



## Q2 2023 Earnings Presentation

August 2023

Pictured: Actual Reclaimed Waste Coal Site in Russellton, PA

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# Stronghold at a Glance

The only vertically integrated and environmentally beneficial public Bitcoin mining company



<b>NASDAQ Ticker Symbol</b>	<b>SDIG</b>
<b>Share Price</b>	<b>\$6.80</b>
<b>FD Equity Market Cap <sup>1</sup></b>	<b>\$105mm</b>
<b>Bitcoins Mined (Q2 2023)</b>	<b>626</b>
<b>Expected Hash Rate Capacity by 9/1/23</b>	<b>4.0 EH/s</b>



**Owner of two waste coal reclamation facilities: Scrubgrass and Panther Creek**



**165 MW of power generation capacity**



**>40,000 miners delivered or under contract and funded  
~25 MW of data center equipment inventory**



**Nearly 140,000 tons of coal refuse removed from the local environment during Q2 2023**

Note: all data as of 8/7/23 unless otherwise noted; all figures are approximated

1. Based on fully diluted shares outstanding of ~15.4mm as of 8/7/23, calculated using treasury method; see Appendix for capitalization table

# Focused on Execution



## Guidance Accelerated

- Now expect to achieve 4 EH/s of delivered hash rate capacity by 9/1/23 (previously expected by 9/30/23), which is fully funded <sup>1</sup>

## Capital Efficiency Improves Resiliency into the Halving

- Procured ~1.6 EH/s (~30 J/T) since April 2023 while investing only ~\$15mm, or ~\$10/T for ~110 TH/s miners
  - Installed ~1 EH/s (~31 J/T) from purchase of 5,000 MicroBT M50 miners and commencement of Canaan Bitcoin Mining Agreement
  - Added additional ~560 PH/s (~29 J/T) in July through purchase of additional high-spec MicroBT and Canaan miners (fully funded) and expansion of Canaan Bitcoin Mining Agreement

## Dramatically Lower Breakeven

- 1H23 fixed costs (O&M and cash G&A) down ~\$15mm, or ~34%, from 1H22
- Expect \$40-50/MWh average net cost of power for balance of 2023
- <\$50mm of principal amount of debt outstanding expected by YE23, down from nearly \$150mm at 6/30/22

1. Fully funded, inclusive of cash on hand, including previously announced proceeds from at-the-market offering

# Compelling Forecasted Returns on Recent Transactions

1.6 EH/s of hash rate capacity procured since beginning of Q2 2023



## MicroBT Miners

# of Miners	6,135
Average Hash Rate	118 TH/s
Efficiency	28 J/T
Capital Spent	~\$12mm

### Annual Cash Flow Uplift (\$mm) <sup>1</sup>

#### Hash Price (\$/Th/s per Day)

Cost of Power		Hash Price (\$/Th/s per Day)				
		\$0.06	\$0.07	\$0.08	\$0.09	\$0.10
\$40/MWh	\$40/MWh	\$8.2	\$10.7	\$13.3	\$15.8	\$18.3
	\$45/MWh	\$7.4	\$9.9	\$12.4	\$14.9	\$17.4
	\$50/MWh	\$6.5	\$9.0	\$11.5	\$14.1	\$16.6

### Return Profile (% IRR | Payback Months) <sup>2</sup>

#### Hash Price (\$/Th/s per Day)

Cost of Power		Hash Price (\$/Th/s per Day)				
		\$0.06	\$0.07	\$0.08	\$0.09	\$0.10
\$40/MWh	\$40/MWh	73%   18	122%   14	178%   11	243%   10	319%   8
	\$45/MWh	57%   20	104%   15	157%   12	219%   10	291%   9
	\$50/MWh	42%   22	88%   16	138%   13	197%   11	265%   9

## Canaan Purchase & Hosting

# of Miners	2,000 Purchased 6,000 Hosted
Average Hash Rate	104 TH/s
Efficiency	31 J/T
Capital Spent	~\$3mm

### Annual Cash Flow Uplift (\$mm) <sup>1</sup>

#### Hash Price (\$/Th/s per Day)

Cost of Power		Hash Price (\$/Th/s per Day)				
		\$0.06	\$0.07	\$0.08	\$0.09	\$0.10
\$40/MWh	\$40/MWh	\$5.9	\$7.7	\$9.5	\$11.3	\$13.1
	\$45/MWh	\$5.2	\$7.1	\$8.9	\$10.7	\$12.5
	\$50/MWh	\$4.6	\$6.4	\$8.2	\$10.1	\$11.9

### Return Profile on Purchased Miners (% IRR | Payback Months) <sup>2</sup>

#### Hash Price (\$/Th/s per Day)

Cost of Power		Hash Price (\$/Th/s per Day)				
		\$0.06	\$0.07	\$0.08	\$0.09	\$0.10
\$40/MWh	\$40/MWh	107%   15	174%   11	255%   9	354%   8	475%   7
	\$45/MWh	86%   16	149%   12	225%   10	318%   8	430%   7
	\$50/MWh	66%   19	126%   13	197%   11	283%   9	388%   8

1. Assumes 95% miner uptime; cash flow uplift calculated as mining revenue less cost of power

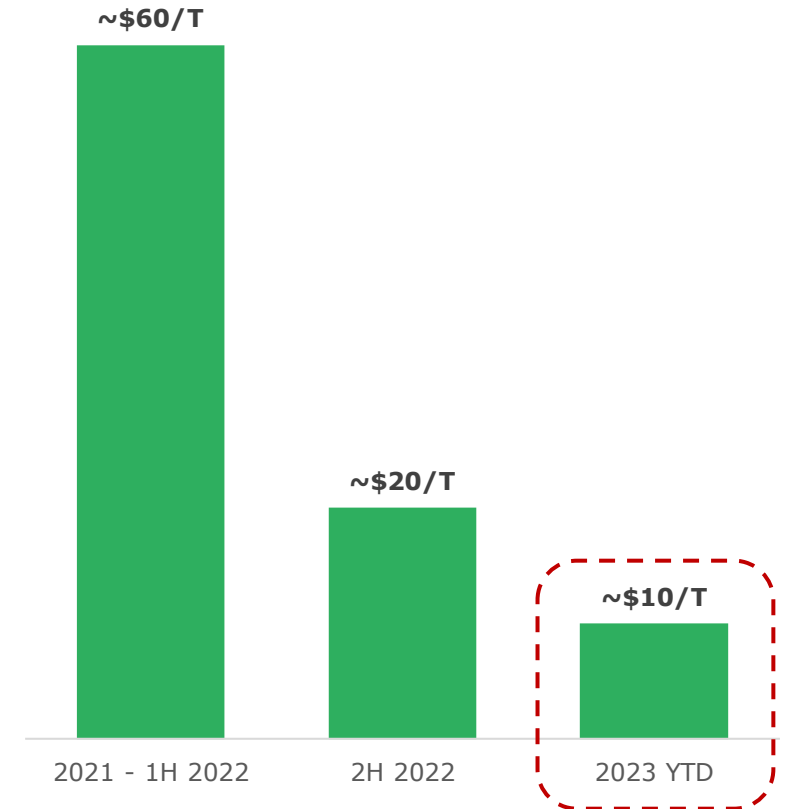
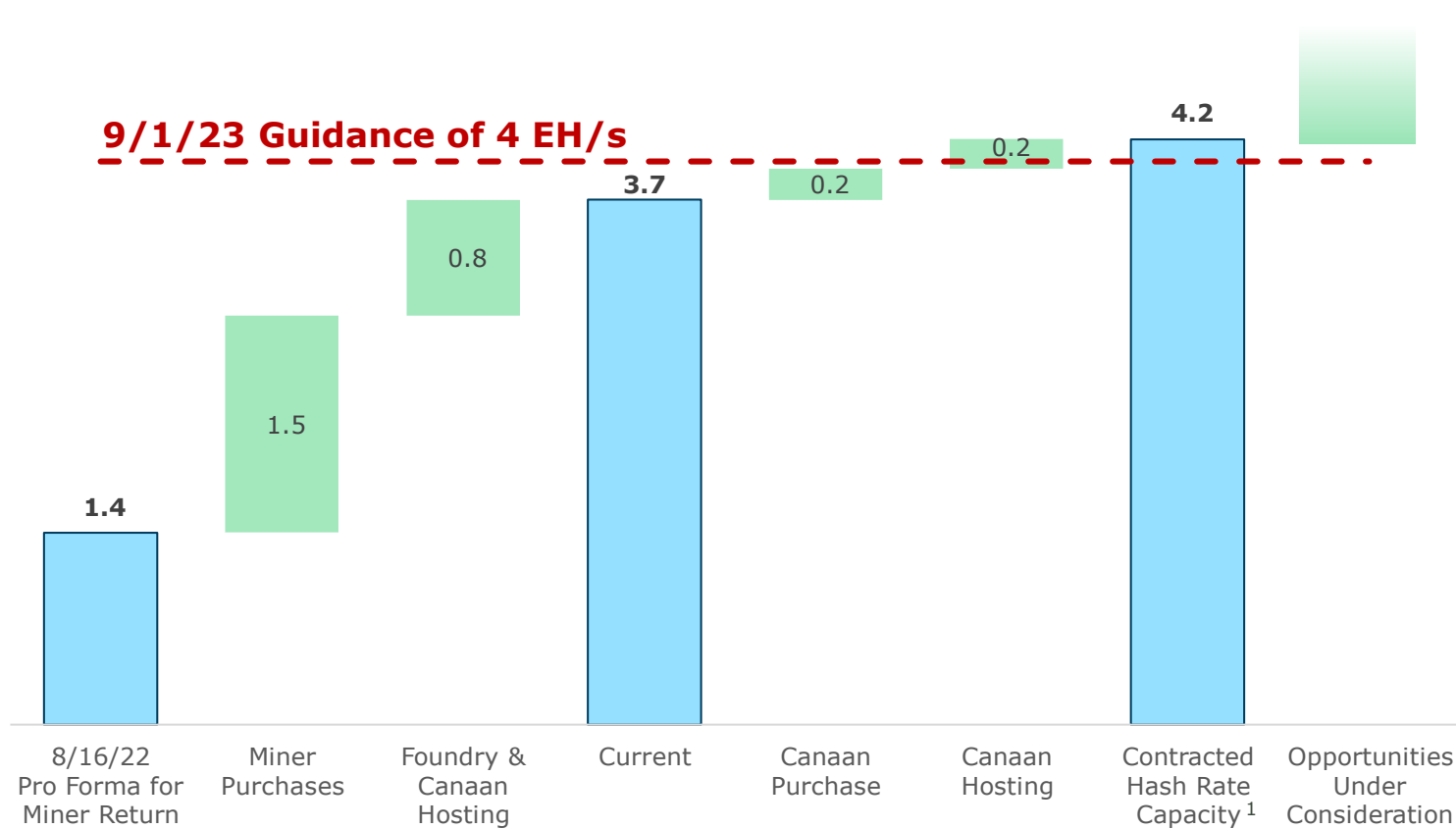
2. Assumes 95% miner uptime and 3-year miner life; assumes that capital is spent 2 weeks prior to miner installation; assumes no operating expenses in addition to cost of power

# On Track to Achieve 4 EH/s Faster Than Previously Guided, with Continued Focus on Capital Efficiency



>2.5x Hash Rate Capacity Growth since 8/16/22

6x Improvement in Capital Efficiency<sup>2</sup>



1. Excludes 2,300 undelivered MinerVa MV7 miners, which have not been scheduled for delivery, as the Company does not know when these miners will be delivered, if at all  
 2. Calculated as (purchases of PP&E + equipment purchase deposits) / hash rate capacity contracted during each period

# Q2 2023 Results



## Financial

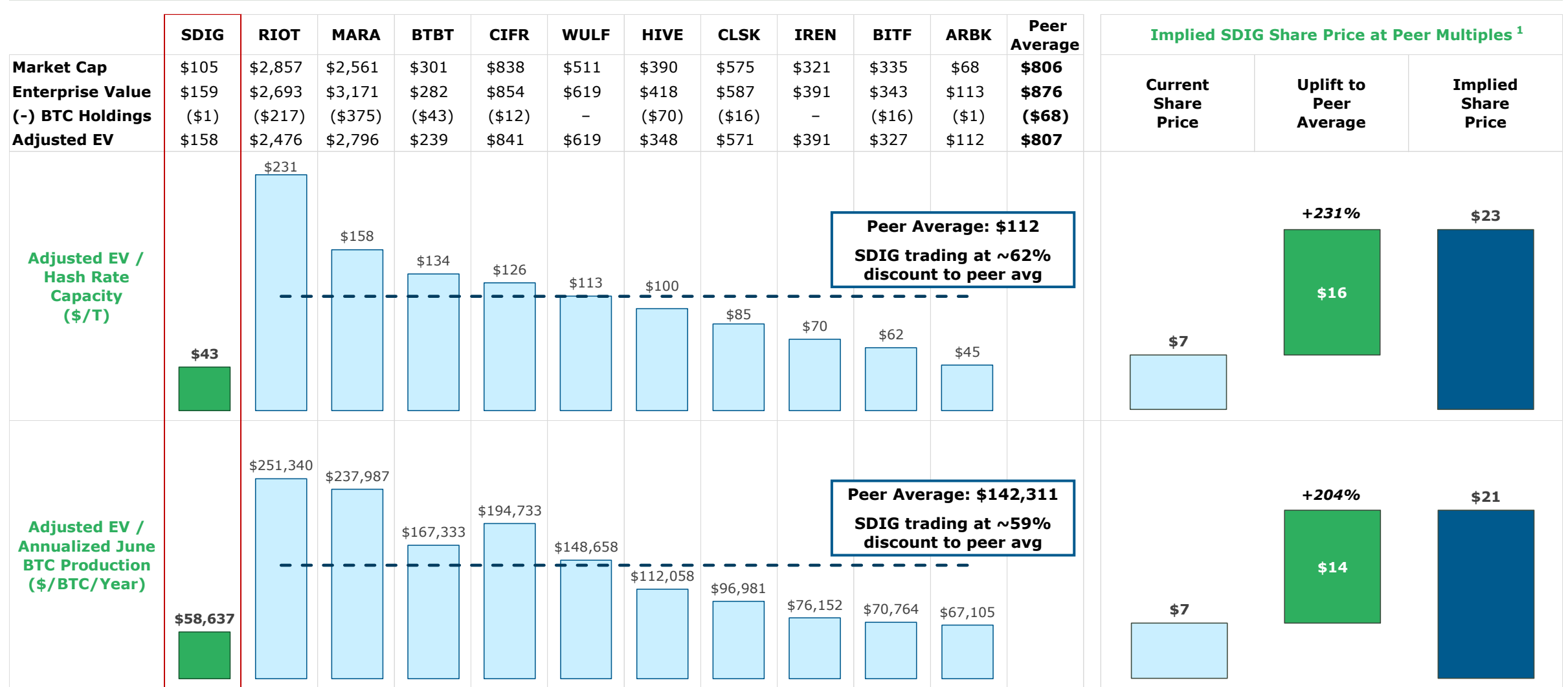
Bitcoin Mined	626
Total Revenue (mm)	\$18.2
Net Loss (mm)	(\$11.7)
Adjusted EBITDA (mm)*	(\$2.6)

## Environmental

Tons of Coal Refuse Removed from the Environment	~140,000
Tons of Beneficial Use Ash Returned to Remediate Sites	~81,000

# Acute Relative Value Dislocation

Select valuation metrics for public self-mining-focused peers



Note: All Stronghold data per latest Stronghold disclosures; all peer data for market cap and enterprise value per Bloomberg as of 8/7/23; all peer data for BTC holdings, hash rate, and BTC production pulled directly from peers' June 2023 disclosures; Stronghold makes no representation as to the accuracy of Bloomberg data and peers' disclosures

1. Represents implied share prices based exclusively on the selected valuation metrics; implied share prices calculated as ( [Average Multiple] x [Relevant Stronghold Metric] - [Net Debt] + [BTC Holdings] ) / [Fully Diluted Share Count (at implied share price)]





**Appendix**

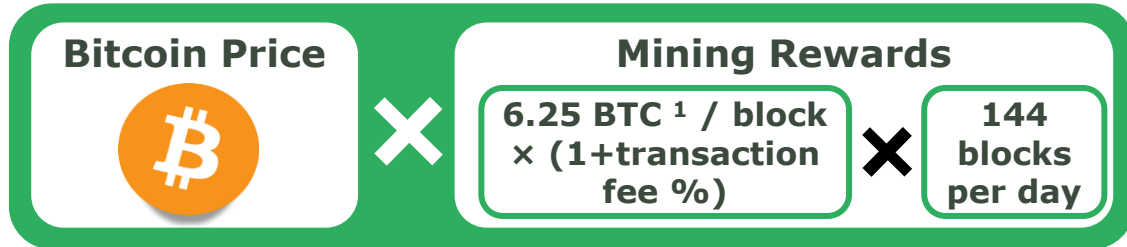
# Reconciliation of Non-GAAP Items



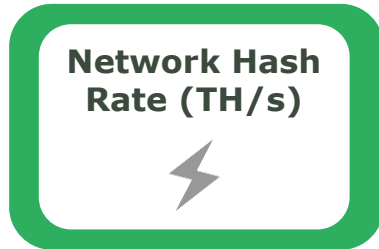
<b>Reconciliation of Adjusted EBITDA (mm)</b>	<b>Q2 2023</b>
<b>Net Income (loss)</b>	<b>(\$11.7)</b>
Interest expense	2.6
Depreciation and amortization	8.6
Stock-based compensation	4.4
Impairments on digital currencies	0.3
Realized gain on sale of digital currencies	(0.3)
Changes in fair value of warrant liabilities	(6.5)
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>(\$2.6)</b>

# Hash Price Calculation

The metric that drives BTC mining revenue, reflecting both BTC price and network hash rate



**Divided by:**



Bitcoin Network Hash Price (\$/TH/s per Day)



Note: Hash price per daily Bitcoin price and network hash rate calculated from difficulty

Note: Bitcoin mining revenue is based on a hash price on \$ per terahash per second ("TH/s") per day. Hash price represents global Bitcoin mining revenue per TH/s of network hash rate, incorporates both Bitcoin price and network hash rate and it is calculated as follows: [Bitcoin price] × [number of Bitcoins mined per day (~900)] × [1 + transaction fee %] ÷ [network hash rate (TH/s)].

1. Current block subsidies are 6.25 BTC

# Stronghold Capitalization Table



(thousands of shares)	8/7/23 Securities	Estimated Diluted Share Count as of 8/7/23 at Various Share Prices				
		\$6.80	\$8.00	\$10.00	\$12.00	\$14.00
Class A Common Shares	7,398	7,398	7,398	7,398	7,398	7,398
Class V Common Shares	2,406	2,406	2,406	2,406	2,406	2,406
<b>Basic Share Count</b>	<b>9,803</b>	<b>9,803</b>	<b>9,803</b>	<b>9,803</b>	<b>9,803</b>	<b>9,803</b>
<b><u>Vested LTIP Equity Awards</u></b>						
Restricted Stock Units	7	7	7	7	7	7
Stock Options - \$39.70 Exercise Price	1	-	-	-	-	-
Stock Options - \$63.85 Exercise Price	20	-	-	-	-	-
Stock Options - \$93.30 Exercise Price	45	-	-	-	-	-
<b>Subtotal</b>	<b>72</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b><u>Warrants</u></b>						
\$0.001 Exercise Price	128	128	128	128	128	128
\$0.100 Exercise Price	81	80	80	80	80	80
\$10.000 Exercise Price	1,000	-	-	-	167	286
\$17.500 Exercise Price	560	-	-	-	-	-
\$86.800 Exercise Price	10	-	-	-	-	-
\$110.100 Exercise Price	2	-	-	-	-	-
<b>Subtotal</b>	<b>1,780</b>	<b>207</b>	<b>207</b>	<b>208</b>	<b>374</b>	<b>494</b>
<b><u>Series C Convertible Preferred Stock</u></b>						
Post-Conversion Class A Share Equivalents	5,393	5,393	5,393	5,393	5,393	5,393
<b>Subtotal</b>	<b>5,393</b>	<b>5,393</b>	<b>5,393</b>	<b>5,393</b>	<b>5,393</b>	<b>5,393</b>
<b>Diluted Share Count</b>		<b>15,410</b>	<b>15,410</b>	<b>15,411</b>	<b>15,577</b>	<b>15,697</b>

Currently out of the money

Note: Figures are approximated  
Note: Estimated diluted share count based on treasury method