues and a decrease in stock-based compensation and insurance expenses. Corporate overhead has been allocated to the two segments using a “fair-share” of revenues approach, where the revenue for the segment is divided by the total combined revenues of the segments and is then multiplied by the shared general and administrative costs for the combined segments.

Cryptocurrency Operations Segment (As Restated)

	Three Months Ended			Nine Months Ended		
	September 30, 2024	September 30, 2023	Change	September 30, 2024	September 30, 2023	Change
	(As Restated)		(As Restated)	(As Restated)		(As Restated)
OPERATING REVENUES:						
Cryptocurrency mining	$ 8,709,777	$ 12,684,894	$ (3,975,117)	$ 44,989,361	$ 37,764,990	$ 7,224,371
Cryptocurrency hosting	(1,233,393)	3,789,375	(5,022,768)	8,048,435	9,195,072	(1,146,637)
Total operating revenues	7,476,384	16,474,269	(8,997,885)	53,037,796	46,960,062	6,077,734
OPERATING EXPENSES:						
Electricity - purchased from energy segment	5,421,738	6,060,318	(638,580)	18,444,167	16,340,345	2,103,822
Operations and maintenance	1,618,915	1,275,694	343,221	5,013,393	3,587,426	1,425,967
General and administrative	66,330	60,154	6,176	145,583	181,091	(35,508)
Impairments on digital currencies [1]	—	357,411	(357,411)	—	683,241	(683,241)
Impairments on equipment deposits	—	5,422,338	(5,422,338)	—	5,422,338	(5,422,338)
Realized gain on sale of digital currencies	(3,141,437)	(131,706)	(3,009,731)	(3,521,856)	(725,139)	(2,796,717)
Unrealized loss (gain) on digital currencies	(689,578)	—	(689,578)	(836,799)		(836,799)
Loss on disposal of fixed assets	458,147	—	458,147	2,189,252	108,367	2,080,885
Realized loss on sale of miner assets	530,099	—	530,099	494,087	—	494,087
Depreciation and amortization	7,264,368	8,326,137	(1,061,769)	23,397,364	22,020,425	1,376,939
Total operating expenses	11,528,582	21,370,346	(9,841,764)	$ 45,325,191	$ 47,618,094	$ (2,292,903)
NET OPERATING INCOME (EXCLUDING CORPORATE OVERHEAD)	$ (4,052,198)	$ (4,896,077)	$ 843,879	$ 7,712,605	$ (658,032)	$ 8,370,637
Corporate overhead	7,451,945	5,123,138	2,328,807	24,364,174	19,377,754	4,986,420
NET OPERATING INCOME (LOSS)	$ (11,504,143)	$ (10,019,215)	$ (1,484,928)	$ (16,651,569)	$ (20,035,786)	$ 3,384,217
INTEREST EXPENSE	$ (2,214,531)	$ (2,402,132)	$ 187,601	$ (6,677,338)	$ (6,978,058)	$ 300,720

[1] The Company adopted ASU 2023-08 effective January 1, 2024, using a modified retrospective transition method. For more information, see Note 1 – Basis of Presentation (As Restated) in the notes to the Condensed Consolidated Financial Statements.

Operating Revenues

Total operating revenues decreased by approximately $9.0 million for the three months ended September 30, 2024, as compared to the same period in 2023, resulting from (i) approximately $5.0 million decrease in cryptocurrency hosting revenues driven by the cumulative impact of correcting an error in the Company's revenue recognition policy during the third quarter of 2024, as disclosed in *Note 1 – Basis of Presentation (As Restated),* and a decline in Bitcoin mining economics (e.g., hash price), and (ii) a $4.0 million decrease in cryptocurrency mining revenues due to a decline in Bitcoin mining economics (e.g., hash price).

Total operating revenues increased by approximately $6.1 million for the nine months ended September 30, 2024, as compared to the same period in 2023, primarily due to an approximately $7.2 million increase in cryptocurrency mining revenues driven by increased hash rate from the purchase and installation of additional Bitcoin miners. Cryptocurrency hosting revenues decreased by approximately $1.1 million for the nine months ended September 30, 2024, as compared to the same period in 2023, primarily driven by a decrease in Bitcoin awards resulting from the April 2024 halving.

Operating Expenses

Total operating expenses increased by approximately $9.8 million for the three months ended September 30, 2024, as compared to the same period in 2023, primarily due to (i) an approximately $5.4 million decrease in impairments on equipment deposits recorded in the third quarter of 2023, (ii) an approximately $3.0 million increase in realized gain on sale of digital currencies, (iii) an approximately $1.1 million decrease in depreciation and amortization primarily due to the decommissioning of MinerVa miners, and (iv) an approximately $0.6 million decrease in intercompany electric charges driven by lower megawatt consumption by the data centers. These decreases were partially offset by (i) an approximately $0.5 million realized loss on the sale of miner assets and (ii) an approximately $0.5 million loss on disposal of fixed assets from decommissioning MinerVa miners.

Total operating expenses decreased by approximately $2.3 million for the nine months ended September 30, 2024, as compared to the same period in 2023, primarily due to (i) a $5.4 million impairment on equipment deposits recorded in the

third quarter of 2023 and (ii) a $2.8 million increase in realized gain on sale of digital currencies. These decreases were partially offset by (i) an approximately $2.1 million increase in intercompany electric charges related to the expansion of our cryptocurrency mining operations, (ii) an approximately $2.1 million increase in loss on disposal of fixed assets as a result of decommissioning MinerVa miners, (iii) an approximately $1.4 million increase in operations and maintenance expenses driven by an increase in professional services to support our cryptocurrency operations, and (iv) an approximately $1.4 million increase in depreciation and amortization driven by the purchase and installation of additional Bitcoin miners.

Corporate overhead allocated to the *Cryptocurrency Operations* segment increased by approximately $2.3 million and $5.0 million for the three and nine months ended September 30, 2024, respectively, as compared to the same periods in 2023, driven by increased corporate overhead related to estimated accruals for two loss contingencies and higher professional and legal fees incurred related to the Merger Agreement and increases in *Cryptocurrency Operations* segment revenues relative to total combined revenue. Corporate overhead has been allocated to the two segments using a "fair-share" of revenues approach, where the revenue for the segment is divided by the total combined revenues of the segments and is then multiplied by the shared general and administrative costs for the combined segments.

Impairments on Digital Currencies

Impairments on digital currencies of approximately $0.4 million and $0.7 million were recognized for the three and nine months ended September 30, 2023, respectively, as a result of the negative impacts from Bitcoin spot market declines in the prior year period. Effective January 1, 2024, however, the Company adopted ASU 2023-08 which requires cryptocurrency assets to be recorded at fair value. As such, the Company no longer accounts for digital currencies as indefinite-live intangible assets, and therefore, no impairment losses have been recognized in the current year period. As of September 30, 2024, we held approximately 10 Bitcoin on our consolidated balance sheet at fair value. The spot market price of Bitcoin was $63,463 as of September 30, 2024, per Coinbase.

Interest Expense

Interest expense decreased by approximately $0.2 million and $0.3 million for the three and nine months ended September 30, 2024, as compared to the same periods in 2023, following marginal reductions in outstanding debt over the same periods.

Liquidity and Capital Resources

Overview

Stronghold Inc. is a holding company with no operations and is the sole managing member of Stronghold LLC. Our principal asset consists of units of Stronghold LLC. Our earnings and cash flows and ability to meet any debt obligations depend on the cash flows resulting from the operations of our operating subsidiaries and the payment of distributions to us by such subsidiaries.

Our cash needs are primarily for growth through acquisitions, capital expenditures, working capital to support equipment financing, and the purchase of additional miners and general operating expenses. We have incurred, and may continue to incur, significant expenses in servicing and maintaining our power generation facilities. If we were to acquire additional facilities in the future, capital expenditures may include improvements, maintenance and build out costs associated with equipping such facilities to house Bitcoin miners. We may also incur additional expenses and capital expenditures to develop our carbon capture system, which is currently in pilot testing.

We have historically relied on funds from equity issuances, equipment financings and revenues from mining Bitcoin and selling power generated at our power plants to provide for our liquidity needs. During 2023, we received approximately $10.0 million pursuant to the April 2023 Private Placement and approximately $15.4 million pursuant to the December 2023 Private Placement. During the year ended December 31, 2023, we sold 1,794,587 ATM Shares at approximately $6.47 per share under the ATM Agreement for gross proceeds of approximately $11.6 million, less sales commissions of approximately $0.4 million for net proceeds of approximately $11.2 million. During the nine months ended September 30, 2024, the Company sold zero ATM Shares. Until the earlier of the termination of the Merger Agreement or the completion of the merger, our ability to raise capital through equity issuances, including sales pursuant to the ATM Agreement, is subject to the consent of Bitfarms.

As of September 30, 2024, and November 8, 2024, we had approximately $5.1 million and $6.7 million, respectively, of cash and cash equivalents and Bitcoin on our consolidated balance sheet, which included approximately 10 Bitcoin and 4 Bitcoin, respectively. These amounts included the Deposit and the Second Deposit made under the First Hosting

Agreement and Second Hosting Agreement with Bitfarms, respectively, offset by the Company's use of a substantial portion of such deposit amounts to pay down outstanding indebtedness. As of September 30, 2024, we had principal amount outstanding indebtedness of approximately $53.7 million.

If our cash flows from operations continue to fall short of uses of capital, we may need to seek additional sources of capital to fund our short-term and long-term capital needs. We may further sell assets or seek potential additional debt or equity financing to fund our short-term and long-term needs. Further, the terms of the Credit Agreement and December 2023 Private Placement contain certain restrictions, including maintenance of certain financial and liquidity ratios and minimums, and certain restrictions on future issuances of debt and equity (including usage of our ATM). In connection with the December 2023 Private Placement, the Company entered into a Registration Rights Agreement with the institutional investor (the "December Registration Rights Agreement") whereby it agreed, among other things, to file a resale registration statement (the "December Resale Registration Statement") with the SEC covering all shares of common stock sold to the institutional investor and the shares of common stock issuable upon exercise of the warrants and the prefunded warrants purchased by the institutional investor, and to cause the December Resale Registration Statement to become effective within the timeframes specified in the December Registration Rights Agreement; failure to do so will result in certain penalties specified in the December Registration Rights Agreement (and we made two such payments for liquidated damages during the second quarter of 2024 totaling approximately $300,000). In particular, we are contractually restricted from issuing equity to raise capital in the public or private markets (including sales under the ATM Agreement) until 30 days after the December Resale Registration Statement is effective, but in no event later than January 20, 2025. We received comments from the staff of the SEC's Division of Corporation Finance in September 2023 related to the accounting of our Bitcoin-related operations (the "SEC Review"), among other things, and have been informed that we will be unable to take the December Resale Registration Statement effective until such comments are resolved. Over thirteen months later, such review is still ongoing. Beginning with the third quarter of 2023, we may be required to make monthly prepayments pursuant to the WhiteHawk Refinancing Agreement if we are unable to maintain a cash balance above a certain amount. If we are unable to raise additional capital in the near future, there is a risk that we could breach this minimum cash balance covenant and default on the prepayment obligations mentioned above, and we could be required to discontinue or significantly reduce the scope of our operations, including through the sale of our assets, if no other means of financing options are available.

Operations have not yet established a consistent record of covering our operating expenses, and we incurred net losses of $22.7 million and $38.1 million for the three and nine months ended September 30, 2024, respectively, and our accumulated deficit was $360.8 million as of September 30, 2024.

If we are able to begin raising capital again under our ATM Agreement in the near future, taking into account such proceeds along with the continued expansion of our cryptocurrency mining operations, the First Hosting Agreement with Bitfarms, the Second Hosting Agreement with Bitfarms, and the Merger Agreement, we believe our liquidity position, combined with expected improvements in operating cash flows, will be sufficient to meet our existing commitments and fund our operations for the next twelve months. Sales under our ATM Agreement are subject to the consent of Bitfarms under the Merger Agreement and resolution of the SEC Review.

We have no material off balance sheet arrangements.

Analysis of Changes in Cash Flows

	Nine Months Ended		
	September 30, 2024	**September 30, 2023**	**Change**
Net cash flows provided by (used in) operating activities	$ 8,548,842	$ (3,288,433)	$ 11,837,275
Net cash flows used in investing activities	(528,316)	(14,743,269)	14,214,953
Net cash flows (used in) provided by financing activities	(7,743,692)	9,714,298	(17,457,990)
Net increase (decrease) in cash and cash equivalents	$ 276,834	$ (8,317,404)	$ 8,594,238

Operating Activities. Net cash flows provided by operating activities was approximately $8.5 million for the nine months ended September 30, 2024, compared to approximately $3.3 million used in operating activities for the nine months ended September 30, 2023. The approximately $11.8 million net increase in cash flows from operating activities was due to the receipt of a deposit for the First Hosting Agreement with Bitfarms and higher hash rate on installed miners, which generated higher and more profitable revenues.

Investing Activities. Net cash flows used in investing activities was approximately $0.5 million for the nine months ended September 30, 2024, compared to approximately $14.7 million used in investing activities for the nine months ended September 30, 2023. The approximately $14.2 million net improvement in cash flows was primarily due to lower cash outflows for the purchase of property, plant and equipment. Significant cash outflows occurred during the nine months

ended September 30, 2023, for the continued ramp up of cryptocurrency mining operations in the prior year, and no such activities occurred during the comparable period in 2024.

Financing Activities. Net cash flows used in financing activities was approximately $7.7 million for the nine months ended September 30, 2024, compared to approximately $9.7 million provided by financing activities for the nine months ended September 30, 2023. The approximately $17.5 million net decrease in cash flows was primarily due to prior year proceeds from the April 2023 Private Placement and the ATM, net of issuance costs.

Debt Agreements

We have entered into various debt agreements used to purchase equipment to operate our business. Total net obligations under all debt agreements as of September 30, 2024, were $53.4 million (excluding financed insurance premiums).

WhiteHawk Refinancing Agreement

On October 27, 2022, the Company entered into a secured credit agreement (the “Credit Agreement”) with WhiteHawk Finance LLC ("WhiteHawk") to refinance an existing equipment financing agreement, dated June 30, 2021, by and between Stronghold Digital Mining Equipment, LLC and WhiteHawk (the “WhiteHawk Financing Agreement”). Upon closing, the Credit Agreement consisted of approximately $35.1 million in term loans and approximately $23.0 million in additional commitments.

The financing pursuant to the Credit Agreement (such financing, the “WhiteHawk Refinancing Agreement”) was entered into by Stronghold Digital Mining Holdings, LLC ("Stronghold LLC"), as Borrower (in such capacity, the “Borrower”), and is secured by substantially all of the assets of the Company and its subsidiaries and is guaranteed by the Company and each of its material subsidiaries. The WhiteHawk Refinancing Agreement requires equal monthly amortization payments resulting in full amortization at maturity. The WhiteHawk Refinancing Agreement has customary representations, warranties and covenants including restrictions on indebtedness, liens, restricted payments and dividends, investments, asset sales and similar covenants and contains customary events of default.

On February 6, 2023, the Company and WhiteHawk Capital, as collateral agent and administrative agent, and the other lenders thereto, entered into the First Amendment in order to modify certain covenants and remove certain prepayment requirements contained therein. As a result of the First Amendment, amortization payments for the period from February 2023 through July 2024 are not required, with monthly amortization resuming July 31, 2024. However, in December 2023, the Company made two amortization payments of the WhiteHawk Refinancing Agreement that were otherwise due on July 31, 2024, and August 31, 2024. During the third quarter of 2024, the Company resumed the required monthly amortization payments of the WhiteHawk Refinancing Agreement with its payment of the September 2024 amortization payment.

Beginning June 30, 2023, following a five-month holiday, Stronghold LLC began to make monthly prepayments of the loan in an amount equal to 50% of its average daily cash balance (including cryptocurrencies) in excess of $7,500,000 for such month. The First Amendment also modified the financial covenants to (i) in the case of the requirement of the Company to maintain a leverage ratio no greater than 4.0:1.00, such covenant will not be tested until the fiscal quarter ending September 30, 2024, and (ii) in the case of the minimum liquidity covenant, modified to require minimum liquidity at any time to be not less than: (A) until March 31, 2024, $2,500,000; (B) during the period beginning April 1, 2024, through and including December 31, 2024, $5,000,000; and (C) from and after January 1, 2025, $7,500,000. On February 15, 2024, the Company and WhiteHawk Capital, as collateral agent and administrative agent, and the other lenders thereto, entered into the Third Amendment which, among other items, amended the Company’s minimum liquidity requirement to not be less than: (A) until June 30, 2025, $2,500,000 and (B) from and after July 1, 2025, $5,000,000. The Company was in compliance with all applicable covenants under the WhiteHawk Refinancing Agreement as of September 30, 2024.

The borrowings under the WhiteHawk Refinancing Agreement mature on October 26, 2025, and bear interest at a rate of either (i) the Secured Overnight Financing Rate ("SOFR") plus 10% or (ii) a reference rate equal to the greater of (x) 3%, (y) the federal funds rate plus 0.5%, and (z) the term SOFR rate plus 1%, plus 9%. Borrowings under the WhiteHawk Refinancing Agreement may also be accelerated in certain circumstances. The average interest rate for borrowings under the WhiteHawk Refinancing Agreement approximated 15.54% for the nine months ended September 30, 2024.

As noted above, the Company's Credit Agreement with its primary lender matures on October 26, 2025. The Company has entered into a merger agreement that is subject to final closing conditions. The merger is considered probable as both the Company's Board of Directors and the acquiring company’s Board of Directors have approved the merger. The plan of merger will pay off the Company's current outstanding borrowings, thereby reducing liquidity needs to enable continuation of operations, as a wholly owned subsidiary of the acquiring company, for the foreseeable future.

Convertible Note Exchange

On December 30, 2022, the Company entered into an exchange agreement with the holders (the "Purchasers") of the Company's Amended and Restated 10% Notes (the "Amended May 2022 Notes"), providing for the exchange of the Amended May 2022 Notes (the "Exchange Agreement") for shares of the Company's newly-created Series C Convertible Preferred Stock, par value $0.0001 per share (the "Series C Preferred Stock"). On February 20, 2023, the transactions contemplated under the Exchange Agreement were consummated, and the Amended May 2022 Notes were deemed paid in full. Approximately $16.9 million of principal amount of debt was extinguished in exchange for the issuance of the shares of Series C Preferred Stock. As a result of this transaction, the Company incurred a loss on debt extinguishment of $28,960,947 during the first quarter of 2023.

Bruce & Merrilees Promissory Note

On March 28, 2023, the Company entered into a settlement agreement (the "B&M Settlement") with its electrical contractor, Bruce & Merrilees Electric Co. ("B&M"). Pursuant to the B&M Settlement, B&M agreed to eliminate an approximately $11.4 million outstanding payable in exchange for a promissory note in the amount of $3,500,000 (the "B&M Note") and a stock purchase warrant for the right to purchase from the Company 300,000 shares of Class A common stock (the "B&M Warrant"). The B&M Note has no definitive payment schedule or term. Pursuant to the B&M Settlement, B&M released 10 3000kva transformers to the Company and fully cancelled ninety (90) transformers remaining under a pre-existing order with a third-party supplier. The terms of the B&M Settlement included a mutual release of all claims.

Pursuant to the B&M Note, the first $500,000 of the principal amount of the loan was payable in four equal monthly installments of $125,000 beginning on April 30, 2023, so long as (i) no default or event of default has occurred or is occurring under the Credit Agreement and (ii) no PIK Option (as such term is defined in the Credit Agreement) had been elected. The principal amount under the B&M Note bears interest at seven and one-half percent (7.5%). As of September 30, 2024, the Company has paid $500,000 of principal pursuant to the B&M Note.

Canaan Promissory Notes

On July 19, 2023, the Company entered into a Sales and Purchase Contract with Canaan Inc. ("Canaan") whereby the Company purchased 2,000 A1346 Bitcoin miners for a total purchase price of $2,962,337. The purchase price was payable to Canaan via an upfront payment of $1,777,402 on or before August 1, 2023, which the Company paid on July 25, 2023, and a promissory note of $1,184,935 due to Canaan in ten (10) equal, interest-free installments on the first day of each consecutive month thereafter until the remaining promissory note balance is fully repaid. The miners were delivered and installed during the third quarter of 2023 at the Company's Panther Creek Plant. As of September 30, 2024, the Company fully repaid the promissory note due to Canaan.

On December 26, 2023, the Company entered into a second Sales and Purchase Contract with Canaan whereby the Company purchased 1,100 A1346 Bitcoin miners for a total purchase price of $1,380,060. The purchase price was payable to Canaan via an upfront payment of $828,036 on or before December 26, 2023, which the Company paid on December 26, 2023, and a promissory note of $552,024 due to Canaan in six (6) equal, interest-free installments on the first day of each consecutive month thereafter, beginning in 2024, until the remaining promissory note balance is fully repaid. The miners were delivered and installed during the first quarter of 2024 at the Company's Scrubgrass Plant. As of September 30, 2024, the Company fully repaid the promissory note due to Canaan.

Treatment of Company Indebtedness Pursuant to Merger Agreement

The Merger Agreement provides that, to the extent requested by Parent, the Company will, at Parent's expense, use reasonable best efforts to promptly obtain any consents or amendments as necessary to permit the consummation of the merger under the Company's credit agreement (the "COC Amendment"), but the obtaining of the COC Amendment will not be a closing condition. If the COC Amendment is not obtained on or prior to closing, Parent will satisfy all outstanding obligations under such credit agreement and certain other debt instruments of the Company prior to or substantially concurrently with the consummation of the merger.

Tax Receivable Agreement

The TRA generally provides for the payment by Stronghold Inc. to the TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax (computed using the estimated impact of state and local taxes) that Stronghold Inc. actually realizes (or is deemed to realize in certain circumstances) as a result of (i) certain increases in

tax basis that occur as a result of Stronghold Inc.'s acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of such holder's Stronghold LLC Units pursuant to an exercise of the Redemption Right or the Call Right (each defined in the TRA) and (ii) imputed interest deemed to be paid by Stronghold Inc. as a result of, and additional tax basis arising from, any payments Stronghold Inc. makes under the TRA. Stronghold Inc. will retain the remaining net cash savings, if any. The TRA generally provides for payments to be made as Stronghold Inc. realizes actual cash tax savings from the tax benefits covered by the TRA. However, the TRA provides that if Stronghold Inc. elects to terminate the TRA early (or it is terminated early due to Stronghold Inc.'s failure to honor a material obligation thereunder or due to certain mergers, asset sales, other forms of business combinations or other changes of control), Stronghold Inc. is required to make an immediate payment equal to the present value of the future payments it would be required to make if it realized deemed tax savings pursuant to the TRA (determined by applying a discount rate equal to one-year LIBOR (or an agreed successor rate, if applicable) plus 100 basis points, and using numerous assumptions to determine deemed tax savings), and such early termination payment is expected to be substantial and may exceed the future tax benefits realized by Stronghold Inc.

The actual timing and amount of any payments that may be made under the TRA are unknown at this time and will vary based on a number of factors. However, Stronghold Inc. expects that the payments that it will be required to make to the TRA Holders (or their permitted assignees) in connection with the TRA will be substantial. Any payments made by Stronghold Inc. to the TRA Holders (or their permitted assignees) under the TRA will generally reduce the amount of cash that might have otherwise been available to Stronghold Inc. or Stronghold LLC. To the extent Stronghold LLC has available cash and subject to the terms of any current or future debt or other agreements, the Stronghold LLC Agreement will require Stronghold LLC to make cash distributions to holders of Stronghold LLC Units, including Stronghold Inc., in an amount sufficient to allow Stronghold Inc. and Q Power to pay its taxes and to make payments under the TRA. Stronghold Inc. generally expects Stronghold LLC to fund such distributions out of available cash. However, except in cases where Stronghold Inc. elects to terminate the TRA early, the TRA is terminated early due to certain mergers or other changes of control or Stronghold Inc. has available cash but fails to make payments when due, generally Stronghold Inc. may defer payments due under the TRA if it does not have available cash to satisfy its payment obligations under the TRA or if its contractual obligations limit its ability to make these payments. Any such deferred payments under the TRA generally will accrue interest at the rate provided for in the TRA, and such interest may significantly exceed Stronghold Inc.'s other costs of capital. If Stronghold Inc. experiences a change of control (as defined under the TRA, which includes certain mergers, asset sales and other forms of business combinations), and in certain other circumstances, payments under the TRA may be accelerated and/or significantly exceed the actual benefits, if any, Stronghold Inc. realizes in respect of the tax attributes subject to the TRA. In the case of such an acceleration in connection with a change of control, where applicable, Stronghold Inc. generally expects the accelerated payments due under the TRA to be funded out of the proceeds of the change of control transaction giving rise to such acceleration, which could have a significant impact on our ability to consummate a change of control or reduce the proceeds received by our stockholders in connection with a change of control. However, Stronghold Inc. may be required to fund such payment from other sources, and as a result, any early termination of the TRA could have a substantial negative impact on our liquidity or financial condition.

TRA Waiver and Termination Agreement

On August 21, 2024, concurrently with the execution and delivery of the Merger Agreement, the Company, Parent and each of the TRA Holders entered into a TRA Waiver and Termination Agreement (the "TRA Waiver"), pursuant to which the parties agreed, among other things, subject to and effective upon the consummation of the transactions contemplated by the Merger Agreement, to (i) terminate the TRA, dated April 1, 2021, as amended November 9, 2022, by and among the Company and the TRA Holders and (ii) waive the Early Termination Payment (as defined in the TRA) pursuant to the TRA, which would have otherwise become payable to the TRA Holders in connection with the consummation of the merger, and any other amounts to which the TRA Holders would have otherwise been entitled under the TRA. The TRA continues to be in effect prior to the completion of the Merger Agreement, but due to the TRA Waiver discussed above, the TRA is not recorded and is not currently expected to have an impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements

For information with respect to recent accounting pronouncements, see *Note 1 – Basis of Presentation (As Restated)* in the notes to the Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures (As Restated)

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Based on this evaluation at the time of the filing of the Original Form 10-Q, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that its disclosure controls and procedures and internal control over financial reporting were effective as of September 30, 2024.

Subsequent to the filing of the Original Form 10-Q, our management, with the participation of our principal executive officer and principal financial officer, reevaluated the Company's disclosure controls and procedures as a result of the error described above and the related restatement following the SEC's 14-month review process. Based on such reevaluation, the Company identified a material weakness in its internal control over financial reporting described below and, therefore, concluded that our disclosure controls and procedures and internal control over financial reporting were not effective as of September 30, 2024.

Material Weakness in Internal Control over Financial Reporting

A material weakness is a significant deficiency, or combination of significant deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Subsequent to the filing of the Original Form 10-Q, the Company concluded that it did not appropriately evaluate the U.S. GAAP guidance associated with the measurement of noncash (Bitcoin) consideration, in accordance with ASC 606-10-32-21 through 24, and how it should apply to the Company's facts and circumstances surrounding its hosting contracts. Following the SEC's review process, this control deficiency resulted in a classification error between cryptocurrency hosting revenues, realized gain on sale of digital currencies and unrealized gain/loss on digital currencies in the Company's previously issued unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2024, that required a restatement of the Original Form 10-Q. Accordingly, even though this classification error did not impact the Company's net loss for any quarterly periods in 2024, management has determined that this control deficiency constituted a material weakness as of September 30, 2024.

Management is actively engaged in the implementation of remediation efforts to address the material weakness. The remediation plan includes (i) enhancing the Company's existing control structure for evaluating the revenue recognition of new contracts and (ii) improving the detailed review process of the Company's comprehensive accounting analysis under ASC 606, *Revenue from Contracts with Customers*, which is completed annually or more often as necessary.

The elements of the Company's remediation plan can only be accomplished over time, and management can offer no assurances that these initiatives will ultimately have the intended effects. The material weakness will not be considered remediated, however, until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

Other than the material weakness described above, there were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f)) during the quarter ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

Information regarding this Item is contained in *Note 10 – Commitments and Contingencies* in the notes to the Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

Except as set forth below, there are no material changes to the Risk Factors contained in Item 1A to Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed on March 8, 2024, as supplemented in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, filed on May 8, 2024, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, filed on August 14, 2024.

The following risk factors relate to the merger. For additional information regarding the Merger Agreement, see "Merger Agreement and First Amendment to Merger Agreement" herein and our other information relating to the Merger Agreement that we have filed with the SEC.

Because the market value of Bitfarms common shares that Company stockholders will receive in the merger may fluctuate, Company stockholders cannot be sure of the market value of the merger consideration that they will receive in the merger.

As merger consideration, Company stockholders will receive a fixed number of Bitfarms common shares, not a number of shares that will be determined based on a fixed market value. The market value of Bitfarms common shares and the market value of Class A common stock at the effective time may vary from their respective values on the date that the Merger Agreement was executed or at other dates, such as the date of the registration statement on Form F-4 (File No. 333-282657) that Bitfarms filed with the SEC on October 15, 2024 or the date of the special meeting. Stock price changes may result from a variety of factors, including changes in Bitfarms' or the Company's respective businesses, operations or prospects, regulatory considerations and general business, market, industry or economic conditions. The exchange ratio will not be adjusted to reflect any changes in the market value of Bitfarms common shares, the comparative value of the Canadian dollar and U.S. dollar or market value of the Class A common stock. Therefore, the aggregate market value of the Bitfarms common shares that a Company stockholder is entitled to receive at the time that the merger is completed could vary from the value of such shares on the date of the proxy statement/prospectus, the date of the special meeting or the date on which a Company stockholder actually receives its Bitfarms common shares.

There is no assurance when or if the merger will be completed, including, but not limited to, regulatory approvals which may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be satisfied.

The completion of the merger is subject to satisfaction or waiver of certain customary mutual closing conditions, including (i) the approval of the merger proposal by the holders of Company common stock, (ii) the absence of any governmental order or law that makes consummation of the merger illegal or otherwise prohibited, (iii) receipt of certain approvals and consents from specified governmental entities, including, if applicable, the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvement Act, (iv) the effectiveness of the registration statement on Form F-4, pursuant to which the Bitfarms common shares to be issued in connection with the merger are registered with the SEC and (v) the authorization for listing of the Bitfarms common shares to be issued in connection with the merger on the Toronto Stock Exchange and Nasdaq, subject to customary conditions and official notice of issuance. The obligation of each party to consummate the merger is also conditioned upon, among other things, (1) the other party's representations and warranties being true and correct (subject to applicable materiality and de minimis standards), (2) the other party having performed in all material respects its obligations required to be performed by it under the Merger Agreement at or prior to the effective time, (3) the absence of a material adverse effect on the other party and (4) with respect to Bitfarms' obligation to consummate the merger, the mining facility conditions described in the Merger Agreement. There can be no assurance as to when these conditions will be satisfied or waived, if at all, or that other events will not intervene to delay or result in the failure to complete the merger.

The Company and Bitfarms have each agreed to, promptly following the execution of the Merger Agreement, prepare and file certain filings, submissions and notices and obtain consents, orders and approvals necessary to complete the merger and the other transactions contemplated by the Merger Agreement. No assurance can be given that the required consents, orders and approvals will be obtained or that the required conditions to the completion of the merger will be satisfied and an adverse development in either party's regulatory standing or other factors could result in an inability to obtain one or more of the required regulatory approvals or delay receipt of required approvals. Even if all such consents, orders and approvals are obtained and such conditions are satisfied, no assurance can be given as to the terms, conditions and timing of such consents, orders and approvals. For example, these consents, orders and approvals may impose conditions on or require divestitures relating to the divisions, operations or assets of the Company or may impose requirements, limitations or costs or place restrictions on the conduct of the Company's business, and if such consents, orders or approvals require an extended period of time to be obtained, such extended period of time could increase the chance that a material adverse event occurs with respect to the Company or Bitfarms. Such extended period of time also may increase the chance that other adverse effects with respect to the Company or Bitfarms could occur, such as the loss of key personnel. Each party's obligation to complete the merger is also subject to the accuracy of the representations and warranties of the other party (subject to certain qualifications and exceptions) and the performance in all material respects of the other party's covenants under the Merger Agreement. As a result of these conditions, the Company cannot provide assurance that the merger will be completed on the terms or timeline currently contemplated, or at all.

The special meeting may take place before all of the required regulatory approvals have been obtained and before all conditions to such approvals, if any, are known. Notwithstanding the foregoing, if the merger proposal is approved by Company stockholders, then the Company would not be required to seek further approval of Company stockholders, even if the conditions imposed in obtaining required regulatory approvals could have an adverse effect on the Company either before or after completing the merger.

Certain rights of Company stockholders will change as a result of the merger.

Upon completion of the merger, Company stockholders will no longer be stockholders of the Company, a Delaware corporation, but will be shareholders of Bitfarms, a corporation organized under the OBCA. There will be certain differences between the current rights as a Company stockholder, on the one hand, and the rights to which the stockholders will be entitled as Bitfarms shareholders, on the other hand, as more fully described in the proxy statement/prospectus.

The announcement and pendency of the merger could adversely affect the Company's business, results of operations and financial condition.

The announcement and pendency of the merger could cause disruptions in and create uncertainty surrounding the Company's business, including affecting the Company's relationships with its existing and future partners, suppliers and employees, which could have an adverse effect on Stronghold's business, results of operations and financial condition, regardless of whether the merger is completed. In particular, the Company could potentially lose important personnel as a result of the departure of employees who decide to pursue other opportunities in light of the merger, such as the resignation of Stronghold's Chief Financial Officer, Matthew Smith. The Company could also potentially lose business partners or suppliers, and business partner or supplier contracts could be delayed or decreased. In addition, the Company has expended, and continues to expend, management resources in an effort to complete the merger, which are being diverted from the Company's day-to-day operations.

If the merger is not completed, the trading prices of Class A common stock may fall to the extent that the current prices reflect a market assumption that the merger will be completed. In addition, the failure to complete the merger may result in negative publicity or a negative impression of the Company in the investment community and may affect the Company's relationship with employees, suppliers and other partners in the business community.

The Company will incur substantial transaction fees and costs in connection with the merger.

The Company has incurred and expect to incur additional material non-recurring expenses in connection with the merger and completion of the transactions contemplated by the Merger Agreement, including costs relating to obtaining required approvals. The Company has incurred significant legal, advisory and financial services fees in connection with the process of negotiating and evaluating the terms of the merger. Additional significant unanticipated costs may be incurred in the course of coordinating the business of the Company after completion of the merger. Even if the merger is not completed, The Company will be required to pay certain costs relating to the merger incurred prior to the date the merger was abandoned, such as legal, accounting, financial advisory, filing and printing fees. Such costs could have an adverse effect on the parties' future results of operations, cash flows and financial condition. In addition, the Merger Agreement provides

that, in certain circumstances, one party to the Merger Agreement may be required to pay a termination fee (and certain related expenses) to the other.

While the Merger Agreement is in effect, the Company and its subsidiaries' businesses are subject to restrictions on their business activities.

Under the Merger Agreement, the Company and its respective subsidiaries are subject to certain restrictions on the conduct of their respective businesses and generally must operate their respective businesses in the ordinary course prior to completing the merger (unless the Company obtains Bitfarms' written consent, which is not to be unreasonably withheld, delayed or conditioned), which may restrict the Company's ability to exercise certain of its business strategies. These restrictions may prevent the Company from pursuing otherwise attractive business opportunities, making certain investments or acquisitions, selling assets, engaging in capital expenditures in excess of certain agreed limits, repurchasing or issuing securities, or incurring indebtedness prior to the completion of the merger or termination of the Merger Agreement, as applicable. These restrictions could have an adverse effect on the Company's businesses, financial results, financial condition or stock price.

In addition, subject to certain exceptions set forth in the Merger Agreement, the Merger Agreement prohibits the Company from, among other things: (i) initiating, soliciting or knowingly encouraging the making of any inquiry, proposal or offer that would constitute, or would reasonably be expected to lead to, an acquisition proposal; (ii) engaging in any discussions relating to any acquisition proposal, or any inquiry, proposal or offer that would reasonably be expected to lead to an acquisition proposal; (iii) furnishing any non-public information regarding the Company or its subsidiaries, or access to the properties, assets or employees of the Company or its subsidiaries, to any person in connection with an acquisition proposal; (iv) entering into any letter of intent or agreement in principal, or other agreement that would constitute, or would reasonably be expected to lead to, an acquisition proposal; or (v) releasing or permitting the release of any person from, or amending, waiving or permitting the amendment or waiver of any provision of, any "standstill" or similar agreement or provision to allow such person to make or amend an agreement that would constitute, or would reasonably be expected to lead to, an acquisition proposal.

These provisions may limit the Company's ability to pursue offers from third parties that could result in greater value to Company stockholders than the merger consideration. The termination fee may also discourage third parties from pursuing an alternative acquisition proposal with respect to the Company.

The termination of the Merger Agreement could negatively impact the Company and, in certain circumstances, could require the Company to pay certain termination fees.

The Merger Agreement is subject to a number of customary closing conditions that must be fulfilled in order to complete the merger and contains certain termination rights for both the Company and Bitfarms, which, if exercised, would result in the merger not being completed. If the merger is not completed for any reason, including as a result of Company stockholders failing to approve the merger proposal or if the Merger Agreement is terminated in accordance with its terms, the ongoing businesses of the Company may be adversely affected and, without realizing any of the anticipated benefits of having completed the merger, the Company would be subject to a number of risks, including the following:

- The Company may experience negative reactions from the financial markets, including a decline of its stock price (which may reflect a market assumption that the merger will be completed);
- The Company may experience negative reactions from or irreparable reputational harm as perceived by the Company's investment community, customers, suppliers, peers regulators, employees, partners in the business community and any other third party whether presently known or unknown;
- The Company may be required to pay substantial costs relating to the merger, whether or not the merger is completed;
- matters relating to the merger will have required substantial commitments of time and resources by the Company's management team, which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to the Company had the merger not been contemplated; and
- the Company may experience a material adverse effect on its business, operations, earnings and financial results.

If the Merger Agreement is terminated and the Board seeks another merger, business combination or other transaction, Company stockholders cannot be certain that the Company will find a party willing to offer equivalent or more attractive consideration than the merger consideration Company stockholders would receive from Bitfarms in the merger. If the

Merger Agreement is terminated under circumstances specified in the Merger Agreement, the Company may be required to pay Bitfarms a termination fee of $5,000,000, in the form of cash and/or Bitcoin (at the election of the Company), depending on the circumstances surrounding the termination. There is no guarantee that the Company will have sufficient funds to make this contractually required payment to Bitfarms, as applicable.

Except in specified circumstances, if the merger is not completed by May 21, 2025, subject to extension in specified circumstances, either the Company or Bitfarms may choose not to proceed with the merger.

Either the Company or Bitfarms may terminate the Merger Agreement if the merger has not been completed by 5:00 p.m. New York, New York time, on May 21, 2025. However, this right to terminate the Merger Agreement will not be available to the Company or Bitfarms if the failure of such party to perform any of its obligations under the Merger Agreement has been the principal cause of or resulted in the failure of the merger to be complete on or before such time. Termination of the Merger Agreement will also result in termination of certain other agreements, including the Voting Agreement and the TRA Waiver.

The Company may be a target of securities class action and derivative lawsuits which could result in substantial costs and may delay or prevent the merger from being completed.

Securities class action lawsuits and derivative lawsuits are often brought by putative stockholders against companies (or their directors and officers) that have entered into merger agreements. Such lawsuits may seek, among other things, to enjoin the consummation of the merger. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. The Company has received a number of letters from putative stockholders that allege the disclosures in the proxy statement/prospectus are deficient and that demand corrective disclosures be made. No lawsuits have thus far been filed in connection with these letters, and the Company believes the allegations in the letters are without merit. If a stockholder is successful in obtaining an injunction prohibiting consummation of the merger, then that injunction may delay or prevent the merger from being completed or otherwise cause the Company to incur substantial costs.

The Company and Bitfarms received comments from the SEC staff in connection with the staff's routine review of filings and registration statements, including the Registration Statement on Form F-4 filed by Bitfarms with respect to the merger.

Bitfarms and the Company have unresolved SEC staff (the "Staff") comments, including to the Registration Statement on Form F-4 filed by Bitfarms with respect to the merger. Some of these comments remain unresolved and are subject to further review and comment by the Staff. There is no assurance that unresolved comments, or additional comments from the Staff, will not result in the need for either party to revise or restate applicable filings, including but not limited to, the respective financial statements of Bitfarms and the Company incorporated by reference in the proxy statement/prospectus. Any delay in resolving the Staff's comments could result in substantial costs and may delay or prevent the registration statement, of which the proxy statement/prospectus forms a part, being declared effective.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Matthew Smith Resignation

On October 25, 2024, the Company announced that Matthew Smith, the Company's Chief Financial Officer, will resign from such position effective November 15, 2024. Mr. Smith will also resign from the Company's Board at such time. Mr. Smith's resignation was not because of any disagreement with the Company on any matter relating to the Company's operations, policies or practices, including accounting principles and practices. At this time, the Company does not intend to fill the vacancy on the Board that will be created following the effective date of Mr. Smith's resignation. Simultaneous with his departure, the Company and Mr. Smith entered into a Consulting Agreement (the "Consulting Agreement") pursuant to which Mr. Smith will provide assistance with the Company's finance function, and a transition from Mr. Smith's prior employment with the Company, as requested by the Company. Pursuant to the Consulting Agreement, Mr. Smith will be paid $400 per hour, and a minimum of $8,000 per month representative of twenty (20) hours per month. The Consulting Agreement has a three (3) month term and may be terminated at any time by either party upon five (5) days' notice.

Appointment of Principal Financial Officer

On November 13, 2024, the Company appointed Ryan Weber, the Company's Chief Accounting Officer, to additionally serve as the Company's Principal Financial Officer, effective November 15, 2024. Mr. Weber has served as the Company's Chief Accounting Officer since May 1, 2024. The remainder of Mr. Weber's biographical information, as well as information with respect to his family relationships and transactions with related persons, is incorporated herein by reference to such information contained in Item 5.02 of the Company's Current Report on Form 8-K, filed with the SEC on May 2, 2024. There are no arrangements or understandings between Mr. Weber and any other persons pursuant to which he was appointed as Principal Financial Officer.

Item 6. Exhibits (As Restated)

Exhibit Number	Description
2.1 †	Agreement and Plan of Merger, dated as of August 21, 2024, by and among Stronghold Digital Mining, Inc., Bitfarms Ltd., Backbone Mining Solutions LLC and HPC & AI Megacorp, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on August 22, 2024).
3.1	Second Amended and Restated Certificate of Incorporation of Stronghold Digital Mining, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on October 25, 2021).
3.2	Amended and Restated Bylaws of Stronghold Digital Mining, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on October 25, 2021).
3.3	Certificate of Designations of the Series C Convertible Preferred Stock of Stronghold Digital Mining, Inc., effective February 20, 2023, filed with the Secretary of State of the State of Delaware (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on February 24, 2023).
3.4	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Stronghold Digital Mining, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on May 19, 2023.
3.5	Certificate of Designation of the Series D Convertible Preferred Stock of Stronghold Digital Mining, Inc., filed with the Secretary of State of the State of Delaware and effective November 13, 2023 (incorporated by reference to Exhibit 3.5 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-40931) filed on November 14, 2023).
10.1	Second Amendment to Hosting Agreement, dated as of July 3, 2024, by and between Stronghold Digital Mining Hosting, LLC and Foundry Digital LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Report on Form 10-Q (File No. 001-40931) filed on August 14, 2024).
10.2	Third Amendment to Hosting Agreement, dated as of July 5, 2024, by and between Stronghold Digital Mining Hosting, LLC and Cantaloupe Digital LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Report on Form 10-Q (File No. 001-40931) filed on August 14, 2024).
10.3	Voting Agreement, dated as of August 21, 2024, by and among Bitfarms Ltd. and certain shareholders of Stronghold Digital Mining, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on August 22, 2024).
10.4	TRA Waiver and Termination Agreement, dated as of August 21, 2024, by and among Bitfarms Ltd., Stronghold Digital Mining, Inc. and certain shareholders of Stronghold Digital Mining, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on August 22, 2024).
10.5	Hosting Agreement, dated as of September 12, 2024, by and between Stronghold Digital Mining Hosting, LLC and Bitfarms Ltd. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on September 13, 2024).
10.6	Amendment No. 1 to Merger Agreement, dated as of September 12, 2024, by and among Stronghold Digital Mining, Inc., Bitfarms Ltd., Backbone Mining Solutions LLC and HPC & AI Megacorp, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on September 13, 2024).
10.7 *	Consulting Agreement, effective November 16, 2024, by and between Stronghold Digital Mining, Inc. and Matthew J. Smith.
10.8 *	Stipulation and Agreement of Settlement, dated as of November 8, 2024, by and among Lead Plaintiff Allegheny County Employees Retirement System on behalf of itself and all other members of the Settlement Class and Stronghold Digital Mining, Inc., Gregory A. Beard, William B. Spence, B. Riley Securities, Inc., Cowen and Company, LLC, Tudor, Pickering, Holt & Co. Securities, LLC, D.A. Davidson & Co., Compass Point Research & Trading, LLC, and Northland Securities, Inc. and Ricardo R. A. Larroudé.
31.1 *	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
31.2 *	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
32.1 **	Section 1350 Certification of Principal Executive Officer.
32.2 **	Section 1350 Certification of Principal Financial Officer.
101.INS(a)	Inline XBRL Instance Document.
101.SCH(a)	Inline XBRL Schema Document.
101.CAL(a)	Inline XBRL Calculation Linkbase Document.
101.DEF(a)	Inline XBRL Definition Linkbase Document.
101.LAB(a)	Inline XBRL Label Linkbase Document.
101.PRE(a)	Inline XBRL Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Filed herewith.
** Furnished herewith.

† Exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted schedules upon request by the Securities and Exchange Commission; provided, however, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934 for any exhibits or schedules so furnished.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: December 13, 2024 STRONGHOLD DIGITAL MINING, INC.
(registrant)

By: */s/ Ryan M. Weber*
Ryan M. Weber
Chief Accounting Officer (Duly Authorized Officer and Principal Financial Officer)

Exhibit 31.1

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULE 13A-14(a) OR RULE 15D-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gregory A. Beard, certify that:

1. I have reviewed this amended Quarterly Report on Form 10-Q/A of Stronghold Digital Mining, Inc. (the "registrant") for the quarter ended September 30, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 13, 2024

By: */s/ Gregory A. Beard*

Gregory A. Beard
Chairman and Chief Executive Officer
(Principal Executive Officer)

AGREEMENT

This Agreement (the "*Agreement*"), effective on the 16th day of November 2024, is entered into by and between Matthew J. Smith (the "*Service Provider*"), and Stronghold Digital Mining, Inc. and/or its affiliates ("*Stronghold*").

WITNESSETH:

WHEREAS, Stronghold desires to obtain certain services of the Service Provider for Stronghold and the Service Provider desires to provide Stronghold with such services;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Service Provider and Stronghold hereby agree as follows:

1. **Independent Contractor**. The Service Provider provides its services under the terms of this Agreement as an independent contractor in accordance with all applicable laws and regulations and shall in no event act as an agent or employee of Stronghold, unless instructed otherwise in writing by Stronghold. The Service Provider understands that it has no authority to make any commitments which are binding upon Stronghold and agrees that it will act only at Stronghold's directions and that Stronghold will have all decision-making authority with respect to all matters concerning the services to be provided under this Agreement. The Service Provider shall retain the right to perform services to other clients so long as these services do not directly or indirectly conflict with the services provided hereunder. Stronghold shall not be responsible for payment of Service Provider's benefits, insurance, taxes, workers' compensation, unemployment insurance or any other employee benefits, but such responsibility shall be that of Service Provider. Furthermore, Service Provider shall be fully responsible for withholding any and all federal, state or local income and employment taxes in connection with compensation hereunder.

2. **Duties of the Service Provider**. The Service Provider shall, to the extent requested by Stronghold in writing, consult with Stronghold on the matters outlined on Exhibit A.

3. **Certain Covenants**. The Service Provider hereby agrees that during the term of this Agreement (and for one year thereafter) the Service Provider will not (and will cause its agents, if Stronghold has authorized such agents, not to) directly or indirectly:

    a. disclose to any person or entity any confidential and/or proprietary information concerning or obtained from Stronghold or developed or obtained by the Service Provider in connection with its services hereunder (unless disclosure is compelled by judicial process);

b. except as required by law or compelled by judicial process, take any action to, or encourage any other entity or governmental or regulatory agency to (i) interfere with Stronghold's relationships with any of its customers, employees or suppliers, or increase the regulatory burdens on Stronghold or (ii) encourage any governmental or regulatory agency to pursue any claim or cause of action against Stronghold or any of its affiliates; and

c. retain after termination any confidential and/or proprietary information concerning or obtained from Stronghold or developed or obtained by the Service Provider in connection with its services hereunder.

The Service Provider shall, at all times, abide by all laws of the United States of America and all laws of the country or countries in which the Service Provider is performing its functions hereunder.

4. **Compensation for Services of the Service Provider**. As compensation for services provided under this Agreement, Stronghold shall pay the Service Provider as follows:

a. The greater of:

i. An amount equal to $400 per hour (the "*Hourly Rate"*) multiplied by the number of hours of services performed by Service Provider on behalf of Stronghold in a month. Any fractional parts of an hour shall be payable on a pro-rated basis. Service Provider shall submit an invoice to Stronghold for services rendered on a monthly basis including substantiation for hours worked and a written description of the services provided for each hour worked.

ii. $8,000 per month, equivalent to an estimated 20 hours per month of services performed at the Hourly Rate.

b. In addition to the compensation set forth in section 4.a Stronghold shall reimburse the Service Provider for reasonable out-of-pocket expenses, upon provision of reasonable documentation. Such reimbursement to be paid no later than thirty (30) days following the request by the Service Provider for such reimbursement, accompanied by such documentation including, without limitation and as appropriate, reasonable costs of lodging, meals, travel and other incidental expenses such as facsimile transmission, long distance telephone and reproduction expenses. All expenses over $150.00 per item shall be subject to pre-approval by Stronghold.

c. Compensation shall be due within ten (10) business days of invoice receipt.

5. **Term and Termination**. This Agreement is made and entered into on the date first written above. This Agreement shall have a term of three (3) months. Either party, upon five (5) days prior written notice to the non-terminating party, may terminate this Agreement at any time and for any reason or upon the completion of the services under this Agreement.

6. **Right to Property**. All materials prepared or developed by the Service Provider in connection with its performance of services hereunder, including, without limitation, calculations, data, documentation, maps, models, notes, reports, samples and sketches shall become the property of Stronghold, whether or not delivered to Stronghold and shall be delivered to Stronghold upon request and, in any event, upon the termination of this Agreement.

8. **Limitation of Liability and Indemnification**. Stronghold agrees that the Service Provider's liability hereunder for damages, regardless of the form of action, shall not exceed the total amount paid for services under this Agreement. This shall be Stronghold's exclusive remedy at law (Stronghold may obtain all remedies available in equity). Stronghold will indemnify and hold harmless the Service Provider against any and all claims, damages, liabilities or losses ("*Losses*") arising out of or relating to this Agreement (including any services provided the Service Provider hereunder). Either party may bring arising out of service under this Agreement no action, regardless of form, more than two years after the cause or action has occurred.

9. **Representations**. Service Provider represents and warrants that it has the expertise, experience and familiarity with the subject matter necessary to perform the services outlined herein, and that its services rendered hereunder shall be of the highest professional standard and conform to Stronghold's specifications.

10. **Invoices**. The Service Provider shall invoice Stronghold at the address set forth in Section 11(c) for its services as of the last business day of each month (or at such later time that the Service Provider may elect), which invoice shall describe the services performed. Stronghold shall remit payment within ten (10) business days of receipt of the Service Provider's invoice.

11. **Miscellaneous**.

    a. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successor of Stronghold and any such successor shall be deemed substituted for Stronghold under the terms of this Agreement. The Service Provider, without Stronghold's consent, may not otherwise assign this Agreement.

    b. Form W-9. The Service Provider must complete Form W-9, a copy of which is attached hereto as Exhibit B, prior to rendering the initial invoice for payment.

c. Notices. All notices, requests, demands and other communications given under or by reason of this Agreement shall be in writing and shall be deemed given when delivered by facsimile, in person or when mailed by certified mail or courier (return receipt requested), postage prepaid, addressed as follows (or to such other address as a party may specify by notice pursuant to this provision):

i. If to Stronghold, to:

2124 Penn Avenue
Pittsburgh, PA
15222
Attention: Chelsey Hartman

ii. If to the Service Provider:

Matthew J. Smith
102 Hoodridge Drive
Pittsburgh, PA
15228

d. Controlling Law and Performance. The execution, validity, interpretation and performance of this Agreement shall be governed by the laws of the state of New York and, to the extent permitted by applicable law, the party's hereto agree that any litigation concerning this Agreement will be brought only in a court having its sites in the state of New York.

e. Amendments; Changes; Modifications. No amendments, changes or modifications to this Agreement shall be valid except if the same are in writing and signed by the Service Provider and Stronghold.

f. Entire Agreement. This Agreement comprises the full and complete agreement of the Service Provider and Stronghold with respect to the Service Provider's provision of services as an independent contractor and supersedes and cancels all prior communications, understandings and agreements between the Service Provider and Stronghold concerning such independent contractor arrangement. For the avoidance of doubt, nothing herein shall affect any other agreements that presently exist between the parties, including but not limited to that certain Offer Letter dated as of April 13, 2022, as amended by an Employment Retention and Continuation Agreement dated as of March 15, 2023, and an Employment Retention and Continuation Agreement dated as of January 23, 2024, all of which shall remain in full force and effect.

g. Severability. If any provisions of this Agreement shall held to be illegal, inconsistent, invalid or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

h. Multiple Counterparts. This Agreement may be executed in counterparts, each of which when executed and delivered shall be deemed to be an original, but all of which shall constitute one and the same instrument. This Agreement shall not be effective or enforceable until executed by the Service Provider and Stronghold.

i. Headings. The section headings in this Agreement are inserted for the convenience of reference only and shall not affect the interpretation hereof.

IN WITNESS WHEREOF, the Service Provider and Stronghold have caused this Agreement to be executed on the date first written above.

SERVICE PROVIDER

By: */s/ Matthew J. Smith*
Name: Matthew J. Smith

STRONGHOLD DIGITAL MINING, INC.

By: */s/ Gregory A. Beard*
Name: Gregory A. Beard
Title: Authorized Person

Exhibit A

Services

Assistance with the Company's finance function, and a transition from Service Provider's prior employment with the Company, as requested.

Exhibit B

W-9

Exhibit 10.8

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MARK WINTER, Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. STRONGHOLD DIGITAL MINING, INC., GREGORY A. BEARD, RICARDO R. A. LARROUDÉ, WILLIAM B. SPENCE, B. RILEY SECURITIES, INC., COWEN AND COMPANY, LLC, TUDOR, PICKERING, HOLT & CO. SECURITIES, LLC, D.A. DAVIDSON & CO., COMPASS POINT RESEARCH & TRADING, LLC, and NORTHLAND SECURITIES, INC., Defendants.	Case No. 1:22-cv-03088-RA

STIPULATION AND AGREEMENT OF SETTLEMENT

This Stipulation and Agreement of Settlement dated as of November 8, 2024 (together with all Exhibits hereto, "Stipulation"), which is entered into, by and through their undersigned attorneys, between (i) Lead Plaintiff Allegheny County Employees Retirement System ("Plaintiff"), on behalf of itself and all other members of the Settlement Class (defined below), on the one hand, and Stronghold Digital Mining, Inc. ("Stronghold" or the "Company"), Gregory A. Beard, William B. Spence (together with Stronghold, the "Stronghold Defendants"), B. Riley Securities, Inc., Cowen and Company, LLC, Tudor, Pickering, Holt & Co. Securities, LLC, D.A. Davidson & Co., Compass Point Research & Trading, LLC, and Northland Securities, Inc. (collectively, the "Underwriter Defendants"), and Ricardo R. A. Larroudé, (together with the Underwriter Defendants and Stronghold Defendants, the "Settling

Defendants"), on the other, and embodies the terms and conditions of the settlement of the above-captioned action (the "Action"). The Stipulation is intended by Plaintiff and the Settling Defendants to fully, finally and forever compromise, resolve, discharge, release, settle and dismiss with prejudice the Action and the Released Claims, as defined below, upon and subject to the terms and conditions hereof, and is submitted for approval by the Court.

WHEREAS:

A. All words or terms used herein that are capitalized shall have the meanings ascribed to those words or terms herein and in ¶1 hereof entitled "Definitions."

B. On July 27, 2021, the Company filed with the SEC its first registration statement to sell shares of the Company in its Initial Public Offering ("IPO"). After several amendments to this registration statement (Registration No. 333-258188), on October 19, 2021, the Company filed with the SEC its final amendment to the Registration Statement, which the SEC declared effective that same day.

C. On October 21, 2021, Stronghold filed its prospectus on Form 424B4 with the SEC, which forms part of the Registration Statement. In the IPO, the Company sold 7,690,400 shares of Class A common stock at a price of $19.00 per share. The Company received net proceeds of approximately $132.5 million from the IPO. The proceeds from the IPO were purportedly to be contributed to Stronghold LLC in exchange for Stronghold LLC Units, and Stronghold LLC would purportedly use the net proceeds for general corporate purposes, including for acquisitions of miners and power generating assets.

D. On April 14, 2022, Mark Winter filed a shareholder action against Defendants, alleging violations of Section 11 and 15 of the Securities Act of 1933 ("Securities Act") relating to Stronghold's October 21, 2021 IPO. Dkt. No. 1. By Order dated August 4, 2022, the

Court appointed Plaintiff and Gulzar Ahmed as Co-Lead Plaintiffs, ("Co-Lead Plaintiffs") and accordingly, appointed The Rosen Law Firm, P.A. and Levi & Korsinsky, LLP as Co-Lead Counsel. Dkt. No. 41.

E. On October 18, 2022, Co-Lead Plaintiffs filed their Amended Complaint. Dkt. No. 51.

F. On December 19, 2022 the Stronghold Defendants filed a Motion to Dismiss Co-Lead Plaintiffs' Amended Complaint ("Stronghold MTD"). This motion was joined by Defendant Ricardo R. A. Larroudé, on December 19, 2022, Dkt. No. 57, and was fully briefed by March 20, 2023. Dkt. Nos. 54. (Stronghold MTD), 65 (Co-Lead Plaintiffs' opposition), and 70 (Stronghold Defendants' Reply)[1].

G. Parallel to this, on December 19, 2022, the Underwriter Defendants filed a separate Motion to Dismiss Co-Lead Plaintiffs' Amended Complaint ("Underwriter MTD"), which was fully briefed on March 20, 2023. Dkt. Nos. 58 (Underwriter MTD), 67 (Co-Lead Plaintiffs' opposition), and 71 (Underwriter Defendants' Reply).

H. On August 10, 2023, the Court ruled on both the Underwriter MTD and Stronghold MTD denying both Motions to Dismiss, except as to Plaintiff Gulzar Ahmed's Section 12(a)(2) claims. Dkt. No. 77.

I. On September 8, 2023, the Court issued a Case Management Plan and Scheduling Order directing that Co-Lead Plaintiffs' motion for class certification was to be filed no later than February 19, 2024, that Defendants' opposition to certification was due no later than June 10, 2024, and Co-Lead Plaintiffs' reply was due no later than August 19, 2024. Dkt. No. 87.

[1] On March 20, 2023, Defendant Ricardo R. A. Larroudé joined the Stronghold MTD Reply. Dkt. No. 72.

J. Settling Defendants joined the Action by filing their answers on October 9, 2024. Dkt. Nos. 89 (Answer of Stronghold Defendants), 90 (Answer of Ricardo Larroudé), and 91 (Answer of Underwriter Defendants.).

K. On January 16, 2024, Gulzar Ahmed filed a motion to withdraw as co-lead plaintiff due to personal health issues. Dkt. No. 98. The Court granted the motion to withdraw on January 19, 2024, leaving Plaintiff as the sole Lead Plaintiff in the action. Dkt. No. 99.

L. On February 19, 2024, Lead Plaintiff moved for class certification and Appointment of Class Representatives and Class Counsel. Dkt. No. 100. The class certification motion was assigned to Magistrate Judge Gary Stein for a report and recommendation. Dkt. No. 103. By Order dated June 17, 2024, the Stronghold Defendants stipulated and consented to the substitution of the law firm Tannenbaum Helpern Syracuse & Hirschtritt LLP as their sole attorneys of record in place of the law firm Vinson & Elkins.

Mediation and Settlement

M. Plaintiff, the Stronghold Defendants, the Underwriter Defendants, and Defendant Ricardo R. A. Larroudé engaged Greg Danilow (the "Mediator" or "Danilow") of Phillips ADR, a well-respected and experienced mediator, to assist them in exploring a potential negotiated resolution of the claims against Defendants. On March 26, 2024, counsel for Plaintiff, Stronghold Defendants, the Underwriter Defendants, and Defendant Ricardo R. A. Larroudé, met with the Mediator in an attempt to reach a settlement. The mediation involved an extended effort to settle the claims and was preceded by the exchange of mediation statements and materials. While these discussions narrowed the differences between the parties, they did not result in a resolution of the Action.

N. Between March 26, 2024 and July 18, 2024, Plaintiff and Settling Defendants continued to negotiate at arm's-length, with the assistance of the Mediator, a resolution of the Action and conducted a second mediation on July 18, 2024. The parties have reached an agreement to settle all claims in the Action and had signed a confidential memorandum of understanding reflecting that agreement.

O. Plaintiff, through Lead Counsel, represents that it conducted an extensive investigation into the claims and the underlying events and transactions alleged in the Complaint. Based upon their investigation, prosecution, and mediation of the case, and taking into consideration the immediate and monetary benefit the Settlement Class Members will receive from the Settlement, weighed against the significant risks of continued litigation and trial, Plaintiff and Lead Counsel have concluded that the terms and conditions of this Settlement, as embodied herein, are fair, reasonable, and adequate to Plaintiff and to the other Settlement Class Members, and in their best interests, and have agreed to settle the claims raised in the Action pursuant to the terms and conditions of this Settlement.

P. This Stipulation, whether or not consummated, and any negotiations, discussions, or proceedings relating to this Stipulation, the Settlement of the Action, and any matters arising in connection therewith shall not be (a) offered or received against any Settling Defendant as evidence of, or construed as or deemed to be evidence of, any presumption against, or concession or admission by, any of Settling Defendants with respect to the truth of any fact alleged by Plaintiff or the validity of any claim that was or could have been asserted against any Settling Defendant in the Action or in any litigation, or of any liability, negligence, fault, or wrongdoing by any Settling Defendant, or of any fault, misrepresentation, or omission with respect to any statement or written document approved or made by any Settling

Defendant; (b) construed as or received as an admission or concession by, or presumption against, any Settling Defendant that any of his, her, or its defenses are without merit or that any damages would have been recoverable in the Action; or (c) offered or received against any Settling Defendant as evidence of, or construed as or deemed to be evidence of, any presumption against, or concession or admission by, any of Settling Defendants that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; or (d) offered or received against any Settling Defendant as evidence that a class should be certified if the Settlement is not consummated. Settling Defendants do not admit any liability or wrongdoing whatsoever in connection with the allegations set forth in the Action, or any facts related thereto.

Q. Settling Defendants have denied and continue to deny any and all allegations of fault, liability, wrongdoing, or damages whatsoever. All of Settling Defendants have expressly denied, and continue to deny, that they have committed any act or omission giving rise to any liability under the Securities Act or otherwise. Specifically, Settling Defendants have expressly denied, and continue to deny, among other things, each and all of the claims alleged by Plaintiff in the Action, including without limitation, any liability arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Action or that any alleged misstatements or omissions were made. Settling Defendants also have denied, and continue to deny, among other allegations, the allegations that Plaintiff or the Settlement Class have suffered any damages, or that Plaintiff or the Settlement Class were harmed by the conduct alleged in the Action or that it could have alleged as part of the Action. In addition, Settling Defendants maintain that they have meritorious defenses to all claims alleged in the Action.

R. Settling Defendants have taken into account the expense, risks, and uncertainty inherent in any litigation and Settling Defendants have determined that it is desirable and beneficial to them that the Action be settled in the matter and upon the terms and conditions set forth in this Stipulation. Neither this Stipulation, nor any of the terms of the Settlement of the Action shall in any event be construed as or deemed to be, evidence of, or an admission or concession on the part of any Settling Defendant with respect to any claim, fault, liability, wrongdoing, or damage whatsoever, or any infirmity in the defenses that Settling Defendants have or could have asserted.

NOW THEREFORE, without any concession by Plaintiff that the Action lacks merit, and without any admission or concession by Settling Defendants of any fault, damages, liability or wrongdoing or lack of merit in any of their defenses, it is hereby **STIPULATED AND AGREED**, by and among the parties to this Stipulation (the "Parties"), through their respective attorneys, subject to approval by the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure and the PSLRA, that, in consideration of the benefits flowing to the Parties hereto, all Released Plaintiff's Claims and all Released Defendants' Claims, as against all Released Parties, shall be fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, discharged, and dismissed with prejudice, and without costs, upon and subject to the following terms and conditions:

DEFINITIONS

1. As used in this Stipulation, the following terms shall have the meanings set forth below. In the event of any inconsistency between any definition set forth below and any definition in any other document related to the Settlement, the definition set forth below shall control.

(a) "Action" means the civil action captioned *Winter v. Stronghold Digital Mining Inc. et al.,* Case No. 1:22-cv-03088-RA (S.D.N.Y.), pending in the United States District Court for the Southern District of New York before the Honorable Ronnie Abrams.

(b) "Alternative Judgment" means a form of final judgment that may be entered by the Court but in a form other than the form of Judgment provided for in this Stipulation and where none of the Parties hereto elects to terminate this Settlement by reason of such variance.

(c) "Authorized Claimant" means a Settlement Class Member who submits a valid Claim Form to the Claims Administrator that is accepted for payment.

(d) "Claimant" means a Person who submits a Claim Form to the Claims Administrator in connection with the Settlement.

(e) "Claims Administrator" Strategic Claims Services, which shall administer the Settlement.

(f) "Lead Counsel" means The Rosen Law Firm, P.A.

(g) "Controlling Person" means a person who holds a majority voting power in, or possesses the power to direct the actions of or to exercise control over, the general or daily operations of, a company or other business entity.

(h) "Defendants" means, collectively, the Stronghold Defendants, the Underwriter Defendants, and Ricardo R. A. Larroude.

(i) "Effective Date" means the date upon which the Settlement shall have become effective, as set forth in ¶39 below.

(j) "Escrow Account" means the separate escrow account maintained at The Huntington National Bank, wherein the Settlement Amount shall be deposited and held for the

benefit of the Settlement Class pursuant to this Stipulation and subject to the jurisdiction of the Court. "Escrow Agent" means Lead Counsel.

(k) "Fee and Expense Application" means Lead Counsel's application for an award of attorneys' fees and payment of Litigation Expenses incurred in prosecuting the case, including any expenses of Plaintiff pursuant to 15 U.S.C. § 77z-1(a)(4) of the PSLRA.

(l) "Final," with respect to a court order means the later of: (i) if there is an appeal from a court order the date of final affirmance on appeal and the expiration of the time for any further judicial review whether by appeal, reconsideration, or a petition for a *writ of certiorari* and, if *certiorari* is granted, the date of final affirmance of the order following review pursuant to the grant; or (ii) the date of final dismissal of any appeal from the order or the final dismissal of any proceeding on *certiorari* to review the order; or (iii) the expiration of the time for the filing or noticing of any appeal or petition for *certiorari* from the order (or, if the date for taking an appeal or seeking review of the order, shall be extended beyond this time by order of the issuing court, by operation of law or otherwise, or if such extension is requested, the date of expiration of any extension if any appeal or review is not sought), without any such filing or noticing being made. However, any appeal or proceeding seeking subsequent judicial review pertaining solely to an order issued with respect to the Plan of Allocation of the Net Settlement Fund (as submitted or subsequently modified), the Court's award of attorneys' fees or expenses, or the procedures for determining Authorized Claimants' recognized claims shall not in any way delay or affect the time set forth above for the Judgment or Alternative Judgment to become Final or otherwise preclude the Judgment or Alternative Judgment from becoming Final.

(m) "Immediate Family(ies)" means, as set forth in 17 C.F.R. § 229.404, children, stepchildren, parents, stepparents, Spouses, siblings, mothers-in-law, fathers-in-law,

sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law. "Spouse" as used in this definition means a husband, a wife, or a partner in a state-recognized domestic partnership, civil union, or marriage.

(n) "Investment Vehicle" means any investment company or pooled investment fund, including but not limited to, mutual fund families, exchange traded funds, fund of funds and hedge funds, in which Defendants, or any of them, have, has or may have a direct or indirect interest, or as to which any of their affiliates may act as an investment advisor, but in which any Defendant alone or together with its, his or her respective affiliates is not a majority owner or does not hold a majority beneficial interest.

(o) "Judgment" means the proposed judgment to be entered by the Court approving the Settlement, substantially in the form attached hereto as Exhibit B.

(p) "Lead Plaintiff" or "Plaintiff" means Allegheny County Employees Retirement System.

(q) "Litigation Expenses" means costs and expenses incurred by Lead Counsel in connection with commencing, prosecuting, and settling the Action (which may include the costs and expenses of Plaintiff directly related to its representation of the Settlement Class pursuant to the PSLRA), for which Lead Counsel intends to apply to the Court for payment from the Settlement Fund.

(r) "Mediator" means Greg Danilow of Phillips ADR Enterprises.

(s) "Net Settlement Fund" means the Settlement Fund less: (i) Court-awarded attorneys' fees and expenses; (ii) Notice and Administration Expenses; (iii) Taxes; and (iv) any other fees or expenses approved by the Court.

(t) "Notice" means the Notice of Pendency of Class Action, Proposed Settlement, and Motion for Attorneys' Fees and Expenses to be sent to Settlement Class Members, which, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit 1 to Exhibit A hereto.

(u) "Notice and Administration Expenses" means the costs, fees, and expenses that are incurred by the Claims Administrator and/or Plaintiff's Counsel in connection with (i) providing notices to the Class, and (ii) administering the Settlement, including but not limited to, the claims process, as well as the costs, fees, and expenses incurred in connection with the Escrow Account.

(v) "Offering" means Stronghold's October 21, 2021 initial public offering.

(w) "Offering Documents" means Stronghold's registration statements declared effective by the SEC on October 19, 2021 (the "Registration Statement") and Stronghold's final prospectus for the Offering, dated October 21, 2021 on Form 424B4, which forms part of the Registration Statement.

(x) "Person(s)" means any individual, corporation (including all divisions and subsidiaries), general or limited partnership, association, joint stock company, joint venture, limited liability company or corporation, professional corporation, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any other business or legal entity.

(y) "Plaintiff's Counsel" means The Rosen Law Firm, P.A.

(z) "Plan of Allocation" means the proposed Plan of Allocation of Net Settlement Fund, which, subject to the approval of the Court, shall be substantially in the form described in the Notice.

(aa) "Postcard Notice" means the postcard notice of the pendency of the Action, the Settlement, and motion for attorneys' fees and expenses to be sent to Settlement Class Members, which, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit A-4.

(ab) "Preliminary Approval Order" means the proposed Order Granting Preliminary Approval of Class Action Settlement, Approving Form and Manner of Notice, and Setting Date for Hearing on Final Approval of Settlement, which, subject to the approval of the Court, shall be substantially in the form attached hereto as Exhibit A.

(ac) "Proof of Claim" or "Claim Form" means the Proof of Claim and Release form for submitting a claim, which, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit 2 to Exhibit A.

(ad) "Released Defendant Parties" means Settling Defendants and each and all of their Related Parties and Settling Defendants' Counsel.

(ae) "Related Parties" means each of a Settling Defendant's respective past, present, or future direct or indirect parents, subsidiaries, divisions, branches, Controlling Persons, associates, entities, affiliates or joint ventures, as well as each of their respective past or present directors, officers, employees, managers, managing directors, supervisors, contractors, consultants, servants, general partners, limited partners, partnerships, members, principals, trusts, trustees, advisors, auditors, accountants, agents, underwriters, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, fiduciaries, financial or investment advisors or consultants, banks or investment bankers, personal or legal representatives, counsel, agents, predecessors, predecessors-in-interest, successors, assigns, spouses, heirs, executors, administrators, legal or personal representatives of each of them in their capacities as such,

related or affiliated entities, anyone acting or purporting to act for or on behalf of any of them or their successors, heirs or assigns, any other entities in which a Settling Defendant has or had a Controlling Interest, any Immediate Family Member of an Individual Defendant, any trust of which any Settling Defendant is the settlor or which is for the benefit of any Settling Defendant and/or member(s) of his or her family, and the legal representatives, heirs, successors in interest or assigns of Settling Defendants.

(af) "Released Defendants' Claims" means all claims and causes of action of any nature and description, including both known claims and Unknown Claims (as defined below), whether arising under federal, state, common, or foreign law, that Settling Defendants could have asserted against any of the Released Plaintiff Parties that arise out of or relate in any way to the institution, prosecution, or settlement of the claims in the Action, except for claims relating to the enforcement of the Settlement or any claims against any Person who submits a request for exclusion that is accepted by the Court.

(ag) "Released Parties" means the Released Defendant Parties and the Released Plaintiff Parties.

(ah) "Released Plaintiff's Claims" means any and all claims, including both known claims or Unknown claims (as defined below), demands, rights, actions, causes of action, liabilities, damages, obligations, judgments, duties, costs, expenses, matters and issues known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, liquidated or unliquidated, matured or unmatured, accrued or unaccrued, apparent or unapparent, that have been or could have been, or in the future can or might be, asserted in any court, tribunal or proceeding, by or on behalf of Plaintiff or any putative member of the Class, whether individual, direct, class, derivative, representative, legal, equitable, or any other type or in any other

capacity against the Released Defendant Parties, which have arisen, could have arisen, or hereinafter may arise, that relate in any manner to the acts, events, facts, matters, transactions, occurrences, statements, representations, or omissions or any other matters that were alleged or could have been alleged in the Action, or relate, directly or indirectly, to the Action, or arise out of, are based upon, or in any way relate to, directly or indirectly, the purchase, acquisition, holding, sale or disposition of any Stronghold securities during the time period referenced in the Settlement Class definition. For the avoidance of doubt, Released Plaintiff's Claims do not include claims relating to the enforcement of the Settlement or any derivative plaintiff in the lawsuit captioned *In re Stronghold Digital Mining, Inc. Stockholder Derivative Litigation, Lead* Case No. 1 :23-cv-07840-RA (S.D.N.Y).

(ai) "Released Plaintiff Parties" means each and every Settlement Class Member, Plaintiff, Lead Counsel, and each of their respective past or present trustees, officers, directors, partners, employees, affiliates, contractors, principals, agents, attorneys, predecessors, successors, assigns, insurers, parents, subsidiaries, general or limited partners or partnerships, and limited liability companies; and the Spouses, members of the Immediate Families, representatives, and heirs of any Released Plaintiff Party who is an individual, as well as any trust of which any Released Plaintiff Party is the settlor or which is for the benefit of any of their Immediate Family members. Released Plaintiff Parties does not include any Person who timely and validly seeks exclusion from the Settlement Class.

(aj) "Settlement" means the resolution of the Action in accordance with the terms and provisions of this Stipulation.

(ak) "Settlement Amount" means the total principal amount of four million seven hundred and fifty thousand ($4.75 million) in cash and the US dollar value of 25 Bitcoins, calculated pursuant to the formula set forth in Paragraph 6 of this Stipulation.

(al) "Settlement Class" or "Settlement Class Member" means all persons and entities who or which purchased or otherwise acquired Stronghold's Class A common stock on or before December 20, 2021, pursuant and/or traceable to the Offering Documents issued in connection with the Class A common stock initial public offering in October 2021 and were damaged thereby. Excluded from the Settlement Class are: (i) Defendants; (ii) Immediate Families of the Individual Defendants; (iii) any person who was an officer, director, or control person of Stronghold and the Underwriter Defendants, (at all relevant times, and members of their Immediate Families); (iv) Stronghold's employee retirement and/or benefit plan(s) and their participants and/or beneficiaries to the extent they purchased or acquired Stronghold's Class A common stock through any such plan(s); (v) any entity in which any Defendant has or had a Controlling Interest; and (vi) the legal representatives, heirs, successors, or assigns of any such excluded person or entity. Also excluded from the Settlement Class will be any Persons who or which exclude themselves from the Settlement Class by submitting a timely and valid request for exclusion that is accepted by the Court. However, any Investment Vehicle (as defined above) will not be excluded from the Settlement Class. Settling Defendants stipulate, agree, and consent to the definitions of "Settlement Class" and "Settlement Class Member" for the sole purpose of the Settlement, and without prejudice to their right to contest class certification if the Settlement is not approved by the Court, is terminated or cancelled, or fails to become effective for any reason.

(am) "Settlement Fund" means the Settlement Amount and any interest earned thereon.

(an) "Settlement Hearing" means the hearing to be held by the Court to determine whether (i) the proposed Settlement is fair, reasonable, and adequate and should be approved; (ii) the Plan of Allocation is fair, reasonable, and adequate; and (iii) Lead Counsel's request for an award of attorneys' fees and Litigation Expenses on behalf of Plaintiff's Counsel, including an award to Plaintiff pursuant to the PSLRA, is reasonable and should be approved.

(ao) "Settling Defendants" means, collectively, the Stronghold Defendants (as defined below), Ricardo R. A. Larroude, and the Underwriter Defendants (as defined below).

(ap) "Settling Defendants' Counsel" means the law firms of Tannenbaum Helpern Syracuse & Hirschtritt LLP, Faegre Drinker Biddle & Reath LLP, and Willkie Farr & Gallagher LLP.

(aq) "Stipulation" means this Stipulation and Agreement of Settlement.

(ar) "Stronghold" means Stronghold Digital Mining Inc., including without limitation all of its officers, directors, current and former employees, counsel, agents, affiliates, parents, subsidiaries, representatives, consultants, predecessors and successors in interest.

(as) The "Stronghold Defendants" means Stronghold, Gregory A. Beard, and William B. Spence.

(at) The "Underwriter Defendants" means, collectively, B. Riley Securities, Inc., Cowen and Company, LLC, Tudor, Pickering, Holt & Co. Securities, LLC, D.A. Davidson & Co., Compass Point Research & Trading, LLC, and Northland Securities, Inc., including without limitation all of their officers, officers, directors, current and former employees,

counsel, agents, affiliates, parents, subsidiaries, representatives, consultants, predecessors and successors in interest.

(au) "Summary Notice" means the Summary Notice of Pendency of Class Action, Proposed Settlement, and Motion for Attorneys' Fees and Expenses for publication, which, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit 3 to Exhibit A.

(av) "Taxes" means all federal, state, or local taxes of any kind on any income earned by the Settlement Fund and the expenses and costs incurred in connection with the taxation of the Settlement Fund (including, without limitation, interest, penalties and the reasonable expenses of tax attorneys and accountants).

(aw) "Unknown Claims" means (i) any and all Released Plaintiff's Claims against Released Defendant Parties which Plaintiff or any Settlement Class Members do not know or suspect to exist in his, her, or its favor as of the Effective Date which, if known by such party, might have affected such party's settlement with and release of the Released Defendant Parties, or might have affected such party's decision not to object to this Settlement and (ii) any and all Released Defendants' Claims that any Settling Defendant does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Plaintiff Parties, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement, including the decision to object to the terms of the Settlement or to exclude himself, herself, or itself from the Settlement Class. With respect to any and all Released Plaintiff's Claims and Released Defendants' Claims, the Parties stipulate and agree that, by operation of the Judgment or Alternative Judgment, upon the Effective Date, Plaintiff and Settling Defendants shall have expressly waived, and each other Settlement Class Member shall be

deemed to have waived, and by operation of the Judgment or Alternative Judgment shall have, to the fullest extent permitted by law, expressly waived and relinquished any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or foreign law, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

> **A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Plaintiff, other Settlement Class Members, or Settling Defendants may hereafter discover facts, legal theories, or authorities in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Plaintiff's Claims and the Released Defendants' Claims, but Plaintiff and Settling Defendants shall expressly, fully, finally, and forever settle and release, and each Settlement Class Member shall be deemed to have settled and released, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall have settled and released, fully, finally, and forever, any and all Released Plaintiff's Claims and Released Defendants' Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. Plaintiff and Settling Defendants acknowledge, and other Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Plaintiff's Claims and Released Defendants' Claims was separately bargained for and was a material element of the Settlement.

SCOPE AND EFFECT OF SETTLEMENT

2. The obligations incurred pursuant to this Stipulation are: (i) subject to approval by the Court and the Judgment, or Alternative Judgment, reflecting such approval becoming Final;

and (ii) in full and final disposition of the Action with respect to the Released Parties and any and all Released Plaintiff's Claims and Released Defendants' Claims.

3. For purposes of this Settlement only, the Parties agree to: (i) certification of the Action as a class action, pursuant to Fed. R. Civ. P. 23(a) and 23(b)(3), on behalf of the Settlement Class as defined in ¶1(ll); (ii) the appointment of Plaintiff as Class Representatives for the Settlement Class; and (iii) the appointment of Lead Counsel as Class Counsel for the Settlement Class pursuant to Federal Rule of Civil Procedure 23(g). In the event that the Judgment or Alternate Judgment, if applicable, does not become Final or the Settlement fails to become effective for any reason, the Parties reserve all their rights on all issues. In such an event, Settling Defendants reserve all rights to object to and oppose class certification or challenge the standing of Plaintiff or any other intervening plaintiff, and this Stipulation shall not be offered as evidence of any agreement, admission, or concession that any class should be or remain certified in the Action or that any plaintiff has standing.

4. By operation of the Judgment or Alternative Judgment, as of the Effective Date, Plaintiff and each and every other Settlement Class Member, on behalf of themselves and each of their respective heirs, executors, trustees, administrators, predecessors, successors, assigns, and any other Person claiming (now or in the future) through or on behalf of them, in their capacities as such, (regardless of whether any such Person ever seeks or obtains by any means, including, without limitation, by submitting a Proof of Claim, any disbursement from the Settlement Fund), shall be deemed to have, and by operation of the Judgement or Alternative Judgment shall have, (i) fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, discharged, and dismissed with prejudice each and every one of the Released Plaintiff's Claims against each and every one of the Released Defendant Parties, (ii) covenanted not to sue any

Settling Defendant or Released Defendant Parties with respect to all such Released Plaintiff's Claims, and (iii) shall forever be barred and enjoined, to the fullest extent permitted by law, from commencing, instituting, prosecuting, maintaining, or participating in the prosecution of any action or other proceeding, in any forum, asserting any and all of the Released Plaintiff's Claims against any and all of the Released Defendant Parties.

5. By operation of the Judgment or Alternative Judgment, as of the Effective Date, Settling Defendants, on behalf of themselves and each of their respective heirs, executors, trustees, administrators, predecessors, successors, assigns, and any other Person claiming (now or in the future) through or on behalf of them, in their capacities as such, shall be deemed to have, and by operation of the Judgement or Alternative Judgment shall have, (i) fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, discharged, and dismissed with prejudice each and every one of the Released Defendants' Claims against each and every one of the Released Plaintiff Parties, (ii) covenanted not to sue any Released Plaintiff Party with respect to all such Released Defendants' Claims, and (iii) shall forever be barred and enjoined, to the fullest extent permitted by law, from commencing, instituting, prosecuting, maintaining, or participating in the prosecution of any action or other proceeding, in any forum, asserting any and all of the Released Defendants' Claims against any and all of the Released Plaintiff Parties.

THE SETTLEMENT CONSIDERATION

6. In full and complete settlement of the claims asserted in the Action against Defendants and in consideration of the releases specified in ¶¶4-5, above, all of which the Parties agree are good and valuable consideration, Stronghold agrees to pay or cause the payment of the Settlement Amount into the Escrow Account in accordance with the following schedule: (i)

$4,750,000 in cash on the first day of the month following entry of an order preliminarily approving of the Parties' Settlement Agreement ("Preliminary Approval"); and (ii) the US dollar value of 25 Bitcoins according to the following schedule: (1) the US dollar value of one Bitcoin on the third business day of the month following Preliminary Approval, (2) the US dollar value of one Bitcoin on the third business day of every month for each of the twenty-two months immediately following the first Bitcoin payment, (3) on the third business day of the 24th month following Preliminary Approval, Stronghold shall pay the US dollar value of 2 Bitcoins. The US dollar value of Bitcoin for each month shall be calculated as the most recent price of Bitcoin listed on the Nasdaq Bitcoin Reference Price Index (NQBTC) as of the first of that month on 12:01 AM ET, less transaction fees not to exceed $200. If Stronghold enters into an agreement that results in a change in control, and neither Stronghold nor its successor continues in the Bitcoin mining business, Stronghold's obligation to pay the remaining unpaid US dollar value of Bitcoin shall be immediately liquidated to a cash value and Stronghold or its successor shall be obligated to pay within 15 days of the closing of such Change in Control the remaining unpaid Bitcoin in a cash amount equal to the unpaid number of Bitcoins multiplied by $63,913. Lead Counsel shall provide Stronghold's counsel with complete particulars for payment by wire transfer or check, as well as a W-9 for the Settlement Fund, within three (3) business days of execution of this Stipulation. For the avoidance of doubt, no Defendant other than Stronghold shall pay, or be liable to pay any part of the Settlement Amount, whether via cash or any other form of compensation, including but not limited to Bitcoin or the liquidated value of any Bitcoin.

7. With the sole exceptions of Stronghold's obligation to secure payment of the Settlement Amount into the Escrow Account as provided for in ¶6, Settling Defendants' obligation pursuant to ¶21, and Settling Defendants' obligation pursuant to ¶37, Settling

Defendants and Settling Defendants' Counsel shall have no responsibility for, interest in, or liability whatsoever with respect to: (i) any act, omission, or determination by Lead Counsel or the Claims Administrator, or any of their respective designees or agents, in connection with the administration of the Settlement or otherwise; (ii) the management, investment, or distribution of the Settlement Fund; (iii) the Plan of Allocation; (iv) the determination, administration, calculation, or payment of any claims asserted against the Settlement Fund; (v) any loss suffered by, or fluctuation in value of, the Settlement Fund; or (vi) the payment or withholding of any Taxes, expenses, and/or costs incurred in connection with the taxation of the Settlement Fund, distributions, or other payments from the Escrow Account, or the filing of any federal, state, or local returns.

8. Other than Stronghold's obligation to cause the payment of the Settlement Amount pursuant to ¶6, Settling Defendants shall have no obligation to make any other payments into the Escrow Account or to any Settlement Class Member pursuant to this Stipulation.

9. The Settlement Amount includes all Plaintiff's attorneys' fees and expenses, any court-approved award to any Plaintiff, all Plaintiff's litigation costs, and all Notice and Administration Expenses, including but not limited to fees and costs incurred by the independent Claims Administrator (to be appointed by the Court) in actually providing notice to the Settlement Class.

USE AND TAX TREATMENT OF SETTLEMENT FUND

10. The Settlement Fund shall be used: (i) to pay any Taxes; (ii) to pay Notice and Administration Expenses; (iii) to pay any attorneys' fees and expenses awarded by the Court;

(iv) to pay any other fees and expenses awarded by the Court; and (v) to pay the claims of Authorized Claimants.

11. The Net Settlement Fund shall be distributed to Authorized Claimants as provided in ¶¶22–35 hereof. The Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All funds held in the Escrow Account, and all earnings thereon, shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall have been disbursed or returned, pursuant to the terms of this Stipulation, and/or further order of the Court. The Escrow Agent shall invest funds in the Escrow Account in instruments backed by the full faith and credit of the United States Government (or a mutual fund invested solely in such instruments), or deposit some or all of the funds in non-interest-bearing transaction account(s) that are fully insured by the Federal Deposit Insurance Corporation ("FDIC") in amounts that are up to the limit of FDIC insurance. Settling Defendants and Settling Defendants' Counsel shall have no responsibility for, interest in, or liability whatsoever with respect to investment decisions executed by the Escrow Agent. All risks related to the investment of the Settlement Fund shall be borne solely by the Settlement Fund. After the Settlement Amount has been paid by Stronghold into the Escrow Account, the Parties agree to treat the Settlement Fund as a "qualified settlement fund" within the meaning of Treas. Reg. § 1.468B-1. All provisions of this Stipulation shall be interpreted in a manner that is consistent with the Settlement Amount being a "qualified settlement fund" within the meaning of Treasury Regulation § 1.468B-1. In addition, Lead Counsel shall timely make, or cause to be made, such elections as necessary or advisable to carry out the provisions of this paragraph 11, including the "relation-back election" (as defined in Treas. Reg. § 1.468B-1) back to the earliest permitted date. Such election shall be made in compliance with the procedures and requirements

contained in such regulations. It shall be the responsibility of Lead Counsel to timely and properly prepare and deliver, or cause to be prepared and delivered, the necessary documentation for signature by all necessary parties, and thereafter take all such actions as may be necessary or appropriate to cause the appropriate filing(s) to timely occur. Consistent with the foregoing:

(a) For the purposes of Section 468B of the Internal Revenue Code of 1986, as amended, and Treas. Reg. § 1.468B promulgated thereunder, the "administrator" shall be Lead Counsel or their successors, who shall timely and properly file, or cause to be filed, all federal, state, or local tax returns and information returns (together, "Tax Returns") necessary or advisable with respect to the earnings on the funds deposited in the Escrow Account (including without limitation the returns described in Treas. Reg. § 1.468B-2(k)). Such Tax Returns (as well as the election described above) shall be consistent with this subparagraph and in all events shall reflect that all Taxes (including any estimated taxes, earnings, or penalties) on the income earned on the funds deposited in the Escrow Account shall be paid out of such funds as provided in subparagraph (c) of this paragraph 11.

(b) All Taxes shall be paid out of the Settlement Fund. In all events, Settling Defendants and Settling Defendants' Counsel shall have no liability or responsibility whatsoever for the Taxes or the filing of any Tax Return or other document with the Internal Revenue Service or any other state or local taxing authority. Settling Defendants shall have no liability or responsibility for the Taxes of the Escrow Account with respect to the Settlement Amount nor the filing of any Tax Returns or other documents with the Internal Revenue Service or any other taxing authority. In the event any Taxes are owed by any of Settling Defendants on any earnings on the funds on deposit in the Escrow Account, such amounts shall also be paid out of the Settlement Fund.

(c) Taxes with respect to the Settlement Amount and the Escrow Account shall be treated as, and considered to be, a cost of administration of the Settlement and shall be timely paid, or caused to be paid, by Lead Counsel out of the Settlement Fund without prior order from the Court or approval by Settling Defendants. Lead Counsel shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts (as well as any amounts that may be required to be withheld under Treas. Reg. § 1.468B-2(l)(2)). The Parties agree to cooperate with each other, and their tax attorneys and accountants to the extent reasonably necessary, to carry out the provisions of this paragraph 11.

12. This is not a claims-made settlement. As of the Effective Date, Settling Defendants, and/or any other Person funding the Settlement on a Settling Defendant's behalf, shall not have any right to the return of the Settlement Fund or any portion thereof for any reason once the Judgment becomes Final and all the conditions set forth in ¶39 have been satisfied.

ATTORNEYS' FEES AND LITIGATION EXPENSES

13. Lead Counsel will apply to the Court for an award from the Settlement Fund of attorneys' fees and payment of Litigation Expenses incurred in prosecuting the Action, including reimbursement to Plaintiff pursuant to the PSLRA, plus earnings on such amounts at the same rate and for the same periods as earned by the Settlement Fund.

14. The amount of attorneys' fees and Litigation Expenses awarded by the Court is within the sole discretion of the Court. Any attorneys' fees and Litigation Expenses awarded by the Court shall be payable from the Settlement Fund to Lead Counsel immediately upon entry of an Order awarding such attorneys' fees and Litigation Expenses, notwithstanding the existence of any timely filed objections thereto or to the Settlement, or potential for appeal therefrom, or

collateral attack on the Fee and Expense Application, the Settlement, or any part thereof. To the extent any amount of the settlement is not paid into the Settlement Fund at the time of the entry of the Order for attorneys' fees and Litigation Expenses, Lead Counsel shall collect and pay any share of its fee from such unpaid amount immediately after such amount is paid into the Settlement Fund.

15. Any payment of attorneys' fees and Litigation Expenses pursuant to ¶¶13–14 above shall be subject to Lead Counsel's obligation to make refunds or repayments to the Settlement Fund of any paid amounts, plus accrued earnings at the same net rate as is earned by the Settlement Fund, if the Settlement is terminated pursuant to the terms of this Stipulation or fails to become effective for any reason, or if, as a result of any appeal or further proceedings on remand or successful collateral attack, the award of attorneys' fees and/or expenses is reduced or reversed by Final non-appealable court order. Lead Counsel shall make the appropriate refund or repayment in full no later than thirty (30) calendar days after receiving notice of the termination of the Settlement pursuant to this Stipulation, notice from a court of appropriate jurisdiction of the disapproval of the Settlement by Final non-appealable court order, or notice of any reduction or reversal of the award of attorneys' fees and/or expenses by Final non-appealable court order. Lead Counsel, as a condition of receiving any such award of attorneys' fees and Litigation Expenses, agree that they are subject to the jurisdiction of the Court for purposes of enforcing the provisions of this paragraph and ¶¶13–14 above.

16. With the sole exception of Stronghold's obligation to pay the Settlement Amount into the Escrow Account as provided for in ¶6, Settling Defendants shall have no responsibility for, and no liability whatsoever with respect to, any payment whatsoever to Lead Counsel in the Action that may occur at any time.

17. Settling Defendants shall have no responsibility for, and no liability whatsoever with respect to, any allocation of any attorneys' fees or expenses in the Action, or to any other Person who may assert some claim thereto, or any fee or expense awards the Court may make in the Action.

18. Settling Defendants shall have no responsibility for, and no liability whatsoever with respect to, any attorneys' fees, costs, or expenses incurred by or on behalf of Settlement Class Members, whether or not paid from the Escrow Account. The Settlement Fund will be the sole source of payment for any award of attorneys' fees and expenses ordered by the Court.

19. The procedure for and the allowance or disallowance by the Court of any Fee and Expense Application are not part of the Settlement set forth in this Stipulation, and are separate from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set forth in the Stipulation, and any order or proceeding relating to any Fee and Expense Application, including an award of attorneys' fees or expenses in an amount less than the amount requested by Lead Counsel, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Judgment or Alternative Judgment approving the Stipulation and the Settlement set forth herein. Plaintiff and Lead Counsel may not cancel or terminate the Stipulation or the Settlement in accordance with ¶40 or otherwise based on the Court's or any appellate court's ruling with respect to any Fee and Expense Application in the Action.

NOTICE AND ADMINISTRATION EXPENSES

20. Except as otherwise provided herein, the Net Settlement Fund shall be held in the Escrow Account until the Effective Date.

21. Prior to the Effective Date, without further approval from Settling Defendants or further order of the Court, Lead Counsel may expend up to $300,000 from the Settlement Fund to pay Notice and Administration Expenses actually incurred. Additional sums for this purpose prior to the Effective Date may be paid from the Settlement Fund upon agreement of the Parties or order of the Court. The foregoing notwithstanding, fees related to the Escrow Account and investment of the Settlement Fund may be paid as incurred, without further approval of Settling Defendants or further order of the Court. After the Effective Date, without approval of Settling Defendants or further order of the Court, Notice and Administration Expenses may be paid as incurred. Settling Defendants and/or Released Defendant Parties shall have no responsibility for, and no liability whatsoever with respect to, notice to the Settlement Class or any Notice and Administration Expenses, except as set forth in ¶37 below and Settling Defendants shall be responsible for providing any required notice under the Class Action Fairness Act of 2005 ("CAFA"), if any, at their own expense.

DISTRIBUTION TO AUTHORIZED CLAIMANTS

22. Except as otherwise provided herein, the Settlement Fund shall be held in the Escrow Account until the Effective Date.

23. The Claims Administrator, subject to such supervision and direction of Lead Counsel and/or the Court as may be necessary or as circumstances may require, shall administer the Settlement in accordance with the terms of this Stipulation, the Court-approved Plan of Allocation, and subject to the jurisdiction of the Court. None of the Released Defendant Parties shall have responsibility (except as stated in ¶¶6 and 37 hereof) for, interest in, or liability whatsoever with respect to the administration of the Settlement or the actions or decisions of the Claims Administrator, and shall have no liability whatsoever to any Person, including, but not

limited to, Plaintiff, any member of the Settlement Class, and Lead Counsel in connection with such administration.

24. The Claims Administrator shall receive claims and determine, *inter alia*, whether the claim is valid, in whole or part, and each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's recognized loss, as defined in the Plan of Allocation included in the Notice, or in such other plan of allocation as the Court may approve.

25. Settling Defendants have no role in the development of, and will take no position with respect to, the Plan of Allocation. Any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Plan of Allocation is not a necessary term of the Settlement or this Stipulation and it is not a condition of the Settlement or this Stipulation that any particular plan of allocation be approved by the Court. Plaintiff and Lead Counsel may not cancel or terminate the Stipulation or the Settlement in accordance with ¶40 or otherwise based on the Court's or any appellate court's ruling with respect to the Plan of Allocation or any plan of allocation in the Action. Settling Defendants and Settling Defendants' Counsel shall have no responsibility or liability for reviewing or challenging claims, the allocation of the Net Settlement Fund, or the distribution of the Net Settlement Fund.

26. Upon the Effective Date and thereafter, and in accordance with the terms of the Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to Authorized Claimants.

27. If there is any balance remaining in the Net Settlement Fund (whether by reason of tax refunds, uncashed checks, or otherwise) after at least six (6) months from the date of initial distribution of the Net Settlement Fund, the Claims Administrator shall, if feasible and economical after payment of Notice and Administration Expenses, Taxes, and attorneys' fees and Litigation Expenses, if any, redistribute such balance among Authorized Claimants who have cashed their checks in an equitable and economic fashion. Once it is no longer feasible or economical to make further distributions, any balance that still remains in the Net Settlement Fund after re-distribution(s) and after payment of outstanding Notice and Administration Expenses, Taxes, and attorneys' fees and expenses, if any, shall be contributed to Howard University School of Law Investor Justice Clinic, a non-sectarian, not-for-profit charitable organization serving the public interest, or such other non-sectarian, not-for-profit charitable organization approved by the Court.

ADMINISTRATION OF THE SETTLEMENT

28. Any Settlement Class Member who fails to timely submit a valid Claim Form (substantially in the form of Exhibit 2 to Exhibit A) will not be entitled to receive any distribution from the Net Settlement Fund, except as otherwise ordered by the Court or allowed by Lead Counsel in their discretion, but will otherwise be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or Alternative Judgment to be entered in the Action and all releases provided for herein, and will be barred and enjoined, to the fullest extent permitted by law, from commencing, instituting, prosecuting, maintaining, or participating in the prosecution of any action or other proceeding, in any forum, asserting any and all of the Released Plaintiff's Claims against any and all of the Released Defendant Parties.

29. Lead Counsel shall be responsible for supervising the administration of the Settlement and disbursement of the Net Settlement Fund by the Claims Administrator. Lead Counsel shall have the right, but not the obligation, to advise the Claims Administrator to waive what Lead Counsel deems to be *de minimis* or formal or technical defects in any Claim Form submitted. Settling Defendants and Released Defendant Parties shall have no liability, obligation or responsibility for the administration of the Settlement, the allocation of the Net Settlement Fund, or the reviewing or challenging claims. Lead Counsel shall be solely responsible for designating the Claims Administrator, subject to approval by the Court.

30. For purposes of determining the extent, if any, to which a Settlement Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

(a) Each Claimant shall be required to submit a Claim Form, substantially in the form attached hereto as Exhibit 2 to Exhibit A, supported by such documents as are designated therein, including proof of the Claimant's loss, or such other documents or proof as the Claims Administrator or Lead Counsel, in their discretion, may deem acceptable;

(b) All Claim Forms must be submitted by the date set by the Court in the Preliminary Approval Order and specified in the Notice, unless such deadline is extended by Lead Counsel in their discretion or by Order of the Court. Any Settlement Class Member who fails to submit a Claim Form by such date shall be barred from receiving any distribution from the Net Settlement Fund or payment pursuant to this Stipulation (unless, by Order of the Court or the discretion of Lead Counsel, late-filed Claim Forms are accepted), but shall in all other respects be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or Alternative Judgment and all releases provided for herein, and will be

permanently barred and enjoined, to the fullest extent permitted by law, from commencing, instituting, prosecuting, maintaining, or participating in the prosecution of any action or other proceeding, in any forum, asserting any and all of the Released Plaintiff's Claims against any and all of the Released Defendant Parties. A Claim Form shall be deemed to be submitted when mailed, if received with a postmark on the envelope and if mailed by first-class or overnight U.S. Mail and addressed in accordance with the instructions thereon. In all other cases, the Claim Form shall be deemed to have been submitted when actually received by the Claims Administrator;

(c) Each Claim Form shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Counsel, which shall determine in accordance with this Stipulation the extent, if any, to which each claim shall be allowed;

(d) Claim Forms that do not meet the submission requirements may be rejected. Prior to rejecting a Claim Form in whole or in part, the Claims Administrator shall communicate with the Claimant in writing to give the Claimant the chance to remedy any curable deficiencies in the Claim Form submitted. The Claims Administrator, under supervision of Lead Counsel, shall notify, in a timely fashion and in writing, all Claimants whose claims the Claims Administrator proposes to reject in whole or in part for curable deficiencies, setting forth the reasons therefor, and shall indicate in such notice that the Claimant whose claim is to be rejected has the right to a review by the Court if the Claimant so desires and complies with the requirements of subparagraph (e) below; and

(e) If any Claimant whose timely claim has been rejected in whole or in part for curable deficiency desires to contest such rejection, the Claimant must, within twenty (20) calendar days after the date of mailing of the notice required in subparagraph (d) above, or a

lesser period of time if the claim was untimely, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the Court.

31. Each Claimant who submits a Claim Form shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's claim, including but not limited to, all releases provided for herein and in the Judgment or Alternative Judgment, and the claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to the Claimant's status as a Settlement Class Member and the validity and amount of the Claimant's claim. In connection with processing the Claim Forms, no discovery shall be allowed on the merits of the Action or the Settlement.

32. Payment pursuant to the Stipulation and Court-approved Plan of Allocation shall be deemed final and conclusive against any and all Claimants. All Settlement Class Members whose claims are not approved shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or Alternative Judgment to be entered in the Action and the releases provided for herein and therein, and will be permanently barred and enjoined, to the fullest extent permitted by law, from commencing, instituting, prosecuting, maintaining, or participating in the prosecution of any action or other proceeding, in any forum, asserting any and all of the Released Plaintiff's Claims against any and all of the Released Defendant Parties.

33. All proceedings with respect to the administration, processing, and determination of claims described by this Stipulation and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of claims, shall be subject to the jurisdiction of the Court, but shall not in any event delay or affect the finality of the Judgment or Alternative Judgment.

34. No Person shall have any claim of any kind against the Released Defendant Parties or Settling Defendants' Counsel with respect to the matters set forth in this section (*i.e.*, ¶¶28–35) or any of its subsections, or otherwise related in any way to the administration of the Settlement, including without limitation the processing of claims and distributions.

35. No Person shall have any claim against Plaintiff, Lead Counsel, or the Claims Administrator, or other agent designated by Lead Counsel, based on the distributions made substantially in accordance with this Stipulation and the Settlement contained herein, the Plan of Allocation, or further order(s) of the Court.

TERMS OF THE PRELIMINARY APPROVAL ORDER

36. Plaintiff shall use best efforts to file this Stipulation and move for entry of the Preliminary Approval Order, which shall be substantially in the form annexed hereto as Exhibit A, within five (5) calendar days of the execution of this Stipulation. The Preliminary Approval Order will, *inter alia*, preliminarily approve the Settlement, set the date for the Settlement Hearing, approve the form of notice, and prescribe the method for giving notice of the Settlement to the Settlement Class.

37. Stronghold, to the extent it has not already done so, shall use its best efforts to obtain and provide to Lead Counsel, or the Claims Administrator, at no cost, as soon as practicable after entry of the Preliminary Approval Order, records from Stronghold's transfer

agents in electronic searchable form, to the extent readily available, showing the names and addresses of Persons who purchased or otherwise acquired publicly traded Stronghold's Class A common stock on or before December 20, 2021, pursuant and/or traceable to the Offering Documents.

TERMS OF THE JUDGMENT

38. If the Settlement contemplated by this Stipulation is approved by the Court, Lead Counsel shall request that the Court enter a Judgment substantially in the form annexed hereto as Exhibit B.

EFFECTIVE DATE OF SETTLEMENT

39. The Effective Date of this Settlement shall be the first business day on which all of the following shall have occurred or been waived:

(a) entry of the Preliminary Approval Order, which shall be in all material respects substantially in the form set forth in Exhibit A annexed hereto;

(b) payment by Stronghold of the all portions of the Settlement Amount into the Escrow Account due before final approval by the Court of the Settlement;

(c) Settling Defendants have not exercised their option to terminate the Settlement pursuant to ¶41 and the Supplemental Agreement (as defined below), and the option to do so has expired in accordance with the terms of this Stipulation and the Supplemental Agreement;

(d) final approval by the Court of the Settlement, following notice to the Settlement Class and the Settlement Hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure; and

(e) a Judgment, which shall be in all material respects substantially in the form set forth in Exhibit B annexed hereto, has been entered by the Court and has become Final; or in the event that an Alternative Judgment has been entered, the Alternative Judgment has become Final.

WAIVER OR TERMINATION

40. Each of Settling Defendants and each of the Plaintiff, through their respective counsel, shall, in each of their separate discretions, have the right to terminate the Settlement and this Stipulation, by providing written notice of their election to do so ("Termination Notice") to all other Parties hereto within thirty (30) calendar days of: (i) the Court's Final refusal to enter the Preliminary Approval Order in any material respect; (ii) the Court's Final refusal to approve this Stipulation or any material part thereof; (iii) the Court's Final refusal to enter (a) the Judgment in any material respect or (b) an Alternative Judgment; or (iv) the date upon which the Judgment or Alternative Judgment is modified or reversed in any material respect by a Final order of the Court, the United States Court of Appeals for the Second Circuit, or the Supreme Court of the United States. For the avoidance of doubt, Plaintiff shall not have the right to terminate the Settlement due to any decision, ruling, or order respecting the Fee and Expense Application, the Plan of Allocation, or any other plan of allocation. For the further avoidance of doubt, Settling Defendants shall deem any decision, ruling, or order that purports to limit the scope of the Released Plaintiff's Claims or the Released Defendant Parties to constitute a material change for purposes of the foregoing.

41. In addition to the foregoing, Settling Defendants shall also have the right, at their sole discretion, to terminate the Settlement in the event the Opt-Out Threshold (defined below) has been reached.

(a) Simultaneously herewith, Settling Defendants' Counsel and Lead Counsel are executing a Confidential Supplemental Agreement Regarding Requests for Exclusion ("Supplemental Agreement"). The Supplemental Agreement sets forth certain conditions under which each Settling Defendant shall have the sole option to terminate the Settlement and render this Stipulation null and void as to that Settling Defendant only, in the event that requests for exclusion from the Settlement Class exceed certain agreed-upon criteria (the "Opt-Out Threshold"). The Parties agree to maintain the confidentiality of the Supplemental Agreement, which shall not be filed with the Court unless a dispute arises as to its terms, or as otherwise ordered by the Court, nor shall the Supplemental Agreement otherwise be disclosed unless ordered by the Court. If submission of the Supplemental Agreement is required for resolution of a dispute or is otherwise ordered by the Court, the Parties will undertake to have the Opt-Out Threshold submitted to the Court *in camera* or under seal. In the event of a termination of this Settlement pursuant to the Supplemental Agreement, this Stipulation shall become null and void and of no further force and effect, with the exception of the provisions of ¶¶46–49, which shall continue to apply.

42. The Preliminary Approval Order, attached hereto as Exhibit A, shall provide that requests for exclusion shall be received no later than twenty-one (21) calendar days prior to the Settlement Hearing. Lead Counsel shall provide Settling Defendants' Counsel with copies of any requests for exclusion from the Settlement Class, and any written retractions of requests for exclusion, on a rolling basis as expeditiously as possible, by email. In any event, upon receiving any request for exclusion or a written retraction of such a request, Lead Counsel shall promptly, and in no event no later than three (3) calendar days after receiving a request for exclusion or a written retraction of such a request, or fifteen (15) calendar days prior to the Settlement Hearing,

whichever is earlier, notify Settling Defendants' Counsel of such request for exclusion, or written retraction of a request for exclusion, and provide copies of such request for exclusion or retraction and any documentation accompanying them by email.

43. If the Settlement Amount is not paid by Stronghold_into the Escrow Account in accordance with ¶6 of this Stipulation, then Plaintiffs, on behalf of the Settlement Class, shall have the right to: (a) terminate the Settlement and Stipulation by providing written notice to Defendants at any time prior to the Court's entry of the Final Judgment; or (b) enforce the terms of the Settlement and this Stipulation and seek a judgment effecting the terms herein.

44. If, before the Effective Date, any Settling Defendant files for protection under the Bankruptcy Code or any similar law or a trustee, receiver, conservator, or other fiduciary is appointed under Bankruptcy, or any similar law, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money or any portion thereof to the Settlement Fund by or on behalf of such Settling Defendant to be a preference, voidable transfer, fraudulent transfer, or similar transaction and any portion thereof is required to be returned, and such amount is not promptly deposited into the Settlement Fund by others, then, at the election of Plaintiff, the Parties shall jointly move the Court to vacate and set aside the release given and the Judgment or Alternative Judgment entered in favor of that Settling Defendant and that Settling Defendant and Plaintiff and the members of the Settlement Class shall be restored to their litigation positions as of July 18, 2024. All releases and the Judgment or Alternative Judgment as to other Settling Defendants shall remain unaffected.

45. Stronghold warrants, as to the payments it makes as to itself and the payments made on its behalf, pursuant to this Stipulation, that, at the time of such payment, it will not be

insolvent, nor will payment render it insolvent, within the meaning of and/or for the purposes of the United States Bankruptcy Code, including Sections 101 and 547 thereof.

46. If an option to withdraw from and terminate this Stipulation and Settlement arises under any of ¶¶40–44 above: (i) neither Settling Defendants nor Plaintiff (as the case may be) will be required for any reason or under any circumstance to exercise that option; and (ii) any exercise of that option shall be made in good faith, but in the sole and unfettered discretion of Settling Defendants or Plaintiff, as applicable.

47. With the exception of the provisions of ¶¶46–49 which shall continue to apply, in the event the Settlement is terminated as set forth herein or cannot become effective for any reason, then the Settlement shall be without prejudice, and none of its terms shall be effective or enforceable except as specifically provided herein; the Parties shall be deemed to have reverted to their respective litigation positions in the Action as of July 18, 2024; and, except as specifically provided herein, the Parties shall proceed in all respects as if this Stipulation and any related order had not been entered. In such event, this Stipulation, and any aspect of the discussions or negotiations leading to this Stipulation shall not be admissible in this Action or any other action and shall not be used against or to the prejudice of Defendants or against or to the prejudice of Plaintiff, in any court filing, deposition, at trial, or otherwise.

48. In the event the Settlement is terminated, as provided herein, or fails to become effective, any portion of the Settlement Amount previously paid by Stronghold into the Escrow Account, including without limitation any attorneys' fees and expenses advanced or paid to Lead Counsel in accordance with ¶¶13-14, together with any earnings thereon, less any Taxes paid or due, less Notice and Administration Expenses actually incurred and paid or payable from the Settlement Amount, shall be returned to those who funded the Settlement Amount within fifteen

(15) business days after written notification of such event in accordance with instructions provided by Settling Defendants' Counsel to Lead Counsel. Lead Counsel or their designees shall apply for any tax refund owed on the amounts in the Escrow Account and pay the proceeds, after any deduction of any fees or expenses incurred in connection with such application(s), of such refund to Stronghold.

49. If, after the Court's entry of final approval of the Settlement Agreement, Stronghold shall default on a payment of the dollar value of Bitcoin due, it shall have 5 days to cure such non-payment. If Stronghold fails to cure such non-payment in the allotted time, all remaining unpaid dollar value of Bitcoin due under the Settlement Agreement shall immediately be due and payable by Stronghold and converted to a monetary judgment against Stronghold, in an amount equal to the number of Bitcoin whose dollar value remains unpaid under the Settlement Agreement, multiplied by the greater of (i) the price of Bitcoin at 5:00 PM Eastern Time on the date of Preliminary Approval, or (ii) the price of Bitcoin at 5:00 PM Eastern Time on the date of the default by Stronghold of a payment of the dollar value of Bitcoin that triggers this provision. Upon a default of Stronghold of its payment obligations after Final Approval, Plaintiff may petition the Court, and the Court shall enter, a money judgment against Stronghold for the aforementioned stipulated amount.

NO ADMISSION

50. Except as set forth in ¶51 below, this Stipulation, whether or not consummated, and whether or not approved by the Court, and any discussion, negotiation, proceeding, or agreement relating to the mediation, the Stipulation, the Settlement, the Supplemental Agreement, and any matter arising in connection with settlement discussions or negotiations, proceedings, or agreements, shall not be offered or received against or to the prejudice of the

Parties or their respective counsel, for any purpose other than in an action to enforce the terms hereof, and in particular:

(a) do not constitute, and shall not be offered or received against or to the prejudice of any of Settling Defendants or the Released Defendant Parties as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by any of Settling Defendants or the Released Defendant Parties with respect to the truth of any allegation by Plaintiff or the Settlement Class, or the validity of any claim that has been or could have been asserted in the Action or in any litigation, including but not limited to the Released Plaintiff's Claims, or of any liability, damages, negligence, fault or wrongdoing of any of Settling Defendant, the Released Defendant Parties, or any Person or entity whatsoever, or of any infirmity in any defenses of Settling Defendants;

(b) do not constitute, and shall not be offered or received against or to the prejudice of any of Settling Defendants or the Released Defendant Parties as evidence of a presumption, concession, or admission of any fault, misrepresentation, or omission with respect to any statement or written document approved or made by Settling Defendants or the Released Defendant Parties, or against or to the prejudice of Plaintiff, or any other member of the Settlement Class as evidence of any infirmity in the claims of Plaintiff, or the other members of the Settlement Class;

(c) do not constitute, and shall not be offered or received against or to the prejudice of any of Settling Defendants or the Released Defendant Parties, Plaintiff, any other member of the Settlement Class, or their respective counsel, as evidence of a presumption, concession, or admission with respect to any liability, damages, negligence, fault, infirmity, or wrongdoing, or in any way referred to for any other reason against or to the prejudice of any of

Settling Defendants or the Released Defendant Parties, Plaintiff, other members of the Settlement Class, or their respective counsel, in any other civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation;

(d) do not constitute, and shall not be construed against any of Settling Defendants or the Released Defendant Parties, Plaintiff, or any other member of the Settlement Class, as an admission or concession that the consideration to be given hereunder represents the amount that could be or would have been recovered after trial; and

(e) do not constitute, and shall not be construed as or received in evidence as an admission, concession, or presumption against Plaintiff or any other member of the Settlement Class that any of their claims are without merit or infirm or that damages recoverable under the Complaint would not have exceeded the Settlement Amount.

51. Notwithstanding ¶50 above, the Parties, and their respective counsel, and the other Released Parties may file this Stipulation and/or the Judgment or Alternative Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, statute of limitations, statute of repose, good-faith settlement, judgment bar or reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim, or to effectuate any liability protection granted them hereunder or under any applicable insurance policy. The Parties may file this Stipulation and/or the Judgment or Alternative Judgment in any action that may be brought to enforce the terms of this Stipulation and/or the Judgment or Alternative Judgment. All Parties and Settlement Class Members submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement.

MISCELLANEOUS PROVISIONS

52. Nothing contained herein shall bar the Parties from bringing any action or claim to enforce the terms of this Stipulation, the Judgment, or the Alternative Judgment.

53. All of the exhibits to the Stipulation (except any plan of allocation to the extent incorporated in those exhibits), and the Supplemental Agreement are material and integral parts hereof and are fully incorporated herein by this reference.

54. Plaintiff and Lead Counsel agree that they will not intentionally assist or cooperate with any Person to publicly disparage Settling Defendants or the Released Defendant Parties with respect to any matter relating to the subject matter of this Action.

55. The Parties intend this Stipulation and the Settlement to be the full, final, and complete resolution of all claims asserted or that could have been asserted by the Parties and any other member of the Settlement Class with respect to the Released Plaintiff's Claims and Released Defendants' Claims. Accordingly, the Parties agree not to assert in any forum that the Action was brought, prosecuted, or defended in bad faith or without a reasonable basis. The Parties and their respective counsel agree that each has complied fully with Rule 11 of the Federal Rules of Civil Procedure in connection with the maintenance, prosecution, defense, and settlement of the Action and shall not make any application for sanctions, pursuant to Rule 11 or other court rule or statute, with respect to any claim or defense in this Action. The Parties agree that the amount paid and the other terms of the Settlement were negotiated at arm's-length and in good faith by the Parties and their respective counsel, including through a mediation process, and reflect a settlement that was reached voluntarily based upon adequate information and after consultation with experienced legal counsel.

56. This Stipulation, along with its exhibits and the Supplemental Agreement, may not be modified or amended, nor may any of its provisions be waived, except by a writing signed on behalf of both Plaintiff and Settling Defendants (or their successors-in-interest), who would be materially and adversely affected by the modification, amendment, or waiver, by counsel for the Parties hereto.

57. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

58. The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and Litigation Expenses and implementing and enforcing the terms of this Stipulation, including any Plan of Allocation and the distribution of the Net Settlement Fund to Authorized Claimants. All Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in this Stipulation and matters related to the Settlement.

59. The waiver by one Party of any breach of this Stipulation by any other Party shall not be deemed a waiver by any other Party, or a waiver by any Party of any other prior or subsequent breach of this Stipulation.

60. This Stipulation, its exhibits, and the Supplemental Agreement constitute the entire agreement among the Parties concerning the Settlement and this Stipulation and its exhibits supersede any prior or contemporaneous written or oral agreements or understandings between the Parties. All Parties acknowledge that no representation, warranty, or inducement has been made by any Party concerning this Stipulation and its exhibits other than those contained and memorialized in such documents.

61. Nothing in the Stipulation, or the negotiations relating thereto, is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, attorney-client privilege, joint defense privilege, or work product protection.

62. Without further order of the Court, the Parties may agree to reasonable extensions of time to carry out any of the provisions of this Stipulation.

63. All designations and agreements made, or orders entered during the course of the Action relating to the confidentiality of documents or information shall survive this Stipulation.

64. This Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. Signatures sent by facsimile or via e-mail in pdf format shall be deemed originals.

65. The Released Parties who do not appear on the signature lines below are acknowledged and agreed to be third-party beneficiaries with respect to the releases in this Stipulation and Settlement.

66. This Stipulation shall be binding when signed, but the Settlement shall be effective upon the entry of the Judgment or Alternative Judgment and the payment in full of the Settlement Amount, subject only to the condition that the Effective Date will have occurred.

67. This Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties, including the Released Parties and any corporation, partnership, or other entity into or with which any Party hereto may merge, consolidate, or reorganize.

68. The construction, interpretation, operation, effect, and validity of this Stipulation, including the Supplemental Agreement, and all documents necessary to effectuate the Settlement, shall be governed by the laws of the State of New York without regard to conflicts of laws, except to the extent that federal law requires that federal law govern.

69. This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that it is the result of arm's-length negotiations among the Parties, and all Parties have contributed substantially and materially to the preparation of this Stipulation.

70. All counsel and any other person executing this Stipulation and any of the exhibits hereto, or any related Settlement document, warrant and represent that they have the full authority to do so, and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

71. Plaintiff and Lead Counsel represent and warrant that Plaintiff is a Settlement Class Members and that none of Plaintiff's claims or causes of action against one or more Settling Defendants in the Action, or referred to in this Stipulation, or that could have been alleged against one or more Settling Defendants in the Action, have been assigned, encumbered or in any manner transferred in whole or in part.

72. Except in the event of a termination as otherwise provided in this Stipulation, the Parties and their respective counsel agree to cooperate fully with one another in promptly applying for preliminary approval by the Court of the Settlement, and to agree promptly upon and execute all such other documentation as reasonably may be required to schedule the Settlement Hearing and obtain Final approval by the Court of the Settlement.

73. If any Party is required to give notice to another Party under this Stipulation, such notice shall be in writing and shall be deemed to have been duly given upon receipt of hand delivery or email transmission, with confirmation of receipt. Notices shall be provided as follows:

If to Plaintiff:	The Rosen Law Firm, P.A. Attn: Jonathan Stern 275 Madison Avenue, 40th Floor New York, NY 10016 Telephone: (212) 686-1600 jstern@rosenlegal.com
If to Stronghold Defendants:	Tannenbaum Helpern Syracuse & Hirschtritt LLP Attn: Clifford Thau 900 Third Avenue New York, New York 10022 Telephone: (212) 702-3172 cthau@thsh.com
If to the Underwriter Defendants:	Willkie Farr & Gallagher LLP Attn: Jeffrey B. Korn 787 Seventh Avenue New York, New York 10019 Telephone: (212) 728-8842 jkorn@willkie.com
If to Ricardo R. A. Larroude:	Faegre Drinker Biddle & Reath LLP Attn: Sandra D. Grannum 1177 Avenue of the Americas, 41st Floor New York, New York, 10036 Telephone: (212) 248-3268 sandra.grannum@faegredrinker.com

74. If any disputes arise out of the finalization of the Settlement documentation or the Settlement itself prior to joint submission to the Court of the application for preliminary approval of the Settlement as set forth in ¶36 above, those disputes (after good faith attempts at resolution between the Parties) will be resolved by the Mediator first by way of expedited telephonic mediation and, if unsuccessful, then by final, binding, non-appealable resolution by the Mediator.

75. Except as otherwise provided herein, each Party shall bear its own costs.

76. Whether or not the Stipulation is approved by the Court and whether or not the Stipulation is consummated, the Parties and their counsel shall use their best efforts to keep all negotiations, discussions, acts performed, drafts, and proceedings in connection with negotiating the Stipulation confidential, unless disclosure is compelled by the Court or required under applicable laws, rules, or regulations.

77. All agreements made and orders entered during the course of this Action relating to the confidentiality of information shall survive this Settlement.

78. No opinion or advice concerning the tax consequences of the proposed Settlement to individual Settlement Class Members is being given or will be given by the Parties to the Settlement or their counsel; nor is any representation or warranty in this regard made by virtue of this Stipulation. Each Settlement Class Member's tax obligations, and the determination thereof, are the sole responsibility of the Settlement Class Member, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual Settlement Class Member.

79. The Parties further understand and agree that Settling Defendants deny all of the Settlement Class and Plaintiff's claims and material allegations asserted in this proceeding; and that the Parties shall, in good faith, communicate the terms of the Settlement in a manner that is consistent with the fact that no adjudication of fault was made by any court or jury.

IN WITNESS WHEREOF, the Parties have caused this Stipulation to be executed, by their duly authorized attorneys, as of November 8, 2024

THE ROSEN LAW FIRM, P.A.

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Phillip C. Kim
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Counsel for Defendant Ricardo R. A Larroude

Exhibit 31.2

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULE 13A-14(a) OR RULE 15D-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ryan M. Weber, certify that:

1. I have reviewed this amended Quarterly Report on Form 10-Q/A of Stronghold Digital Mining, Inc. (the "registrant") for the quarter ended September 30, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 13, 2024

By: */s/ Ryan M. Weber*

Ryan M. Weber
Chief Accounting Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the amended Quarterly Report on Form 10-Q/A of Stronghold Digital Mining, Inc. (the "Company") for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory A. Beard, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 13, 2024

By: */s/ Gregory A. Beard*

Gregory A. Beard
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION
PURSUANT TO 18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the amended Quarterly Report on Form 10-Q/A of Stronghold Digital Mining, Inc. (the "Company") for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ryan M. Weber, Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 13, 2024

By: */s/ Ryan M. Weber*

Ryan M. Weber
Chief Accounting Officer
(Principal Financial Officer)