

STRONGHOLD

# Q2 2024 Earnings Presentation

August 2024

# Disclaimer

## **Forward-Looking Statements**

The information, financial projections and other estimates contained herein contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, among other things, future guidance with respect to the anticipated future performance of the Company and its potential carbon capture initiative and statements regarding a review of strategic alternatives. Such financial projection, guidance, 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 may include statements about various risks and uncertainties, including those described under the heading “Risk Factors” in our previously filed Annual Report on Form 10-K, filed on March 8, 2024, and in our subsequently filed Quarterly Reports on Form 10-Q. We expect to file our Quarterly Report on Form 10-Q for the second quarter of 2024 on August 14, 2024.

In addition, such information, financial projections, guidance 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, guidance 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.

## **Non-GAAP Measures**

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. The reconciliations for non-GAAP figures to applicable GAAP measures are included in the Appendix.

We have not reconciled non-GAAP forward-looking measures, including EBITDA guidance, to their corresponding GAAP measures due to the high variability and difficulty in making accurate forecasts and projections, particularly with respect to the price of Bitcoin, Bitcoin network hash rate, electricity prices, plant outages, power input costs, and the various assumptions underlying our proposed carbon capture initiative discussed herein, which are difficult to predict and subject to change. Accordingly, such reconciliations of non-GAAP forward-looking measures are not available without unreasonable effort.

## **Third-Party Information**

Certain information contained herein refers to or 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 make 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. 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.

# Strategic Alternatives Process Update

- Strategic review process is ongoing
- Numerous bids received for all or parts of the Company
- Continuing to evaluate a wide range of alternatives to **maximize shareholder value**

# Market Tailwinds for Stronghold's Assets

## PJM Capacity Auction <sup>1</sup>

- Panther Creek and Scrubgrass plants cleared PJMs' 2025-26 capacity auction at **\$269.92/MW per day, up ~833%** from last year
- Panther Creek cleared 69.2 MW, which represents **~\$7mm of incremental revenue at 100% margin <sup>2</sup>**
- Scrubgrass cleared 75.6 MW and has since exited 17 MW of the commitment; the Company is evaluating options with the remaining commitment

## Waste Coal Tax Credits <sup>3</sup>

- In July 2024, Pennsylvania's Coal Refuse Energy and Reclamation Tax Credit was **increased by 100% to \$8 per ton**, which represents **\$2-4mm of incremental annual net income <sup>2</sup>**

## PJM Guidance on Co-Located Load

- Stronghold believes that its data centers qualify as PJM "In Network" load, which has the potential to enable ancillary revenue streams
- Currently registering Scrubgrass data center for PJM demand response and sync reserve programs

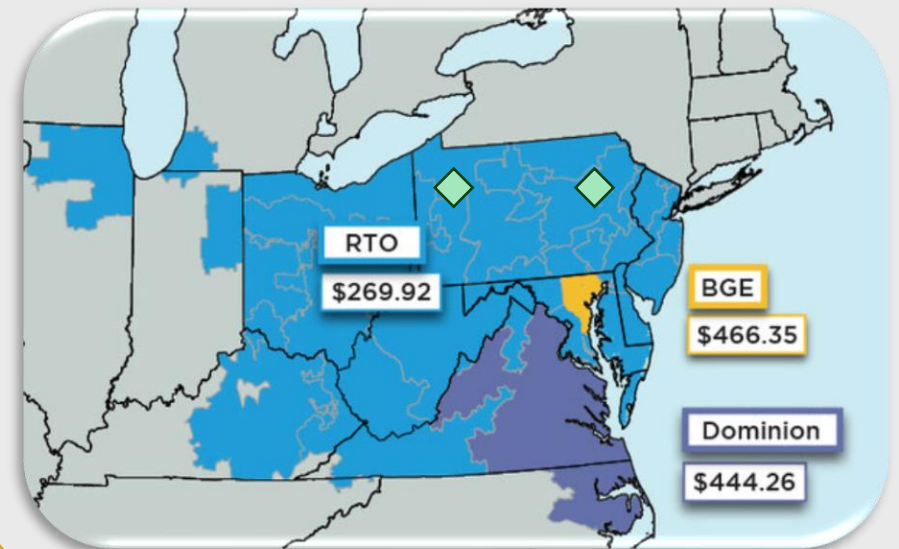
1. PJM 2025-2026 BRA: <https://pjm.com/-/media/markets-ops/rpm/rpm-auction-info/2025-2026/2025-2026-base-residual-auction-report.ashx>

2. Management estimates as of August 14, 2024

3. Pennsylvania State Tax Code Bill 654: [Bill Information - Senate Bill 654; Regular Session 2023-2024 - PA General Assembly \(state.pa.us\)](https://legis.state.pa.us)

“PJM auction results were significantly above expectations, up nearly 10x for most of the market... 99% of all offered MW cleared the auction. We see this as an indication of a very tight market...”

*-Morgan Stanley Equity Research*



# Pursuing Expansion of Panther Creek and Scrubgrass Data Centers

## Evaluating sites for potential expansion and GPU computing

- Both sites have various nearby fiber providers (in addition to current providers of fiber service to the sites), representing ability to achieve diversified paths to market
- Both sites have robust water supply, largely due to existing power generation operations
- Working with Appleby Strategy Group LLC to evaluate large-scale data center development

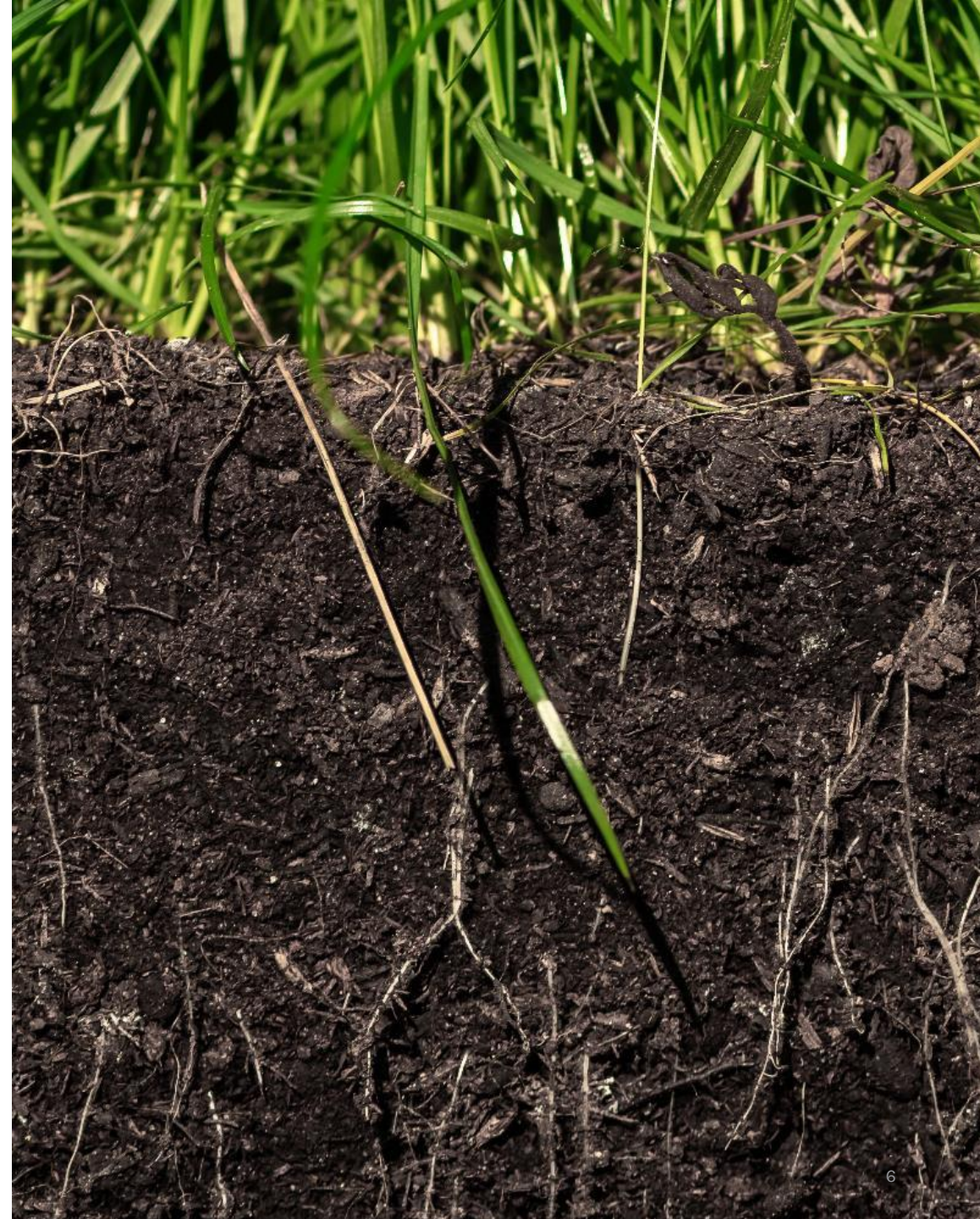
	Panther Creek	Scrubgrass
<b>Large Acreage Footprint</b>	<ul style="list-style-type: none"> <li>▪ <b>117 acres</b> currently owned</li> <li>▪ <b>~1,140 acres</b> under option</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>636 acres</b> currently owned</li> </ul>
<b>Nearly 1 Gigawatt of Total Potential Power Availability Under Review by Stronghold and Advisors</b>	<p><b>Potential Availability of 480 MW:</b></p> <ul style="list-style-type: none"> <li>▪ <b>80 MW</b> net power output capacity</li> <li>▪ <b>80 MW</b> current import capacity</li> <li>▪ <b>250 MW</b> additional import capacity that has passed utility preliminary load study; utility project feasibility report underway</li> <li>▪ <b>70 MW</b> alternative utility preliminary load study submitted and under review</li> </ul>	<p><b>Potential Availability of 475 MW:</b></p> <ul style="list-style-type: none"> <li>▪ <b>85 MW</b> net power output capacity</li> <li>▪ <b>62.5 MW</b> current import capacity</li> <li>▪ <b>327.5 MW</b> preliminary load studies submitted to utility and under review</li> </ul>

Note: A preliminary load study is the first step in exploring new power availability and steps needed to have this power delivered; following a preliminary load study, there are several key steps required before receiving service: detailed load study, engineering analyses and planning, PJM approval, construction and/or upgrading of necessary infrastructure, and entering into contracts for the power; the preliminary load study for the 250 MW estimated that this power could be delivered in one to five years; however, the duration and certainty of this process can vary. Please refer to risk factors in our Quarterly Report on Form 10-Q filed on August 14, 2024.

# Q2 2024 Results

	Q2 2024	2024 YTD
Bitcoin Mined	299	845
Total Revenue (mm)	\$19.1	\$46.6
Net Income (mm)	(\$21.3)	(\$15.4)
Adjusted EBITDA (mm) *	(\$0.3)	\$8.4

\* Presentation includes non-GAAP financial measures; Adjusted EBITDA references related to second quarter 2024 throughout the presentation should be considered in connection with the Reconciliation of non-GAAP on page 8





# Appendix

# Reconciliation of Non-GAAP Items

Reconciliation of Adjusted EBITDA (mm)	Q2 2024	2024 YTD
<b>Net income (loss)</b>	<b>(\$21.3)</b>	<b>(\$15.4)</b>
Interest expense	2.2	4.5
Depreciation and amortization	9.3	18.8
Non-recurring expenses	5.6	6.5
Stock-based compensation	1.7	3.6
(Gains)/Losses on disposal of fixed assets	1.7	1.7
Changes in fair value of warrant liabilities	0.4	(11.3)
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>(\$0.3)</b>	<b>\$8.4</b>

Note: Items that round to \$0.0 million have been left off as the calculation remains unchanged as presented

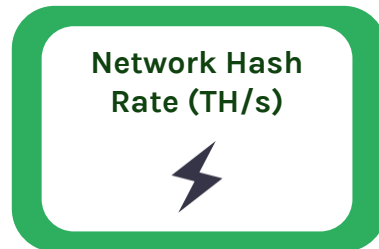


# Hash Price Calculation

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



*Divided by:*



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] x [number of Bitcoins mined per day (~450)] x [1 + transaction fee %] ÷ [network hash rate (TH/s)]

1. Current block subsidies are 3.125 BTC

# Stronghold Capitalization Table

(000s of share equivalents)

	Securities as of 8/9/24	Estimated Diluted Share Count at Various Share Prices (Based on Treasury Method)								
		\$2.82	\$5.00	\$7.50	\$10.00	\$12.50	\$15.00	\$17.50	\$20.00	
<b>Shares of Common Stock</b>										
Class A Common Stock	14,437	14,437	14,437	14,437	14,437	14,437	14,437	14,437	14,437	14,437
Class V Common Stock	2,406	2,406	2,406	2,406	2,406	2,406	2,406	2,406	2,406	2,406
<b>Basic Share Count</b>	<b>16,842</b>	<b>16,842</b>	<b>16,842</b>	<b>16,842</b>	<b>16,842</b>	<b>16,842</b>	<b>16,842</b>	<b>16,842</b>	<b>16,842</b>	<b>16,842</b>
<b>Warrants to Purchase Class A Common Stock</b>										
\$0.001 Exercise Price	27	27	27	27	27	27	27	27	27	27
\$0.100 Exercise Price	77	75	76	76	77	77	77	77	77	77
\$7.000 Exercise Price	3,700	-	-	247	1,110	1,628	1,973	2,220	2,405	2,405
\$10.100 Exercise Price	60	-	-	-	-	12	20	25	30	30
\$11.000 Exercise Price	100	-	-	-	-	12	27	37	45	45
\$86.800 Exercise Price	10	-	-	-	-	-	-	-	-	-
\$110.100 Exercise Price	2	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>3,976</b>	<b>101</b>	<b>103</b>	<b>350</b>	<b>1,213</b>	<b>1,755</b>	<b>2,123</b>	<b>2,386</b>	<b>2,584</b>	<b>2,584</b>
<b>Vested LTIP Equity Awards</b>										
Restricted Stock Units	0	0	0	0	0	0	0	0	0	0
Stock Options - \$39.70 Exercise Price	1	-	-	-	-	-	-	-	-	-
Stock Options - \$63.85 Exercise Price	27	-	-	-	-	-	-	-	-	-
Stock Options - \$93.30 Exercise Price	51	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Preferred Stock, Convertible Into Class A Common Stock</b>										
Series C - Post-Conversion Share Equivalents	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498
<b>Subtotal</b>	<b>1,498</b>	<b>1,498</b>	<b>1,498</b>	<b>1,498</b>	<b>1,498</b>	<b>1,498</b>	<b>1,498</b>	<b>1,498</b>	<b>1,498</b>	<b>1,498</b>
<b>Estimated Diluted Share Count</b>		<b>18,441</b>	<b>18,443</b>	<b>18,690</b>	<b>19,553</b>	<b>20,095</b>	<b>20,463</b>	<b>20,726</b>	<b>20,924</b>	<b>20,924</b>

 Currently out of the money

Note: All figures approximated



# Investor Contact

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Pictured: Actual Reclaimed Mining Waste Site



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