

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

—
FORM 8-K

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

Date of Report (Date of Earliest Event Reported): September 13, 2022 (September 13, 2022)

—
Stronghold Digital Mining, Inc.
(Exact Name of Registrant as Specified in Its Charter)

—
Delaware
(State or other Jurisdiction
of Incorporation)

001-40931
(Commission
File No.)
595 Madison Avenue, 28th Floor
New York, NY
(Address of Principal Executive Offices)

86-2759890
(I.R.S. Employer
Identification No.)
10022
(Zip Code)

(212) 967-5294
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Class A Common Stock, par value \$0.0001 per share	SDIG	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 7.01. Results of Operations and Financial Condition.

Members of the Stronghold Digital Mining, Inc. management team will be presenting at the H.C. Wainwright 24th Annual Global Investment Conference on September 13, 2022, and conducting one-on-one meetings with analysts and investors during the conferences using a slide presentation which is being furnished pursuant to Regulation FD as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1, shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any filing under the Securities Act of 1933 unless specifically identified therein as being incorporated therein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1*	Presentation by Stronghold Digital Mining, Inc. dated as of September 13, 2022.
104	Cover Page Interactive Data File (formatted as Inline XBRL).

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* Furnished herewith.

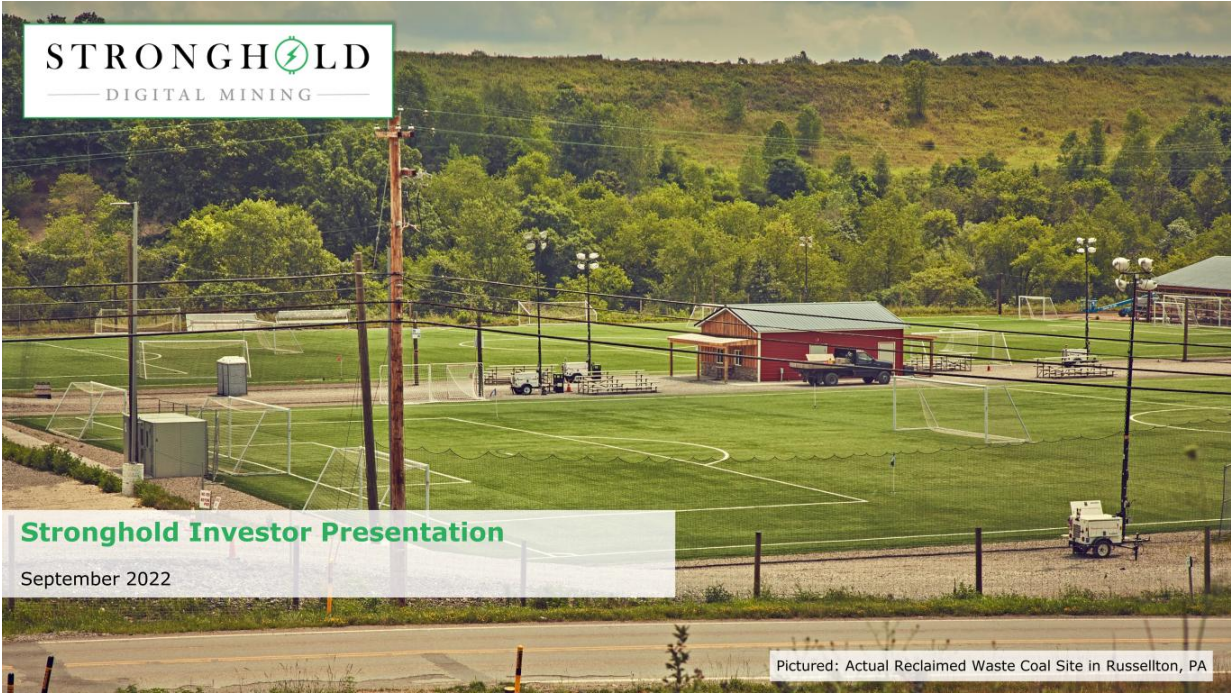
SIGNATURE

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 hereunto duly authorized.

Stronghold Digital Mining, Inc.

By: /s/ Gregory A. Beard
Gregory A. Beard
Chief Executive Officer and Co-Chairman

Date: September 13, 2022



Stronghold Investor Presentation

September 2022

Pictured: Actual Reclaimed Waste Coal Site in Russellton, PA

Disclaimer



The information, financial projections and other estimates contained herein contain "forward-looking" statements as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995, including, but not limited to the anticipated performance of the Company as a result of the recent restructuring of the Company's debt. Such financial projections and estimates are as to future events and are not to be viewed as facts, and reflect various assumptions of management of the Company concerning the future performance of the Company and are subject to significant business, financial, economic, operating, competitive and other risks and uncertainties and contingencies (many of which are difficult to predict and beyond the control of the Company) that could cause actual results to differ materially from the statements and information included herein. Forward-looking statements concern future circumstances and results and other statements that are not historical facts and are sometimes identified by the words "may," "will," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "overestimate," "underestimate," "believe," "could," "project," "predict," "continue," "target" or other similar words or expressions. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Forward-looking statements may include statements about various risks and uncertainties, including those described under the heading "Risk Factors" as detailed from time to time in Wabtec's reports filed with the SEC, including Wabtec's annual report on Form 10-K, periodic quarterly reports on Form 10-Q, current reports on Form 8-K and other documents filed with the SEC. Such risk and uncertainties are not exclusive. Any forward-looking statements speak only as of the date of this communication. The Company does not undertake any obligation to update any forward-looking statements, whether as a result of new information or development, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on any of these forward-looking statements. In addition, such information, financial projections and estimates were not prepared with a view to public disclosure or compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants or U.S. generally accepted accounting principles ("GAAP"). Accordingly, although the Company's management believes the financial projections and estimates contained herein represent a reasonable estimate of the Company's projected financial condition and results of operations based on assumptions that the Company's management believes to be reasonable at the time such estimates are made and at the time the related financial projections and estimates are disclosed, there can be no assurance as to the reliability or correctness of such information, financial projections and estimates, nor should any assurances be inferred, and actual results may vary materially from those projected. This presentation includes financial measures that are not presented in accordance with GAAP. While management believes such non-GAAP measures are useful, it is not a measure of our financial performance under GAAP and should not be considered in isolation or as an alternative to any measure of such performance derived in accordance with GAAP. These non-GAAP measures have limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Certain information contained herein has been derived from sources prepared by third parties. While such information is believed to be reliable for the purposes used herein, none of the Company or any of its affiliates, directors, officers, employees, members, partners, shareholders or agents makes any representation or warranty with respect to the accuracy or completeness of such information. Although the Company believes the sources are reliable, it has not independently verified the accuracy or completeness of data from such sources. Additionally, descriptions herein of market conditions and opportunities are presented for informational purposes only; there can be no assurance that such conditions will actually occur or result in positive returns. Recipients of this presentation should make their own investigations and evaluations of any information referenced herein. Information regarding performance by, or businesses associated with our management team and their respective affiliates is presented for informational purposes only. You should not rely on the historical record of our management team's performance or the performance of their respective affiliates as indicative of our future performance. The recipient should not construe the contents of this presentation as legal, tax, accounting or investment advice or a recommendation. The recipient should consult its own counsel, tax advisors and financial advisors as to legal and related matters concerning the matters described herein. By reviewing this presentation, the recipient confirms that it is not relying upon the information contained herein to make any decision. This presentation does not purport to be all-inclusive or to contain all of the information that the recipient may require to make any decision.

Stronghold's Differentiated Business Model

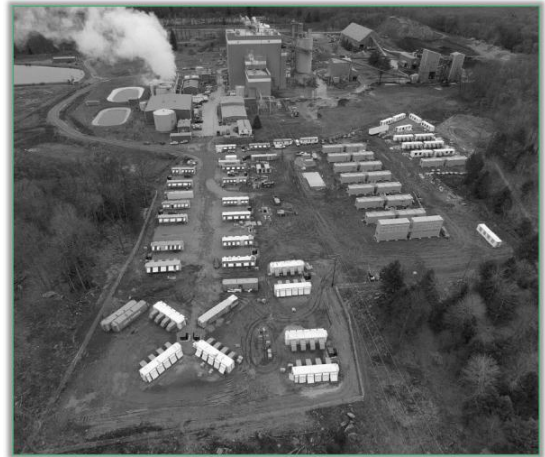
The value of vertical integration



- 1** **Own and Operate Power Generation Assets**
 - Maximizes efficiency and reduces costs
 - Provides downside protection and ability to sell to grid (improving grid stability)
 - Currently similar or better economics selling power to grid than mining BTC

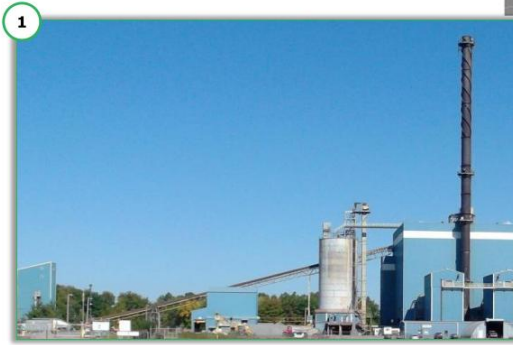
- 2** **Own, Develop, and Operate Datacenters**
 - Helps reduce costs (capex & opex)
 - Minimizes supply-chain risk and counterparty risk
 - Improves operational control

- 3** **Own and Operate Bitcoin Miners**
 - Stronghold is a reliable partner to manufacturers and other suppliers of miners



Stronghold's Power Assets

Own and operate two power generation assets



Scrubgrass Reclamation Facility

- 85 MW specialized waste coal reclamation plant
- Established maximum achievable control technology standards
- Capacity for >20,000 miners with ~2 EH/s



Panther Creek Reclamation Facility

- 80 MW specialized waste coal reclamation plant
- Closed on acquisition in November 2021
- Capacity for >20,000 miners with ~2 EH/s



StrongBox Manufacturing

- ~100 MW of modular datacenter containers constructed and installed
- Helps reduce costs and mitigate impact of supply-chain constraints



Development and Management

- Increases operational control and accelerates hashing





Before



Reclamation Process

1. Remove coal refuse from environment
2. Generate energy from coal refuse in an emissions-controlled manner
 - Eliminates ~90% of NOx emissions
 - Eliminates ~98% of SO2 emissions
 - Eliminates ~99.9% of particle emissions
 - Eliminates ~99.9% of mercury emissions
3. Utilize beneficial in reclamation projects, cement, fertilizer, and filler

After



~840 piles with potentially billions of tons of coal refuse



Stronghold has already reclaimed ~1,000 acres of previously unusable land



Eliminate coal refuse from environment with each Bitcoin mined

Recap of Recent Deleveraging Transactions: What We Did

Announced restructuring of all material financing agreements on August 16th



NYDIG Restructuring

- Strategically approached NYDIG to restructure equipment financing in July given decline in collateral value
- **Eliminated ~\$67.4mm of outstanding principal** in exchange for returning NYDIG-financed miners (~2.5 EH/s of YE 2022E hash rate capacity)
- Financing was non-recourse to Stronghold, which enabled the proactive restructuring

WhiteHawk Restructuring

- Received binding commitment letter to restructure financing, subject to closing of NYDIG restructuring
- Replacing existing equipment financing with a **36-month** secured note at SOFR+10%
 - **More than 2x the weighted-average term of existing financing**
- **\$20mm additional commitment** to purchase miners

Convertible Notes Restructuring

- Amended documents to allow for **complete equitization** of principal, at our option
- **Principal amount reduced by \$11.25mm** in exchange for reducing strike price on ~6.3mm warrants from \$2.50/share to \$0.01/share
- Remaining \$22.5mm of principal amount outstanding can be **repaid with common stock or cash over next few quarters**

Note: the above descriptions of the Transactions are qualified in their entirety by the Company's Current Report on Form 8-k filed August 16, 2022, including the exhibits thereto

Recap of Recent Deleveraging Transactions: Why We Did It

Transactions will improve capitalization, liquidity position, and long-term shareholder value



Shift value from debt to equity

- Eliminating ~\$67mm of debt in exchange for assets with estimated market value of ~\$40-50mm
 - Effectively transferring ~\$17-27mm of value to shareholders

Enhance capital structure

- ~\$79mm reduction in principal amount outstanding (>\$100mm reduction with convertible notes equitized)
 - By end of Q1 2023, expect debt outstanding to be ~66% lower than pre-restructuring
- Our strategy has not changed; we plan to achieve the same hash rate, just with significantly less debt

Dramatically improve liquidity profile

- Cash principal and interest payments reduced by ~\$113mm through YE 2023

Path to Generate Improved Shareholder Value

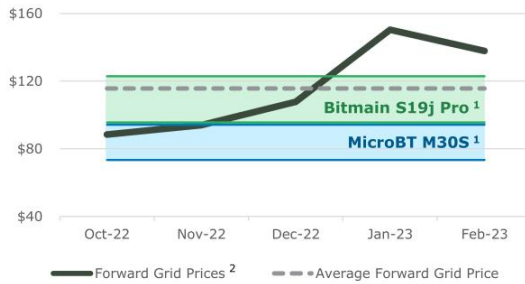
Take advantage of historically high grid prices and opportunistically fill mining capacity



Sell to Grid in Near-term

- Vertical integration provides opportunity to sell power into historically tight power market
- Combination of high power prices and low BTC prices means we would likely be directing power to the grid through the winter anyway

Grid Prices and Mining Revenue (\$/MWh)



1. Revenue range for miners based on a Bitcoin price range of \$17,500 to \$22,500 and a 225 EH/s network hash rate
2. Average of around-the-clock forward prices for the Penelec and PPL PJM zones, per Priority Power as of 9/9/22

Fill Mining Capacity in Coming Quarters

- Strategy unchanged in medium- and long-term
- Bitcoin mining remains our core business
 - ~227 BTC mined in August
- Will opportunistically purchase miners in depressed equipment market
 - Facilitated by improved liquidity position
 - Will be very disciplined – no rush to replace miners given attractive grid prices
- Own at least 4 EH/s of finished, energized datacenter slots
 - Plan to start filling capacity immediately and complete by 1H 2023
 - MinerVa recently agreed to supply additional 500 Bitmain S19j Pros and 680 Bitmain T19s in place of MinerVa miners (1-for-1 hash rate swap) under 2021 miner purchase agreement

Path to Generate Improved Shareholder Value (cont.)

Reduce cost structure and optimize plant operations



Reduce Annual Expenses by ~\$8-11mm¹

Breakdown of Expected Cash Savings

(\$ in millions)

	Complete	Planned	Subtotal	Under Review	Total
Organizational Setup Consulting	\$1.2	\$0.5	\$1.6	-	\$1.6
Insourcing Accounting / Tech / BI	\$0.5	\$0.2	\$0.8	\$0.3	\$1.0
Extraordinary Legal Fees	\$0.2	\$0.6	\$0.9	-	\$0.9
Workforce Reduction	\$0.6	-	\$0.6	-	\$0.6
CEO Salary Reduction	-	\$0.6	\$0.6	-	\$0.6
Plant Upgrades	-	\$2.9	\$2.9	-	\$2.9
Other Consulting	-	\$1.0	\$1.0	\$1.8	\$2.8
Unnecessary Leases	-	\$0.1	\$0.1	\$0.5	\$0.6
Total Annual Savings	\$2.5	\$5.9	\$8.5	\$2.5	\$10.9

1. Reflects Company's go-forward plans

Complete Plant Upgrades in <1 Month¹

- Nearing completion of Scrubgrass investment cycle
- Expect both plants to be down 1-2 weeks in late September / early October for maintenance
 - All long-lead items have been procured, with installation expected during downtime
- Following downtime, higher uptime and consistency are anticipated, with an all-in net cost of power of ~\$40-50/MWh by Q1 2023

