



## Q4 and FY 2022 Earnings Presentation

March 2023

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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 (3/28/23)</b>	<b>\$0.58</b>
<b>Fully Diluted Market Cap (3/28/23) <sup>1</sup></b>	<b>\$76mm</b>
<b>Current Hash Rate Capacity</b>	<b>2.6 EH/s</b>
<b>Current Power Capacity</b>	<b>165 MW</b>
<b>Total Revenue (Q4 2022)</b>	<b>\$23.4mm</b>
<b>Total Adj. EBITDA (Q4 2022) *</b>	<b>\$5.2mm</b>
<b>Bitcoins Mined (FY 2022)</b>	<b>2,089</b>



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



**165 MW of power generation capacity**



**~32,000 miners delivered or under contract**  
**~25 MW of data center equipment inventory**



**Over 1,000,000 tons of coal refuse removed from the local environment during FY 2022**

Note: all data as of 3/28/23 unless otherwise noted; all figures are approximated

\* Presentation includes non-GAAP financial measures throughout and that all Adjusted EBITDA references throughout the presentation should be considered in connection with the Reconciliation of non-GAAP Items on slide 11

1. Based on fully diluted shares outstanding of ~130mm as of 3/28/2023; see Appendix for capitalization table

# Building Blocks to Grow Equity Value



## Vertically Integrated Model Demonstrating Value

- Grid prices > BTC mining economics → curtail miners to sell power to grid
- Grid prices < variable cost of power → curtail plant to buy power from grid
- Realized benefits from both high and low grid prices over last 3 months

## Greatly Improved Balance Sheet and Liquidity

- Restructured or extinguished every piece of material debt on balance sheet
- ~\$60mm current principal amount of debt; no mandatory amortization until July 2024
- Eliminated largest payable (~\$11.4mm) in exchange for \$3.5mm subordinated note and 3mm warrants ("B&M Settlement")

## Ramping Hash Rate with High Capital Efficiency

- Expect to achieve 4 EH/s of hash rate capacity by YE 2023
- Building fleet through prudent purchases of distressed leading mining rigs
- MinerVa beating prior expectations – ~85% of order received; miners delivered to date are now performing in line with specifications

## Cost Reductions Are on Track or Beating Expectation

- Continue to expect to achieve \$45-50/MWh all-in net cost of power in Q1 2023
- Cash G&A trending below \$20mm run-rate excluding transaction-related legal costs
- Growing ash sales (cost offset), with benefit of ~\$300k in 2022 (~\$200k in Q4 2022) and \$1mm+ expected in 2023

# Powering through a Challenging Bitcoin Environment with Vertical Integration



- Stronghold seeks to optimize gross profit:
  - A: sell power to the PJM grid
  - B: convert power to Bitcoin
  - If B, either use self-generated power or import from the grid, whichever is lower cost
- Recent December 2022 case study:
  - Stronghold proactively curtailed data centers to supply power to grid during extreme weather event for 3 days in late December
  - Helped supply market with power during period of supply constraint, while capturing grid pricing well in excess of BTC mining economics
- In March, Stronghold has reduced plant output to import power to mine Bitcoin at its data centers given extremely low grid prices

## Revenue & Adjusted EBITDA \* vs. Hash Price <sup>1</sup>

*\$mm and \$/TH/s per Day*



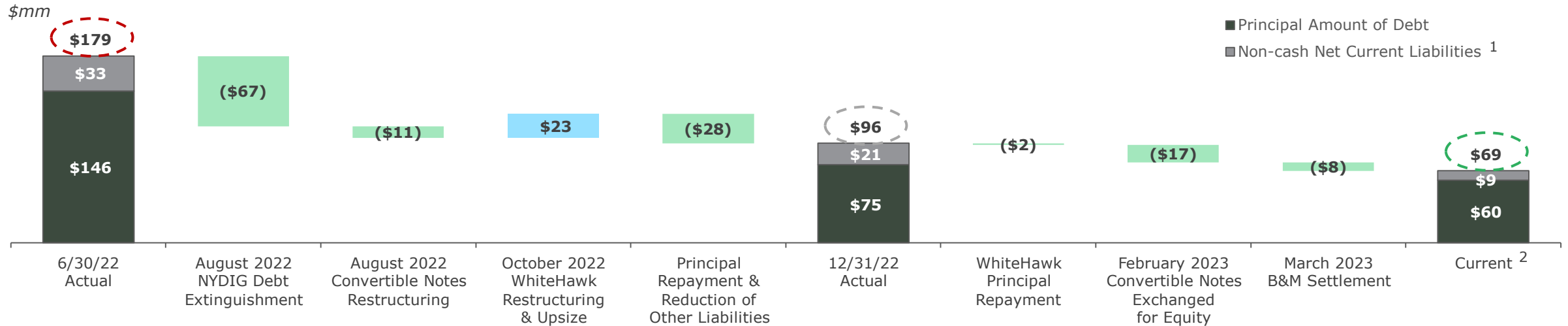
1. See Appendix for hash price calculation

# Greatly Improved Balance Sheet and Liquidity Position



Achieved through aggressive proactive restructuring of nearly all debt agreements

## 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
<b>Reduction in 2023E Mandatory Amortization:</b>	~\$49mm	~\$11mm	~\$4mm	~\$11mm	~\$19mm
<b>Pro Forma 2023E Mandatory Amortization:</b>	~\$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 12/31/22 principal amount of debt and non-cash net current liabilities, adjusted for one principal payment to WhiteHawk, February 2023 convertible note equityization, and the March 2023 B&M settlement

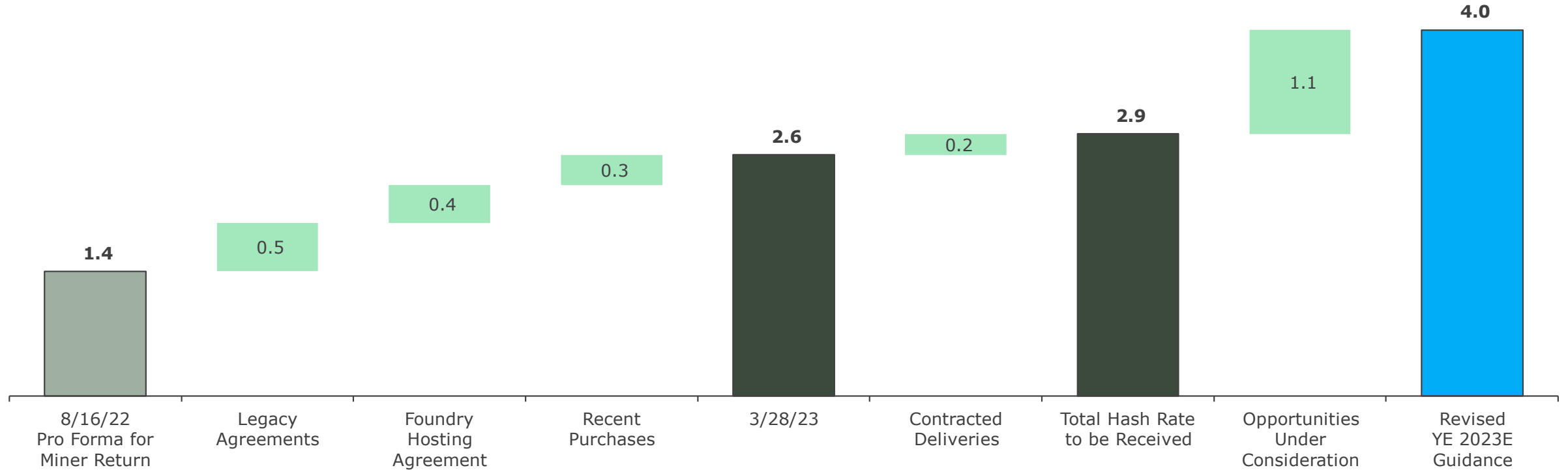
# Growing Hash Rate with High Capital Efficiency



Capitalizing on oversupply and distress in the Bitcoin mining space

## Hash Rate Capacity Growth since 8/16/22

*EH/s*



**Stronghold has grown hash rate capacity by ~1.2 EH/s with incremental spend of ~\$5mm since returning ~26k machines in August 2022 to eliminate ~\$67mm of debt**

# Q4 and FY 2022 Results



<b>Financial</b>	<b>Q4 2022</b>	<b>FY 2022</b>
Total Revenue (000's)	\$23,406	\$106,033
Net Loss (000's)	(\$47,407)	(\$195,172)
Adjusted EBITDA (000's) *	\$5,182	\$5,216
Bitcoin Mined	447	2,089

<b>Environmental</b>	<b>Q4 2022</b>	<b>FY 2022</b>
Tons of Coal Refuse Removed from the Environment	~295,000	~1,033,000
Tons of Beneficial Use Ash Returned to Remediate Sites	~173,000	~649,000



# Financials Significantly Leveraged to Hash Price



## NTM Revenue (\$mm)

		Hash Price <sup>1</sup>			
		\$0.070	\$0.080	\$0.090	\$0.100
Stronghold Hash Rate Capacity (EH/s) <sup>2</sup>	3.2	\$84	\$94	\$103	\$113
	3.6	\$89	\$100	\$110	\$121
	4.0	\$94	\$106	\$117	\$129

## NTM Adjusted EBITDA (\$mm) \*

		Hash Price <sup>1</sup>			
		\$0.070	\$0.080	\$0.090	\$0.100
Stronghold Hash Rate Capacity (EH/s) <sup>2</sup>	3.2	\$11	\$19	\$28	\$37
	3.6	\$15	\$25	\$35	\$44
	4.0	\$19	\$30	\$41	\$52

**Guidance excludes ~1 EH/s of upside related to ~25 MW of owned end-to-end data center infrastructure currently in inventory waiting to be deployed**

Note: NTM represents the period beginning 4/1/23 and ending 3/31/24

Note: Assumes forward power prices as of 3/28/23

1. See Appendix for hash price calculation

2. Assumes Stronghold reaches the assumed hash rate capacity by July 2023



Appendix

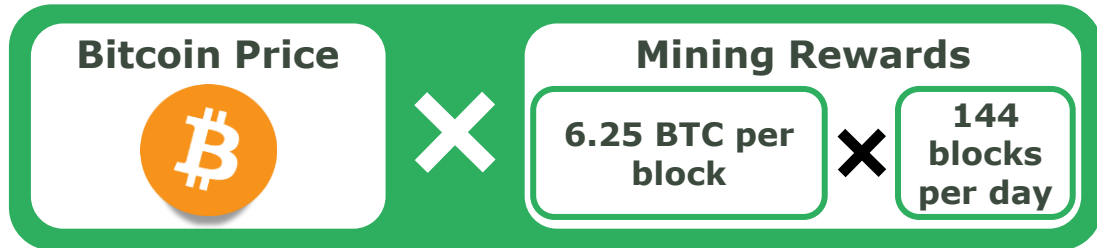
# Reconciliation of Non-GAAP Items



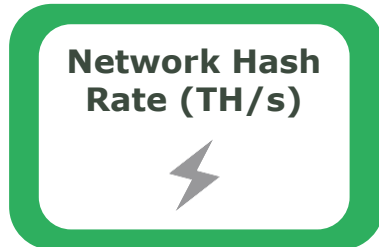
Reconciliation of Adjusted EBITDA (\$000's)	Q4 2022	Full Year 2022
<b>Net Income (loss)</b>	<b>(\$47,407)</b>	<b>(\$195,172)</b>
Interest	\$3,098	\$13,911
Depreciation & Amortization	\$10,001	\$47,235
Impairment on Miner Assets	\$24,083	\$40,683
Realized loss on debt extinguishment	\$7,662	\$40,518
Impairment on Equipment Deposits	\$5,120	\$17,349
One-time non-recurring expenses	\$473	\$15,254
Stock-Based Compensation	\$4,767	\$13,890
Impairments on Digital Currencies	\$163	\$8,340
Realized loss on sale of miner assets	–	\$8,012
(Gains)/Losses on disposal of fixed assets	\$280	\$2,511
Change in fair value of convertible note	–	\$2,168
Accretion of Asset Retirement Obligation	\$31	\$31
Realized gain (loss) on sale of derivative contract	–	\$91
(Gain) on extinguishment of Debt	–	(\$842)
Realized (gain) loss on sale of digital currencies	(\$166)	(\$1,102)
Changes in fair value of forward sale derivative	–	(\$3,436)
Changes in fair value of warrant liabilities	(\$2,924)	(\$4,226)
<b>Adjusted EBITDA</b>	<b>\$5,182</b>	<b>\$5,216</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)] ÷ [network hash rate (TH/s)]. Revenue received for selling electricity to the grid is based on forward prices for the Penelec and Pennsylvania Power & Light zones in PJM Interconnection, LLC, as of March 28, 2023.

# Stronghold Capitalization Table



(millions of shares)

			3/28/23	Estimated Diluted Share Count as of 3/28/23 at Various Share Prices				
			Pro Forma	\$0.58	\$0.75	\$1.00	\$1.25	\$1.50
Class A Common Shares			41.0	41.0	41.0	41.0	41.0	41.0
Class V Common Shares			26.1	26.1	26.1	26.1	26.1	26.1
<b>Basic Share Count</b>			<b>67.1</b>	<b>67.1</b>	<b>67.1</b>	<b>67.1</b>	<b>67.1</b>	<b>67.1</b>
<b><u>Vested LTIP Equity Awards</u></b>	<b>As of 12/31/22</b>	<b>Subsequently Vested (Canceled)</b>						
Restricted Stock Units & Restricted Stock Awards	0.3	0.6	0.9	0.9	0.9	0.9	0.9	0.9
Stock Options - \$3.97 Exercise Price	0.0	0.0	0.0	-	-	-	-	-
Stock Options - \$6.39 Exercise Price	0.2	(0.0)	0.2	-	-	-	-	-
Stock Options - \$8.68 Exercise Price	0.2	(0.2)	-	-	-	-	-	-
Stock Options - \$9.33 Exercise Price	1.2	(0.4)	0.8	-	-	-	-	-
Stock Options - \$10.53 Exercise Price	0.0	(0.0)	-	-	-	-	-	-
Stock Options - \$12.85 Exercise Price	0.0	(0.0)	-	-	-	-	-	-
Stock Options - \$21.29 Exercise Price	0.0	(0.0)	-	-	-	-	-	-
<b>Subtotal</b>	<b>2.0</b>	<b>(0.1)</b>	<b>2.0</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>
<b><u>Warrants</u></b>	<b>As of 12/31/22</b>	<b>Subsequently Exercised</b>						
\$0.0001 Exercise Price	5.3	(4.6)	0.7	0.7	0.7	0.7	0.7	0.7
\$0.0100 Exercise Price	4.9	-	4.9	4.8	4.8	4.8	4.8	4.8
\$1.7500 Exercise Price	5.6	-	5.6	-	-	-	-	-
\$8.6800 Exercise Price	0.1	-	0.1	-	-	-	-	-
\$11.0100 Exercise Price	0.0	-	0.0	-	-	-	-	-
To be Issued per B&M Settlement	-	-	3.0	3.0	3.0	3.0	3.0	3.0
<b>Subtotal</b>	<b>15.9</b>	<b>(4.6)</b>	<b>14.3</b>	<b>8.5</b>	<b>8.5</b>	<b>8.5</b>	<b>8.5</b>	<b>8.5</b>
<b><u>Series C Convertible Preferred Stock</u></b>	<b>At Close</b>	<b>Subsequently Converted</b>						
Post-conversion Class A Share Equivalents	57.8	(3.8)	53.9	53.9	53.9	53.9	53.9	53.9
<b>Subtotal</b>	<b>57.8</b>	<b>(3.8)</b>	<b>53.9</b>	<b>53.9</b>	<b>53.9</b>	<b>53.9</b>	<b>53.9</b>	<b>53.9</b>
<b>Diluted Share Count</b>				<b>130.4</b>	<b>130.5</b>	<b>130.5</b>	<b>130.5</b>	<b>130.5</b>

Out of the Money

Note: Figures are approximated, and pro forma share counts represent estimates  
 Note: Estimated diluted share count assumes treasury method

# Addition to Board of Directors

## Thomas Doherty, Independent Director

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- Proposed by WhiteHawk in relation to February 2023 amendment
- Principal of Argus Management Corporation, a firm that provides interim management and financial advisory services to companies and investors dealing with complex financial, operational, and strategic issues
- Respected leader in the fields of restructuring and turnaround management
- Has led over 200 engagements as advisor or interim CEO, CRO, COO, or CFO
- Has provided financial advisory services related to acquisitions, divestitures, equity placements, and financial restructurings
- Has worked with clients on strategic or sensitive projects, such as executive separation and recruitment, litigation/arbitration/mediation of disputes, and investigation of financial improprieties
- Graduate of Suffolk University – majored in Finance and Banking and graduated Magna Cum Laude from the school of business management