

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): May 15, 2023

Stronghold Digital Mining, Inc.

(Exact Name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-40931

(Commission File Number)

86-2759890

(IRS Employer Identification No.)

595 Madison Avenue, 28th Floor
New York, New York

(Address of principal executive offices)

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:

- 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 each 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 3.03. Material Modifications to Rights of Security Holders.

On May 15, 2023, Stronghold Digital Mining, Inc. (the “Company”) filed a Certificate of Amendment (the “Certificate of Amendment”) to the Company’s Second Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”) with the Secretary of State of Delaware to effect a 1-for-10 reverse stock split of the shares of the Company’s Class A common stock, par value \$0.0001 per share (the “Class A common stock”) and the Company’s Class V common stock, par value \$0.0001 per share (the “Class V common stock” and, together with the Class A common stock, the “Common Stock”), effective as of 5:00 p.m. Eastern time (the “Effective Time”) on May 15, 2023 (the “Reverse Stock Split”). The Class A common stock began trading on a Reverse Stock Split-adjusted basis on The Nasdaq Global Market (“Nasdaq”) on May 16, 2023. The trading symbol for the Class A common stock will remain “SDIG.” The new CUSIP number for the Class A common stock following the Reverse Stock Split is 86337R202.

As previously reported, on January 9, 2023, stockholders holding a majority of the Company’s then issued and outstanding Common Stock entitled to vote on such matters took action by written consent to authorize the Company’s board of directors (the “Board”) to effect a reverse stock split in its discretion with a ratio in a range from and including one-for-two (1:2) up through one-for-ten (1:10) at any time on or before June 30, 2023. On May 12, 2023, the Board approved a 1-for-10 reverse stock split ratio and the filing of the Certificate of Amendment to effect the Reverse Stock Split at the Effective Time.

At the Effective Time, every 10 shares of issued and outstanding Class A common stock and Class V common stock were automatically combined into one issued and outstanding share of Class A common stock or Class V common stock, as applicable, without any change in the par value per share. Any fractional shares that would otherwise have resulted from the Reverse Stock Split were rounded up to the next whole number. The Reverse Stock Split reduced the number of shares of Common Stock outstanding from 53,002,750 shares of Class A common stock and 26,057,600 shares of Class V common stock to approximately 5,300,275 shares of Class A common stock and 2,605,760 shares of Class V common stock, respectively, subject to adjustment for the rounding up of fractional shares. The Reverse Stock Split did not change the number of authorized shares under the Certificate of Incorporation, which continues to consist of 338,000,000 shares, of which 50,000,000 shares are designated as preferred stock and 288,000,000 shares are designated as Common Stock. The Reverse Stock Split also did not affect the number of shares of issued and outstanding preferred stock, par value \$0.0001 per share, designated as “Series C Preferred Stock”; however, the conversion rights of the Series C Preferred Stock into Class A common stock have been automatically and proportionately adjusted in relation to the Reverse Stock Split.

At the Effective Time, all outstanding options, restricted stock unit awards, warrants, convertible preferred stock and other securities entitling their holders to purchase or otherwise receive shares of Common Stock were adjusted as a result of the Reverse Stock Split, pursuant to their respective terms or as otherwise specified by the Board.

The Reverse Stock Split affected all stockholders uniformly and did not alter any stockholder’s percentage interest in the Company’s equity (other than as a result of the rounding up of fractional shares). Shortly following the Effective Time, stockholders of record will be receiving information from American Stock Transfer & Trust Company, LLC, the Company’s transfer agent, regarding their stock ownership following the Reverse Stock Split. Stockholders who hold their shares in brokerage accounts or in “street name” are not required to take any action in connection with the Reverse Stock Split. Their accounts will be automatically adjusted to reflect the number of shares owned.

The information set forth in this Item 3.03 is qualified in its entirety by reference to the complete text of the Certificate of Amendment, a copy of which is filed as Exhibit 3.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

To the extent required by this Item 5.03, the disclosure set forth under Item 3.03 above is incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On May 15, 2023, the Company issued a press release announcing the Reverse Stock Split. A copy of that press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information furnished in this Item 7.01, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Item 8.01 Other Information*Adjustment to Equity Plans and Awards*

At the Effective Time, the aggregate number of shares of Common Stock issuable under each of the Company’s Omnibus Incentive Plan and 2021 Long Term Incentive Plan (together, the “Plans”) was ratably adjusted to reflect the Reverse Stock Split. The number of shares of Common Stock issuable pursuant to equity and equity-based awards outstanding under the Plans were also ratably adjusted at the Effective Time to reflect the Reverse Stock Split.

Unaudited Pro Forma Financials

The Company previously filed certain historical and unaudited pro forma condensed consolidated financial information in accordance with Article 11 of Regulation S-X in a Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on May 5, 2023 (the “May 2023 Form 8-K”).

This Current Report on Form 8-K is being filed to provide updated unaudited pro forma condensed consolidated financial information of the Company for the three months ended March 31, 2023 (the “Updated Pro Forma Financial Information”). Refer to Exhibit 99.2 to the May 2023 Form 8-K for the unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2022, which remains unchanged. The Updated Pro Forma Financial Information updates and supplements the unaudited pro forma condensed consolidated financial information of the Company and related disclosures contained in Exhibit 99.2 to the May 2023 Form 8-K. To the extent that information in this Current Report on Form 8-K differs from or updates information contained in the May 2023 Form 8-K, or in any other of the Company’s filings with the SEC, the information in this Current Report on Form 8-K shall supersede or supplement the information in such filing. For more information about the transaction described in Exhibit 99.2 hereto (the “Transaction”), please refer to the Quarterly Report on Form 10-Q for the period ended March 31, 2023, filed by the Company on May 12, 2023, and the May 2023 Form 8-K.

The Updated Pro Forma Financial Information included in this Current Report on Form 8-K has been presented for informational purposes only. It does not purport to represent the actual results of operations that the Company would have achieved had the Transaction occurred on January 1, 2023, and is not intended to project the future results of operations that the Company may achieve as a result of the Transaction.

Unaudited Selected Financial Data

This Current Report on Form 8-K is also being filed to provide updated selected financial data of the Company for the years ended December 31, 2022, and 2021, and for the three months ended March 31, 2023, and 2022, as adjusted for the Reverse Stock Split (the “Updated Selected Financial Data”). The Updated Selected Financial Data updates and supplements the Company’s audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on April 3, 2023, and the Company’s unaudited condensed consolidated financial statements included in its Quarterly Report on Form 10-Q for the period ended March 31, 2023, filed with the SEC on May 12, 2023. The Updated Selected Financial Data does not modify or update the disclosures in such reports, other than as indicated to reflect Reverse Stock Split, and should be read in conjunction with such reports. The information contained in Exhibit 99.3 to this Current Report on Form 8-K is incorporated herein by reference. The Updated Selected Financial Data included in this Current Report on Form 8-K has been presented for informational purposes only.

Item 9.01 Financial Statements and Exhibits**(b) Pro Forma Financial Information.**

The following unaudited pro forma condensed consolidated financial information of the Company is attached as Exhibit 99.2 hereto:

- Unaudited pro forma condensed consolidated balance sheet as of March 31, 2023; and
- Unaudited pro forma condensed consolidated statement of operations for the three months ended March 31, 2023.

(d) Exhibits

Exhibit Number	Description
3.1	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation
99.1*	Press release dated May 15, 2023
99.2	Unaudited pro forma condensed consolidated financial information of the Company for the three months ended March 31, 2023
99.3	Unaudited selected financial data of the Company for the years ended December 31, 2022, and 2021, and for the three months ended March 31, 2023, and 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* 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.

Date: May 19, 2023

By: /s/ Gregory A. Beard

Name: Gregory A. Beard

Title: Chief Executive Officer and Chairman

**CERTIFICATE OF AMENDMENT TO THE
SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
STRONGHOLD DIGITAL MINING, INC.**

Stronghold Digital Mining, Inc. (the “**Corporation**”), a corporation organized and existing under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the “**DGCL**”), hereby certifies as follows:

1. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on March 19, 2021, under the name Stronghold Digital Mining, Inc. The Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on April 1, 2021. The Second Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on October 21, 2021.

2. Pursuant to Section 242 of the DGCL, this Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation (this “**Amendment**”) amends the provisions of the Second Amended and Restated Certificate of Incorporation.

3. This Amendment has been approved and duly adopted in accordance with the provisions of Section 242 of the DGCL. The Board of Directors of the Corporation duly adopted resolutions setting forth and declaring advisable this Amendment and directed that the proposed Amendment be considered by the stockholders of the Corporation. The Amendment was duly authorized by holders of a majority of the voting stock of the Corporation by written consent and duly noticed to all stockholders not signing the written consent in accordance with the provisions of Sections 228 and 242 of the DGCL, and the provisions of the Second Amended and Restated Certificate of Incorporation.

4. Article IV of the Second Amended and Restated Certificate of Incorporation is hereby amended by inserting the following as Section 4.3(B) and renumbering existing Section 4.3 to Section 4.3(A):

“(B) Reverse Stock Split. Effective as of 5:00 p.m. Eastern Time on May 15, 2023 (the “**RSS Effective Time**”), each 10 shares of then outstanding Class A Common Stock and Class V Common Stock shall automatically, without any action on the part of the holders thereof or the Corporation, be combined and converted into one share of validly issued, fully paid and non-assessable Class A Common Stock or Class V Common Stock, as applicable, without increasing or decreasing the par value of each share of Common Stock (the “**Reverse Stock Split**”). No fractional shares of Common Stock shall be issued as a result of the Reverse Stock Split and, in lieu thereof, upon surrender after the RSS Effective Time of a book entry position which formerly represented shares of Common Stock that were issued and outstanding immediately prior to the RSS Effective Time, any person who would otherwise be entitled to a fractional share of Common Stock as a result of the Reverse Stock Split, following the RSS Effective Time, shall be entitled to receive a whole share of Common Stock. Each book entry position that immediately prior to the Effective Time represented shares of Common Stock shall thereafter represent the number of shares of Common Stock into which the shares of Common Stock represented by such book entry position has been combined, subject to the elimination of fractional interests set forth above.”

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IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation as of this 15th day of May, 2023.

STRONGHOLD DIGITAL MINING, INC.

By: /s/ Gregory A. Beard

Name: Gregory A. Beard

Title: Chief Executive Officer and Chairman



Stronghold Digital Mining Announces Reverse Stock Split

May 15, 2023 2:30 PM EDT

NEW YORK, May 15, 2023 (GLOBE NEWSWIRE) -- **Stronghold Digital Mining, Inc. (NASDAQ: SDIG)** (“Stronghold”, or the “Company”) announced today that it will effect a 1-for-10 reverse stock split (“Reverse Split”) of its Class A common stock, par value \$0.0001 per share (“Class A Common Stock”), and Class V common stock, par value \$0.0001 per share (“Class V Common Stock” and, together with the Class A Common Stock, the “Common Stock”), that will become effective on May 15, 2023, at 5:00 p.m., Eastern Time (the “Effective Time”). Stronghold’s Class A Common Stock will continue to trade on The Nasdaq Global Market (“Nasdaq”) under the symbol “SDIG” and will begin trading on a split-adjusted basis when the market opens on May 16, 2023. The new CUSIP number for the Class A Common Stock following the Reverse Split will be 86337R 202.

The Reverse Split is primarily intended to increase the per share market price of the Company’s Class A Common Stock and bring the Company into compliance with the minimum bid price requirement for maintaining its listing on Nasdaq. To evidence compliance with this requirement, the closing bid price of the Company’s Class A Common Stock must be at least \$1.00 per share for a minimum of 10 consecutive business days by May 30, 2023. The reduction in the number of issued and outstanding shares of Common Stock as a result of the Reverse Split is, absent other factors, expected to proportionately increase the market price of the Class A Common Stock to a level above the current market trading price, although there is no assurance that this will occur. Additionally, there is no assurance that the Reverse Split will allow the Company to achieve compliance with Nasdaq’s listing maintenance standard.

On January 9, 2023, the Company’s stockholders took action by written consent to authorize the Company’s board of directors (the “Board”) to effect a reverse stock split with a ratio in a range from and including one-for-two (1:2) up to one-for-ten (1:10). On May 12, 2023, the Board approved a 1-for-10 Reverse Split ratio. The Company has filed a Certificate of Amendment to the Company’s Second Amended and Restated Certificate of Incorporation (the “Charter Amendment”) to effect the Reverse Split at the Effective Time.

Following the Reverse Split, the par value of the Common Stock will remain unchanged at \$0.0001 per share. The Charter Amendment will not change the authorized number of shares of Common Stock or preferred stock. No fractional shares will be issued in connection with the Reverse Split. Stockholders who would otherwise be entitled to receive a fractional share of Common Stock will instead receive a whole share of the applicable Common Stock. The Reverse Split will affect all stockholders uniformly and will not alter any stockholder’s percentage interest in the Company’s equity (other than as a result of the rounding up of fractional shares). Additionally, outstanding equity-based awards and other outstanding securities convertible or exchange into Common Stock will be proportionately adjusted in accordance with the terms thereof or as otherwise specified by the Board.

Shortly following the Effective Time, stockholders of record will be receiving information from American Stock Transfer & Trust Company, LLC, the Company’s transfer agent, regarding their stock ownership following the Reverse Split. Stockholders who hold their shares in brokerage accounts or in “street name” are not required to take any action in connection with the Reverse Split.

Additional information on the Reverse Split can be found in the Company’s definitive information statement filed with the Securities and Exchange Commission on [January 30, 2023](#), which is available on the SEC’s website at www.sec.gov and on the Company’s website.

About Stronghold Digital Mining, Inc.

Stronghold is a vertically integrated Bitcoin mining company with an emphasis on environmentally beneficial operations. Stronghold houses its miners at its wholly owned and operated Scrubgrass Plant and Panther Creek Plant, both of which are low-cost, environmentally beneficial coal refuse power generation facilities in Pennsylvania.

Investor Contact:

Matt Glover or Alex Kovtun
Gateway Group, Inc.
SDIG@GatewayIR.com
1-949-574-3860

Media Contact:

contact@strongholddigitalmining.com

Forward-Looking Statements

Certain statements contained in this press release constitute “forward-looking statements.” within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify forward-looking statements because they contain words such as “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. Forward-looking statements and the business prospects of Stronghold are subject to a number of risks and uncertainties that may cause Stronghold’s actual results in future periods to differ materially from the forward-looking statements. These risks and uncertainties include, among other things: 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 ability to manage growth, business, financial results and results of operations; uncertainty regarding our evolving business model; our ability to retain management and key personnel and the integration of new management; our ability to raise capital to fund business growth; our ability to maintain sufficient liquidity to fund operations, growth and acquisitions; our substantial indebtedness and its effect on our results of operations and our financial condition; uncertainty regarding the outcomes of any investigations or proceedings; our ability to enter into purchase agreements, acquisitions and financing transactions; public health crises, epidemics, and pandemics such as the coronavirus pandemic; our ability to procure crypto asset mining equipment from foreign-based suppliers; 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; 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 remain listed on a stock exchange and maintain an active trading market; our ability to avail ourselves of tax credits for the clean-up of coal refuse piles; and legislative or regulatory changes, and liability under, or any future inability to comply with, existing or future energy regulations or requirements. More information on these risks and other potential factors that could affect our financial results is included in our filings with the Securities and Exchange Commission, including in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of our Annual Report on Form 10-K filed on April 3, 2023 and Quarterly Report on Form 10-Q filed on May 12, 2023. Any forward-looking statement speaks only as of the date as of which such statement is made, and, except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION**Introduction**

The following sets forth unaudited pro forma condensed consolidated financial statements of the Company prepared in accordance with Article 11 of Regulation S-X. The following information should be read in conjunction with the following: (i) the accompanying notes to the unaudited pro forma condensed consolidated financial statements; and (ii) the Company's unaudited condensed consolidated financial statements for the three months ended March 31, 2023, and related notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Quarterly Report on Form 10-Q filed with the SEC on May 12, 2023.

The unaudited pro forma condensed consolidated financial statements are based on and have been derived from the Company's historical consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America and are presented based on assumptions, adjustments, and currently available information described in the accompanying notes.

On May 15, 2023, the Company effected a 1-for-10 reverse stock split ("Reverse 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 historical and pro forma share and per share information included herein have been adjusted to reflect the Reverse Split.

Description of the Transaction

The unaudited pro forma condensed consolidated financial statements are presented to illustrate the estimated effects of the following transaction (described on a pre-Reverse Split basis below):

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 \$1.00 per share, and warrants to purchase shares of common stock, at an initial exercise price of \$1.10 per share (subject to certain adjustments in accordance with the terms thereof) ("April 2023 Private Placement"). Pursuant to the Securities Purchase Agreements, the institutional investor invested \$9.0 million in exchange for an aggregate of 9,000,000 shares of common stock and pre-funded warrants, and Mr. Beard invested \$1.0 million in exchange for an aggregate of 1,000,000 shares of common stock, in each case at a price of \$1.00 per share equivalent. Further, the institutional investor and Mr. Beard received warrants exercisable for 9,000,000 shares and 1,000,000 shares, respectively, of 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. The pre-funded warrants have an exercise price of \$0.0001 per warrant share and are immediately exercisable. The gross proceeds, before deducting offering expenses, from the April 2023 Private Placement was approximately \$10.0 million. The April 2023 Private Placement closed on April 21, 2023.

Additionally, as previously disclosed, on September 13, 2022, the Company entered into Securities Purchase Agreements with Armistice Capital Master Fund Ltd. and Greg Beard (the "September PIPE Purchasers") for warrants to purchase an aggregate of 5,602,409 shares of Class A common stock, at an exercise price of \$1.75 per share. On April 20, 2023, the Company and the September PIPE Purchasers entered into amendments to, among other things, adjust the strike price of the warrants to \$1.01 per share.

The transaction described above for which disclosure of pro forma financial information was considered material has been consummated.

As a result of this transaction, the Company prepared the accompanying unaudited pro forma condensed consolidated financial statements. Except as set forth herein, the unaudited pro forma condensed consolidated balance sheet as of March 31, 2023, and statement of operations for the three months ended March 31, 2023, give pro forma effect to this transaction as if it occurred on March 31, 2023 (in the case of the balance sheet), or January 1, 2023 (in the case of the statement of operations).

The unaudited pro forma condensed consolidated financial statements include unaudited pro forma adjustments that are factually supportable and directly attributable to the transaction. In addition, the unaudited pro forma adjustments are expected to have a continuing impact on the Company's results. The Company has prepared the unaudited pro forma condensed consolidated financial statements for illustrative purposes only, and it does not purport to represent what the results of operations or financial condition would have been had the transaction actually occurred on the dates indicated, nor does the Company purport to project the results of operations or financial condition for any future period or as of any future date. Actual results may differ significantly from those reflected in the unaudited pro forma condensed consolidated financial statements for various reasons, including but not limited to, differences between the assumptions used to prepare the unaudited pro forma condensed consolidated financial statements and actual results.

STRONGHOLD DIGITAL MINING, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2023

	<u>Historical</u>	<u>Pro Forma Adjustments</u>		<u>Pro Forma</u>
		<u>April 2023</u>		
	<u>March 31, 2023</u>	<u>Private Placement</u>	<u>Notes</u>	<u>March 31, 2023</u>
ASSETS:				
Cash and cash equivalents	\$ 6,353,973	\$ 9,999,567	(a)	\$ 16,353,540
Digital currencies	672,852	-		672,852
Accounts receivable	4,742,092	-		4,742,092
Inventory	4,700,832	-		4,700,832
Prepaid insurance	3,541,898	-		3,541,898
Due from related parties	74,107	-		74,107
Other current assets	1,354,955	-		1,354,955
Total current assets	<u>21,440,709</u>	<u>9,999,567</u>		<u>31,440,276</u>
Equipment deposits	5,422,338	-		5,422,338
Property, plant and equipment, net	158,366,684	-		158,366,684
Operating lease right-of-use assets	1,581,400	-		1,581,400
Land	1,748,440	-		1,748,440
Road bond	211,958	-		211,958
Security deposits	348,888	-		348,888
TOTAL ASSETS	<u>\$ 189,120,417</u>	<u>\$ 9,999,567</u>		<u>\$ 199,119,984</u>
LIABILITIES:				
Accounts payable	\$ 14,847,939	-		\$ 14,847,939
Accrued liabilities	7,112,648	175,000	(a)	7,287,648
Financed insurance premiums	2,806,538	-		2,806,538
Current portion of long-term debt, net of discounts and issuance fees	995,145	-		995,145
Current portion of operating lease liabilities	613,657	-		613,657
Due to related parties	1,612,515	-		1,612,515
Total current liabilities	<u>27,988,442</u>	<u>175,000</u>		<u>28,163,442</u>
Asset retirement obligation	1,036,575	-		1,036,575
Warrant liabilities	2,846,548	9,023,135	(a)	11,869,683
Long-term debt, net of discounts and issuance fees	58,208,207	-		58,208,207
Long-term operating lease liabilities	1,067,654	-		1,067,654
Contract liabilities	277,397	-		277,397
Total liabilities	<u>91,424,823</u>	<u>9,198,135</u>		<u>100,622,958</u>
COMMITMENTS AND CONTINGENCIES				
REDEEMABLE COMMON STOCK:				
Common Stock - Class V; \$0.0001 par value; 34,560,000 shares authorized and 2,605,760 shares issued and outstanding	15,499,219	-		15,499,219
Total redeemable common stock	<u>15,499,219</u>	<u>-</u>		<u>15,499,219</u>
STOCKHOLDERS' EQUITY (DEFICIT):				
Common Stock – Class A; \$0.0001 par value; 685,440,000 shares authorized; 4,104,619 shares issued and outstanding.	4,105	1,000	(a)	5,105
Series C convertible preferred stock; \$0.0001 par value; 23,102 shares authorized; 21,572 shares issued and outstanding.	2	-		2
Accumulated deficits	(290,848,496)	(140,221)	(a)	(290,988,717)
Additional paid-in capital	373,040,764	940,653	(a)	373,981,417
Total stockholders' equity (deficit)	<u>82,196,375</u>	<u>801,432</u>		<u>82,997,807</u>
Total redeemable common stock and stockholders' equity (deficit)	<u>97,695,594</u>	<u>801,432</u>		<u>98,497,026</u>
TOTAL LIABILITIES, REDEEMABLE COMMON STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$ 189,120,417</u>	<u>\$ 9,999,567</u>		<u>\$ 199,119,984</u>

STRONGHOLD DIGITAL MINING, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 2023

	<u>Historical</u> Three Months Ended March 31, 2023	<u>Pro Forma Adjustments</u> April 2023 Private Placement	Notes	<u>Pro Forma</u> Three Months Ended March 31, 2023
OPERATING REVENUES:				
Cryptocurrency mining	\$ 11,297,298	\$ -		\$ 11,297,298
Energy	2,730,986	-		2,730,986
Cryptocurrency hosting	2,325,996	-		2,325,996
Capacity	859,510	-		859,510
Other	52,425	-		52,425
Total operating revenues	<u>17,266,215</u>	<u>-</u>		<u>17,266,215</u>
OPERATING EXPENSES:				
Fuel	7,414,014	-		7,414,014
Operations and maintenance	8,440,923	-		8,440,923
General and administrative	8,468,755	-		8,468,755
Depreciation and amortization	7,722,841	-		7,722,841
Loss on disposal of fixed assets	91,086	-		91,086
Realized gain on sale of digital currencies	(326,768)	-		(326,768)
Impairments on digital currencies	71,477	-		71,477
Impairments on equipment deposits	-	-		-
Total operating expenses	<u>31,882,328</u>	<u>-</u>		<u>31,882,328</u>
NET OPERATING LOSS	<u>(14,616,113)</u>	<u>-</u>		<u>(14,616,113)</u>
OTHER INCOME (EXPENSE):				
Interest expense	(2,383,913)	-		(2,383,913)
Loss on debt extinguishment	(28,960,947)	-		(28,960,947)
Changes in fair value of warrant liabilities	(714,589)	(140,221)	(b)	(854,810)
Changes in fair value of forward sale derivative	-	-		-
Changes in fair value of convertible note	-	-		-
Other	15,000	-		15,000
Total other income (expense)	<u>(32,044,449)</u>	<u>(140,221)</u>		<u>(32,184,670)</u>
NET LOSS	<u>\$ (46,660,562)</u>	<u>\$ (140,221)</u>		<u>\$ (46,800,783)</u>
NET LOSS attributable to noncontrolling interest	<u>(18,119,131)</u>	<u>(54,451)</u>		<u>(18,173,582)</u>
NET LOSS attributable to Stronghold Digital Mining, Inc.	<u>\$ (28,541,431)</u>	<u>\$ (85,770)</u>		<u>\$ (28,627,201)</u>
NET LOSS attributable to Class A common shareholders:				
Basic	\$ (6.52)			\$ (5.33)
Diluted	\$ (6.52)			\$ (5.33)
Weighted average number of Class A common shares outstanding:				
Basic	4,375,614	1,000,000		5,375,614
Diluted	4,375,614	1,000,000		5,375,614

STRONGHOLD DIGITAL MINING, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation

The March 31, 2023, unaudited pro forma condensed consolidated balance sheet gives effect to the pro forma adjustments necessary to reflect the transaction as if it had occurred on March 31, 2023. The unaudited pro forma condensed consolidated statement of operations gives effect to the pro forma adjustments to reflect the transaction as if it had occurred as of January 1, 2023. The unaudited pro forma adjustments related to the transaction are based on available information and assumptions that management believes are directly attributable to the transaction, factually supportable, and are expected to have a continuing impact on the Company's results of operations with respect to the unaudited condensed consolidated statement of operations.

Note 2 – Pro Forma Adjustments

Adjustments to the Unaudited Pro Forma Condensed Consolidated Balance Sheet

The following adjustments have been made to the accompanying unaudited pro forma condensed consolidated balance sheet as of March 31, 2023.

- (a) Reflects increases in cash of approximately \$10.0 million, accrued liabilities of \$0.2 million for legal transaction fees, and warrant liabilities of approximately \$9.0 million, which has been recognized at fair market value using the Black-Scholes model. The pro forma balance sheet as of March 31, 2023, also reflects changes in Class A common stock and additional paid-in capital to adjust for shares issued as part of the Private Placement. The change in accumulated deficit results from the impact of adjusting the exercise price of warrants previously issued in September 2022.

Adjustments to the Unaudited Pro Forma Condensed Consolidated Statement of Operations

The following adjustment has been made to the accompanying unaudited pro forma condensed consolidated statement of operations for the three months ended March 31, 2023.

- (b) Reflects a non-operating loss of approximately \$0.1 million for the three months ended March 31, 2023, which represents a change in the fair value of warrant liabilities caused by an adjustment to the strike price of warrants previously issued in September 2022.
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UNAUDITED SELECTED FINANCIAL DATA**Reverse Stock Split**

On May 15, 2023, at 5:00 p.m., Eastern Time (the “Effective Time”), the Company effected a 1-for-10 reverse stock split (“Reverse Split”) of its Class A common stock, par value \$0.0001 per share (“Class A Common Stock”), and Class V common stock, par value \$0.0001 per share (“Class V Common Stock” and, together with the Class A Common Stock, the “Common Stock”). Stronghold’s Class A Common Stock continues to trade on The Nasdaq Global Market (“Nasdaq”) under the symbol “SDIG” and began trading on a split-adjusted basis when the market opened on May 16, 2023. The new CUSIP number for the Class A Common Stock following the Reverse Split is 86337R 202.

On January 9, 2023, the Company’s stockholders took action by written consent to authorize the Company’s board of directors (the “Board”) to effect a reverse stock split with a ratio in a range from and including one-for-two (1:2) up to one-for-ten (1:10). On May 12, 2023, the Board approved a 1-for-10 Reverse Split ratio. The Company has filed a Certificate of Amendment to the Company’s Second Amended and Restated Certificate of Incorporation (the “Charter Amendment”) to effect the Reverse Split at the Effective Time.

Following the Reverse Split, the par value of the Common Stock remains unchanged at \$0.0001 per share. The Charter Amendment does not change the authorized number of shares of Common Stock or preferred stock. No fractional shares will be issued in connection with the Reverse Split. Stockholders who would otherwise be entitled to receive a fractional share of Common Stock will instead receive a whole share of the applicable Common Stock. The Reverse Split will affect all stockholders uniformly and will not alter any stockholder’s percentage interest in the Company’s equity (other than as a result of the rounding up of fractional shares). Additionally, outstanding equity-based awards and other outstanding securities convertible or exchangeable into Common Stock will be proportionately adjusted in accordance with the terms thereof or as otherwise specified by the Board.

The Company’s audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2022, and the Company’s unaudited condensed consolidated financial statements included in its Quarterly Report on Form 10-Q for the period ended March 31, 2023, are presented without giving effect to the Reverse Split.

The following selected financial data has been derived from the Company’s audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on April 3, 2023, and the Company’s unaudited condensed consolidated financial statements included in its Quarterly Report on Form 10-Q for the period ended March 31, 2023, filed with the SEC on May 12, 2023, and adjusted to reflect the Reverse Split. The Company’s historical results may not be indicative of the results that may be expected in the future.

As Reported (audited):

	Years Ended	
	December 31, 2022	December 31, 2021
NET LOSS attributable to Stronghold Digital Mining, Inc.	\$ (89,261,230)	\$ (11,213,147)
NET LOSS attributable to Class A common shareholders:		
Basic	\$ (3.45)	\$ (2.03)
Diluted	\$ (3.45)	\$ (2.03)
Weighted average number of Class A common shares outstanding:		
Basic	25,849,048	5,518,752
Diluted	25,849,048	5,518,752

As Adjusted for the Reverse Split (unaudited):

	Years Ended	
	December 31, 2022	December 31, 2021
NET LOSS attributable to Stronghold Digital Mining, Inc.	\$ (89,261,230)	\$ (11,213,147)
NET LOSS attributable to Class A common shareholders:		
Basic	\$ (34.53)	\$ (20.32)
Diluted	\$ (34.53)	\$ (20.32)
Weighted average number of Class A common shares outstanding:		
Basic	2,584,907	551,876
Diluted	2,584,907	551,876

As Reported (unaudited):

	Three Months Ended	
	March 31, 2023	March 31, 2022
NET LOSS attributable to Stronghold Digital Mining, Inc.	\$ (28,541,431)	\$ (13,408,778)
NET LOSS attributable to Class A common shareholders:		
Basic	\$ (0.65)	\$ (0.66)
Diluted	\$ (0.65)	\$ (0.66)
Weighted average number of Class A common shares outstanding:		
Basic	43,756,137	20,206,103
Diluted	43,756,137	20,206,103

As Adjusted for the Reverse Split (unaudited):

	Three Months Ended	
	March 31, 2023	March 31, 2022
NET LOSS attributable to Stronghold Digital Mining, Inc.	\$ (28,541,431)	\$ (13,408,778)
NET LOSS attributable to Class A common shareholders:		
Basic	\$ (6.52)	\$ (6.64)
Diluted	\$ (6.52)	\$ (6.64)
Weighted average number of Class A common shares outstanding:		
Basic	4,375,614	2,020,611
Diluted	4,375,614	2,020,611