



Q1 2023 Earnings Presentation

May 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



NASDAQ Ticker Symbol	SDIG
Share Price	\$0.91
FD Equity Market Cap ¹	\$132mm
Bitcoins Mined (Q1 2023)	618
Contracted Hash Rate Capacity	3.8 EH/s



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



165 MW of power generation capacity



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



Nearly 260,000 tons of coal refuse removed from the local environment during Q1 2023

Note: all data as of 5/8/23 unless otherwise noted; all figures are approximated
1. Based on fully diluted share count of ~145mm, calculated using treasury method

Building Blocks to Compound Equity Value



Significant Deleveraging Complete

- Greatly improved balance sheet and liquidity, with <\$60mm of principal amount of debt and no mandatory amortization payment until July 2024
- Payables reduced from >\$28mm as of 9/30/22 to ~\$13mm as of 5/8/23

Growing with High Capital Efficiency

- Procured or received ~2.2 EH/s of hash rate capacity with incremental spend of only ~\$15mm since returning ~26k miners in August 2022
- Recently purchased 5,000 M50 miners for \$15.5/T and announced 4,000-miner Bitcoin mining agreement with Canaan

Accelerating Guidance

- Expect to achieve 4 EH/s by 9/30/23 (previously expected by YE 2023)

Cost and Operational Efficiency

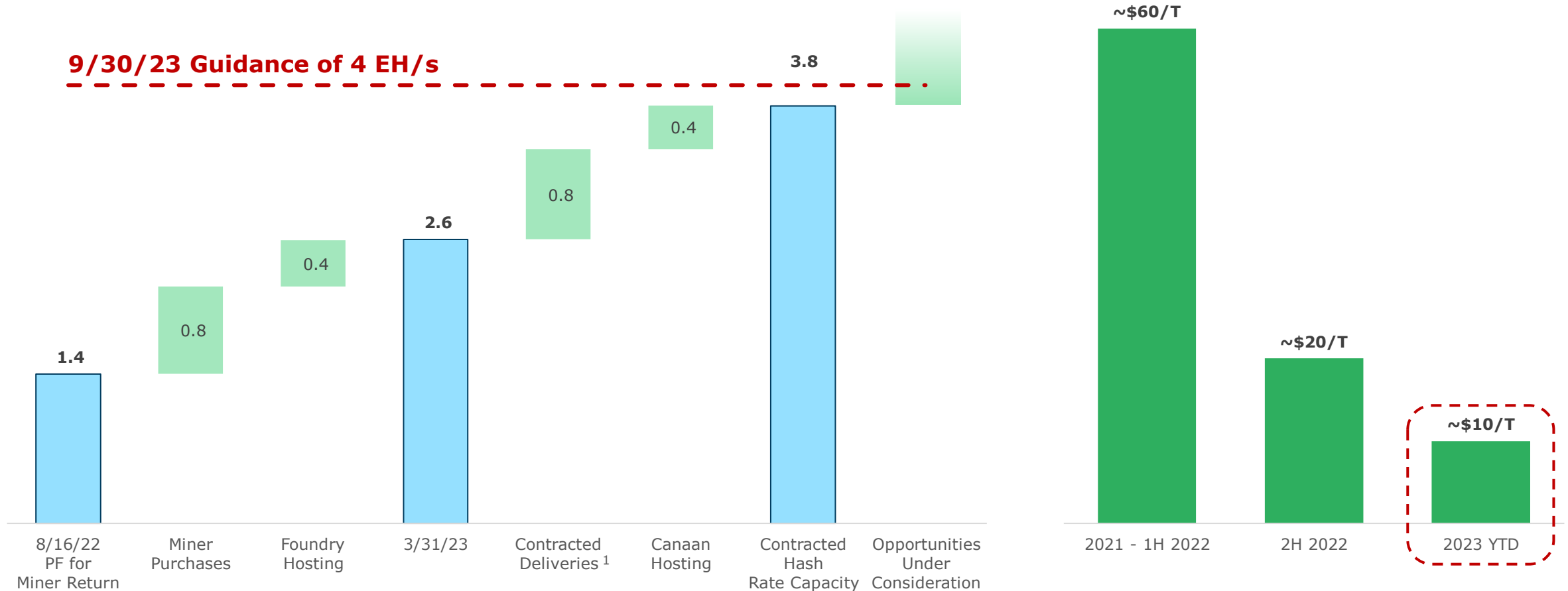
- Achieved net cost of power of \$45-50/MWh in March 2023; \$40-50/MWh average expected for balance of 2023
- Company has realized benefits from importing power instead of running plants periodically year to date when power prices < variable cost of power

Accelerating Hash Rate Growth with Exceptional Capital Efficiency



Hash Rate Capacity Growth since 8/16/22

6x Improvement in Capital Efficiency²



1. Includes approximately 5,000 contracted and funded MicroBT M50 miners estimated to be delivered during Q2 2023 and approximately 2,300 undelivered MinerVa MV7 miners; the MinerVa miners have not been scheduled for delivery, and the Company does not know when the remaining miners will be delivered, if at all

2. Calculated as (purchases of PP&E + equipment purchase deposits) / hash rate capacity contracted during each period

Unique Bitcoin Mining Agreements Allow Stronghold to Get Exposure to BTC Mining Economics without Buying Miners



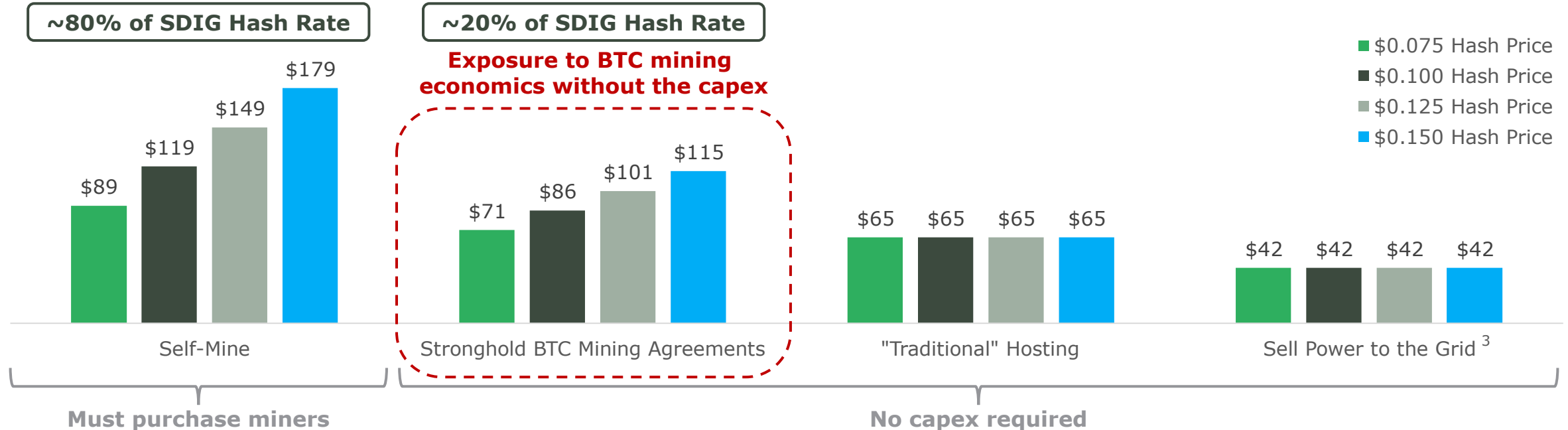
Stronghold Bitcoin Mining Agreements

- Stronghold receives 50% of BTC mined and a payment equal to 55% of its net cost of power
- Stronghold is able to capture upside from curtailing miners to sell power to the grid when power prices > BTC mining economics

"Traditional" Hosting Agreement ¹

- Operator receives fixed fee of \$65/MWh and has no upside exposure to BTC mining economics

Stronghold Revenue Alternatives (\$/MWh) ²



1. Represents illustrative hosting agreement terms based on management's assessment of current market hosting fees

2. Assumes miner efficiency of 35 J/T and a net cost of power of \$47.50/MWh

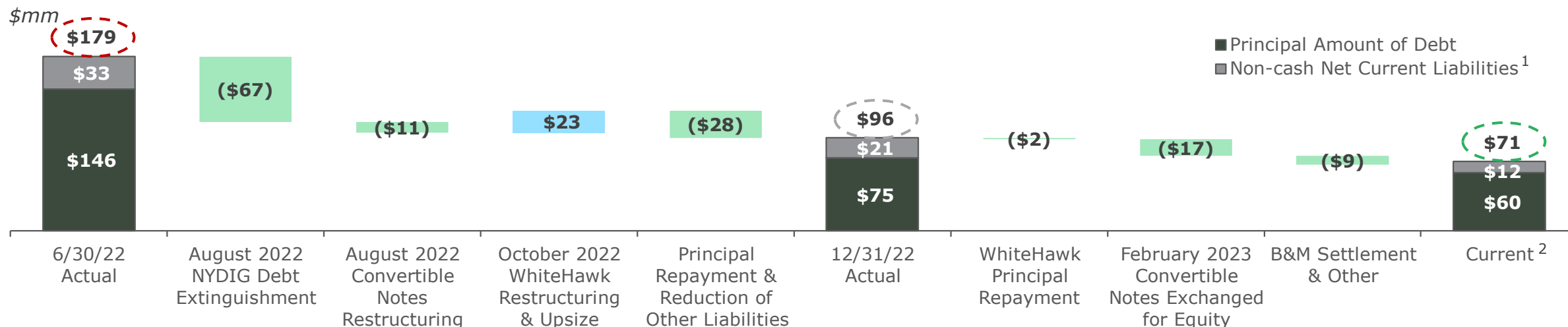
3. Represents the average of Penelec and PPL PJM forward prices for the next 12 months as of 5/5/23

Greatly Improved Balance Sheet and Liquidity Position

Achieved through proactive restructuring of nearly all debt agreements



Significant Reduction in Debt since Q2 2022



Dramatically Reduced 2023E Mandatory Amortization through Restructuring

Restructuring:	August 2022: NYDIG Debt Extinguishment	August 2022: Convertible Note Restructuring	October 2022: First WhiteHawk Restructuring	February 2023: Convertible Note Exchange	February 2023: Second WhiteHawk Restructuring
Reduction in 2023E Mandatory Amortization:	\$49mm	\$11mm	\$4mm	\$11mm	\$19mm
Pro Forma 2023E Mandatory Amortization:	\$45mm	\$34mm	\$30mm	\$19mm	\$0

Note: All figures are approximated

1. Non-cash net current liabilities is calculated as total current liabilities – current portion of long-term debt – total current assets + cash and cash equivalents + digital currencies

2. Represents 3/31/23 principal amount of debt and non-cash net current liabilities, adjusted for ~\$700k equitization of a key power plant vendor payable that occurred in Q2 2023

Q1 2023 Results



Financial		Q1 2023
Bitcoin Mined		618
Total Revenue (mm)		\$17.3
Net Loss (mm)		(\$46.7)
Adjusted EBITDA (mm)*		(\$3.9)
Environmental		Q1 2023
Tons of Coal Refuse Removed from the Environment		~259,000
Tons of Beneficial Use Ash Returned to Remediate Sites		~197,000

* Presentation includes non-GAAP financial measures throughout, and all Adjusted EBITDA references throughout the presentation should be considered in connection with the Reconciliation of non-GAAP Items on slide 12

Roadmap for Modeling Stronghold

Management's key model inputs



165 MW plant power output capacity

95 MW current mining load; moving to 130 MW by 9/30/23

\$90/MWh BTC mining revenue (based on \$0.08 hash price) ¹

\$42/MWh power prices ²

<\$32/MWh net fuel cost

\$2.5-3.0mm monthly O&M expense (excl. plant outages)

\$2-4mm annual plant outage O&M expenses

\$20mm annual cash G&A

Power output – mining load
= exports to / (imports from) the grid

If power prices > bitcoin mining revenue,
curtail miners and sell power to the grid

If power prices < net fuel cost,
reduce plant output and import power
from the grid

Note: All figures are approximated

1. Based on illustrative average miner efficiency of 36 J/T

2. Represents the average of Penelec and PPL PJM forward prices for the next 12 months as of 5/5/23

Transaction Fees Providing Recent Revenue Uplift



Transaction fees are up over 10x in May compared to the average over the prior 18 months ¹

- Hash price is the nexus of the market variables that drive Bitcoin mining revenue
 - Represents the daily revenue a miner can expect to receive for every 1 TH/s of hash rate
 - Calculated as $\text{Bitcoin Price} \times \text{Block Subsidies} \times (1 + \text{transaction fee \%}) \div \text{Network Hash Rate}$
- Transaction fees and volume have risen sharply on the Bitcoin network, driven by factors including recent innovations such as ordinals and the BRC-20 token standard, enabled by the Taproot upgrade

Stronghold Receives Bitcoin & Transaction Fees for Mining ²

Period	Average BTC Price	Average Fee % of Block Subsidy	Implied Value per BTC Mined ³
2022	\$28,198	2%	\$28,663
Q1 2023	\$22,878	2%	\$23,405
April 2023	\$28,802	3%	\$29,677
May 2023	\$28,287	27%	\$35,934

Hash Price Evolution (\$ / TH/s per Day)



Note: Transaction fees as of May 11, 2023; transaction fees are volatile and there are no assurances that transaction fees will continue at recent levels in the future

1. Transaction fees averaged 1.8% from November 2021 to April 2023

2. Stronghold only uses Full Pay Per Share ("FPPS") pools and receives block subsidies and transaction fees, in the form of Bitcoin, for the hash rate it contributes

3. Illustrative \$ value per Bitcoin mined, based on average Bitcoin prices for the respective periods; Stronghold receives transaction fees in the form of additional Bitcoin



Appendix

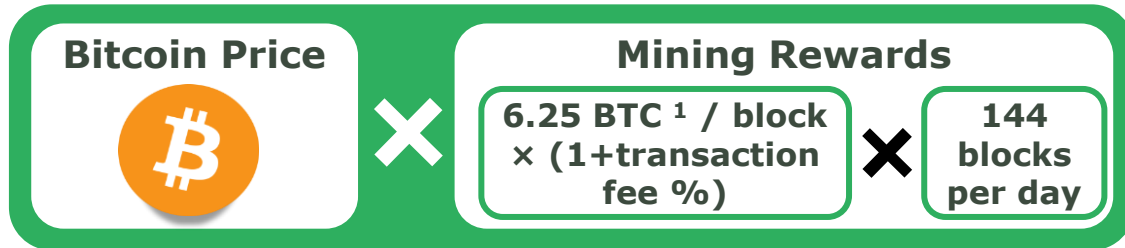
Reconciliation of Non-GAAP Items



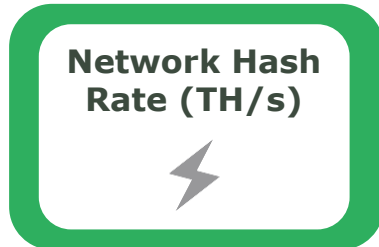
Reconciliation of Adjusted EBITDA (mm)	Q1 2023
Net Income (loss)	(\$46.7)
Interest expense	\$2.4
Depreciation and amortization	\$7.7
Loss on debt extinguishment	\$29.0
Impairments on digital currencies	\$0.1
One-time non-recurring expenses	\$0.7
Stock-based compensation	\$2.4
Loss on disposal of fixed assets	\$0.1
Realized gain on sale of digital currencies	(\$0.3)
Changes in fair value of warrant liabilities	\$0.7
Accretion of asset retirement obligation	\$0.0
Adjusted EBITDA	(\$3.9)

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