

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment.

18 Can any resulting loss be recognized? ▶ See attachment.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 1/10/2021

Paid Preparer Use Only	Print your name ▶ Ricardo R.A. Larroude	Preparer's signature	Title ▶ Chief Financial Officer	Check <input type="checkbox"/> if self-employed	PTIN
	Print/Type preparer's name		Date		
	Firm's name ▶	Firm's EIN ▶		Phone no.	
	Firm's address ▶				

Stronghold Digital Mining, Inc.
Stock Split - Common Stock and Voting Stock
Attachment to Form 8937

Part II – Organizational Action

Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On October 22, 2021, Stronghold Digital Mining, Inc. ("SDIG" or "the Company") effected a 2.88-for-1 stock split, pursuant to which each share of its then outstanding Class A common stock and Class V common stock (collectively, "common stock") was reclassified into 2.88 shares of Class A or Class V common stock, respectively. No fractional shares were issued. As such, a shareholder who would have otherwise been entitled to a fractional share as a result of the stock split received cash in lieu thereof and was deemed for federal income tax purposes to have received and then immediately sold such fractional share for cash.

Note that the Company's outstanding shares of Series A Convertible Redeemable Preferred Stock and Series B Convertible Redeemable Preferred Stock (collectively, "preferred stock") were converted to shares of Class A common stock on a one-to-one basis prior to the effective date of the common stock split. Thus, each share of Class A common stock received in the conversion, which for each applicable holder was equivalent to the number of shares of preferred stock previously held, was split into 2.88 shares of the Company's Class A common stock effective October 22, 2021.

Line 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

Upon the effective date of the stock split, each one (1) share of common stock of the Company was automatically reclassified into 2.88 shares of common stock. As a result, shareholders must allocate the aggregate tax basis in their shares held immediately prior to the stock split among the shares held immediately after the stock split (including any fractional shares for which cash in lieu was received, since these shares were deemed to have been received for federal income tax purposes). Shareholders are encouraged to consult their tax advisors regarding the allocation of their aggregated adjusted basis among, and the holding period of, that common stock.

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

See also Line 15 above. While each shareholder's basis in their common stock on a per-share basis was impacted, the basis of each shareholder's total investment generally remained unchanged. However, a shareholder who received cash in lieu of fractional shares may, as a result, have aggregate tax basis in their common stock held immediately after the stock split which is less than their tax basis immediately prior to the stock split by an amount equal to the aggregate tax basis, if any, allocated to the fractional shares deemed to have been received for federal income tax purposes.

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

IRC Sections 305(a), 307(a), and 1001.

Line 18. Can any resulting loss be recognized?

No, except as described below with respect to cash received in lieu of a fractional share, a shareholder generally will not recognize any gain or loss for U.S. federal income tax purposes upon the receipt of additional shares pursuant to the stock split.

In general, a shareholder who receives cash in lieu of a fractional share will recognize capital gain or loss equal to the difference between the amount of cash received in lieu of the fractional share and the portion of the holder's tax basis that is allocable to the fractional share. Such gain or loss will be long-term capital gain or loss if the shareholder's holding period in their shares is more than one year as of the stock split date. The deductibility of net capital losses by individuals and corporations is subject to limitations.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

For calendar year taxpayers, the reportable tax year is calendar year 2021. For taxpayers reporting on the basis of a tax year other than the calendar year, different tax periods may be impacted.