

STRONGHOLD

Q1 2024 Earnings Presentation

May 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 first quarter of 2024 on or around May 3, 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.

Section 45Q

In January 2021, the IRS issued final regulations under Section 45Q of the Internal Revenue Code, which provides a tax credit for qualified CO2 that is captured using carbon capture equipment and disposed of in secure geological storage (in the event of direct air capture that results in secure geological storage, credits are valued at \$180 per ton of CO2 captured) or utilized in a manner that satisfies a series of regulatory requirements (in the event of direct air capture that results in utilization, credits are valued at \$130 per ton of CO2 captured). We may benefit from Section 45Q tax credits only if we satisfy the applicable statutory and regulatory requirements, including but not limited to compliance with wage and apprenticeship requirements to receive the \$180/ton tax credits, and we cannot make any assurances that we will be successful in satisfying such requirements or otherwise qualifying for or obtaining the Section 45Q tax credits currently available or that we will be able to effectively benefit from such tax credits. We are currently exploring whether our carbon capture initiatives discussed herein would be able to qualify for any 45Q tax credit. It is not entirely clear whether we will be able to meet any required statutory and regulatory requirements, and qualification for any amount of 45Q credit may not be feasible with our currently planned direct air capture initiative. Additionally, the availability of Section 45Q tax credits may be reduced, modified or eliminated as a matter of legislative or regulatory policy. Any such reduction, modification or elimination of Section 45Q tax credits, or our inability to otherwise benefit from Section 45Q tax credits, could materially reduce our ability to develop and monetize our carbon capture program. Any of these factors may adversely impact our business, results of operations and financial condition.

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.

Stronghold at a Glance

The only environmentally beneficial and vertically integrated public Bitcoin mining company



4.1 EH/s

Current Hash Rate Capacity



7+ EH/s

Data Center Potential from
Current Energized Slots



32 J/T

Current Efficiency



\$8.7 MM

Q1 2024 Adjusted EBITDA¹



165 MW

from 2 Mining-Waste-to-Power Facilities:
Scrubgrass and Panther Creek



8th

Potential to Be the 8th Largest Announced
Direct Air Capture Project in the U.S.^{2,3,4}

Note: All figures approximated

1. 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 page 11

2. See Disclaimer page and assumptions disclosed in the Company's [December 2023 investor presentation](#)

3. Assuming 60,000-100,000 tonnes of CO₂ captured per year, our project has the potential to be the 8th largest of the announced U.S. direct air capture projects tracked by IEA's CCUS Projects Explorer with expected first operation before 2030

4. See: *CCUS Projects Explorer*; IEA, 2023, <https://www.iea.org/data-and-statistics/data-tools/ccus-projects-explorer>

Flexible Power Procurement Strategy Demonstrating Its Value



Panther Creek continues to reliably produce baseload power at

<\$40/MWh¹



Scrubgrass projected to run seasonally in 2024 to take advantage of expected low grid prices



Able to import uninterruptible electricity at both plants through our agreements with Champion / Calpine at compelling prices relative to retail electricity prices



Executed agreement with Voltus, Inc. to assist in capturing demand response opportunities

- Recent PJM guidance enables demand response for certain co-located loads
- Potential to further enhance economics when importing power from the grid

1. Q1 2024 net cost of power

Carbon Capture Update

Opportunity to meaningfully reduce cost of power

- Stronghold worked with partners in 2023 to develop Karbolith™ direct air capture technology, which facilitates airflow through unique, beneficial-use ash that is the byproduct of our specialized power generation and reclamation process
- Given high calcium oxide content of this ash, as air moves through it, CO₂ binds with the calcium oxide (forming calcium carbonate), removing the CO₂ from the air
- Stronghold is in the process of having the project for the two installed Karboliths at Scrubgrass accredited by the Puro Registry

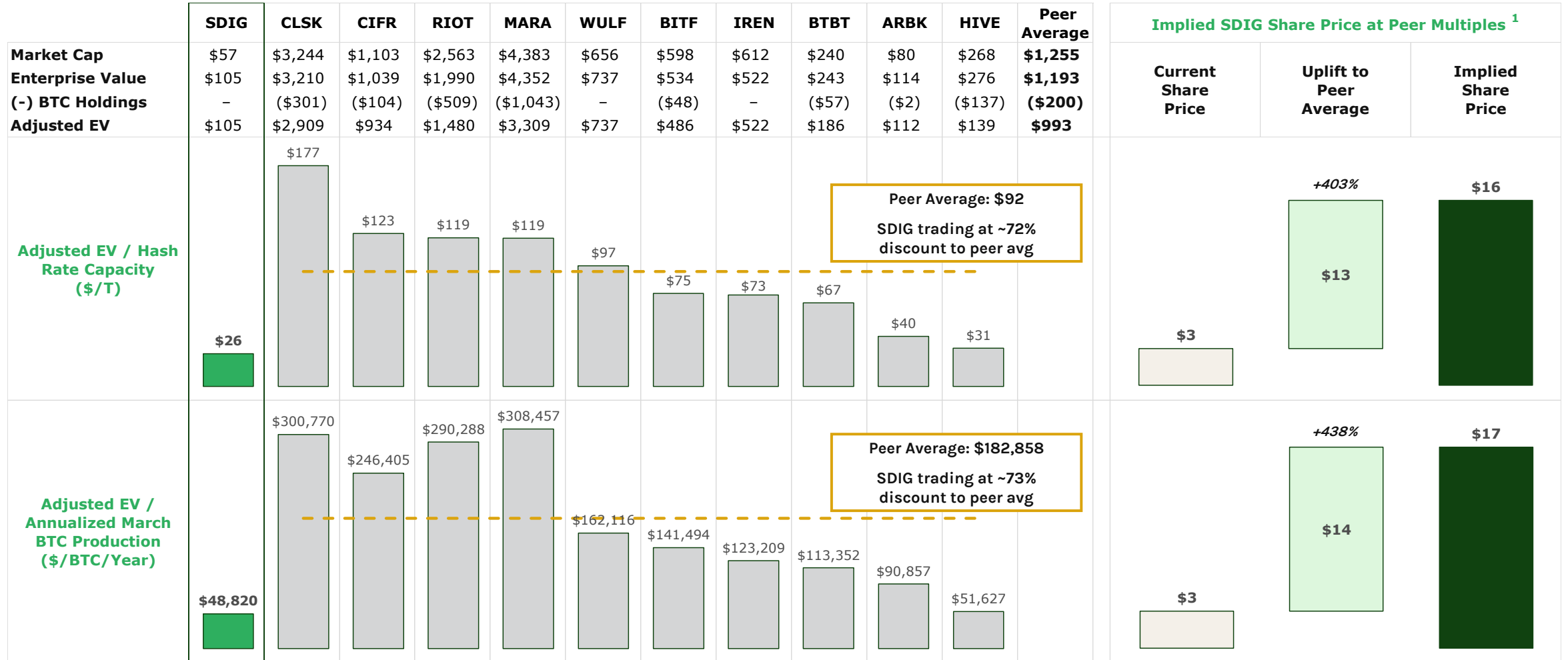


Audit package has been submitted to Puro, including a third-party lifecycle assessment; aiming to have Scrubgrass carbon capture operations for installed Karboliths accredited as early as Q2 2024

puro •
earth

Whiskey Tango Foxtrot

Select valuation metrics for public self-mining-focused peers



Note: All Stronghold data per latest Stronghold disclosures; all peer data for market cap and enterprise value per Bloomberg as of 4/30/24; all peer data for BTC holdings, hash rate, and BTC production pulled directly from peers' March 2024 disclosures; Stronghold makes no representation as to the accuracy of Bloomberg data and peers' disclosures

1. Represents implied share prices based exclusively on the selected valuation metrics; implied share prices calculated as ([Average Multiple] x [Relevant Stronghold Metric] - [Net Debt] + [BTC Holdings]) / [Fully Diluted Share Count (at implied share price)]

Initiated Strategic Alternatives Process to Unlock Shareholder Value ¹

Hired Cohen & Company Capital Markets ² as financial advisor and Vinson & Elkins as legal advisor

ORPHANED ASSETS HAVE SIGNIFICANT VALUE

- **Scrubgrass and Panther Creek sites are unique and attractive:**
 - Over 750 acres of owned land
 - Connected to relatively low-cost PJM grid
 - 2 wholly owned plants with ~165 MW of net output capacity and significant carbon capture potential
 - Substations with aggregate capacity of ~160 MW and expected ability to access significantly more uninterruptible power from the grid through infrastructure buildout and collaboration with utility
 - >45 miles of wholly owned transmission lines
 - Access to significant water supply and fiber
- **~4.1 EH/s of Bitcoin mining hash rate capacity deployed across 130 MW of energized data center capacity**
- **~\$10mm of end-to-end data center equipment in inventory, including various transformers, switchgear, PDUs, pods, and cables capable of supporting 25+ MW expansion**

1. There can be no guarantee that the process of evaluating strategic alternatives will result in the Company entering into or completing a potential transaction within any anticipated time period or at all. Any potential transaction would be dependent on a number of factors that may be beyond our control, including, among other things, market conditions, industry trends, the interest of third parties in a potential transaction with us, obtaining shareholder approval and the availability of financing to us or third parties in a potential transaction with us on reasonable terms.

2. Cohen & Company Capital Markets is a division of J.V.B. Financial Group, LLC

3. Based on the average of an equal-weighted index of publicly traded independent power producers: CEG, NRG, TLNE, VST

Market Dynamics Increasingly Constructive for Our Assets

- Rapid growth in AI/ML and cloud computing driving increased demand for power and access to the grid
- Decommissioning of thermal, baseload generation and expected replacement with intermittent renewables likely to cause future supply shortfall
- Market has re-rated power generation asset prices, with independent power producer stocks up ~120% since June 2023 and 55% over the last 3 months ³
- Transaction valuations for prospective data center sites have risen dramatically over past several months

A Perfect Storm Driving Up the Value of Power Assets

Significant demand for AI compounding with a dwindling supply of baseload generation

Replacing Baseload Generation with Intermittent Renewables Is Jeopardizing Grid Stability:

“We are subtracting dispatchable [fossil fuel] resources at a pace that’s not sustainable, and we can’t build dispatchable resources to replace the dispatchable resources we’re shutting down.”

-Mark Christie, FERC Commissioner ¹

"A growing number of areas in North America face resource capacity or energy risks over the assessment period. Capacity deficits, where they are projected, are largely the result of generator retirements that have yet to be replaced."

-[NERC 2023 Long-Term Reliability Assessment](#)

“Between 24,000 MW and 58,000 MW of thermal resources are at risk of retirement [in PJM], including 4,285 MW of announced retirements, 19,635 MW of retirements as a result of state and federal environmental regulations, and 33,744 MW of retirements for economic reasons.“

-[2023 State of the Market Report for PJM](#)

Expected Rapid Demand Growth to Power AI Amplifies the Issue:

"Today’s data centers already consume lots of power: Globally 460 terawatt-hours of electricity are needed annually. That’s equivalent to the entire country of Germany. The rise in AI is expected to increase this figure 3x by 2030 – more than the total power consumption of India..."

“By the end of the decade, AI data centers could consume as much as 20% to 25% of U.S. power requirements. Today that’s probably 4% or less. That’s hardly very sustainable...”

-Rene Haas, CEO of ARM Holdings ²

“The next shortage will be electricity. They won't be able to find enough electricity to run all the chips. I think next year, you'll see they just can't find enough electricity to run all the chips.”

-Elon Musk ³

Source:

1. <https://www.wsj.com/articles/electric-grid-crisis-biden-administration-climate-policy-energy-artificial-intelligence-cfc10b68>;

2. <https://www.wsj.com/tech/ai/artificial-intelligences-insatiable-energy-needs-not-sustainable-arm-ceo-says-a11218c9>; <https://www.edge-ai-vision.com/2024/04/arms-mission-to-help-tackle-ais-insatiable-energy-needs/>

3. <https://newatlas.com/technology/elon-musk-ai/>

Q1 2024 Results

Q1 2024

Bitcoin Mined

546

Total Revenue (mm)

\$27.5

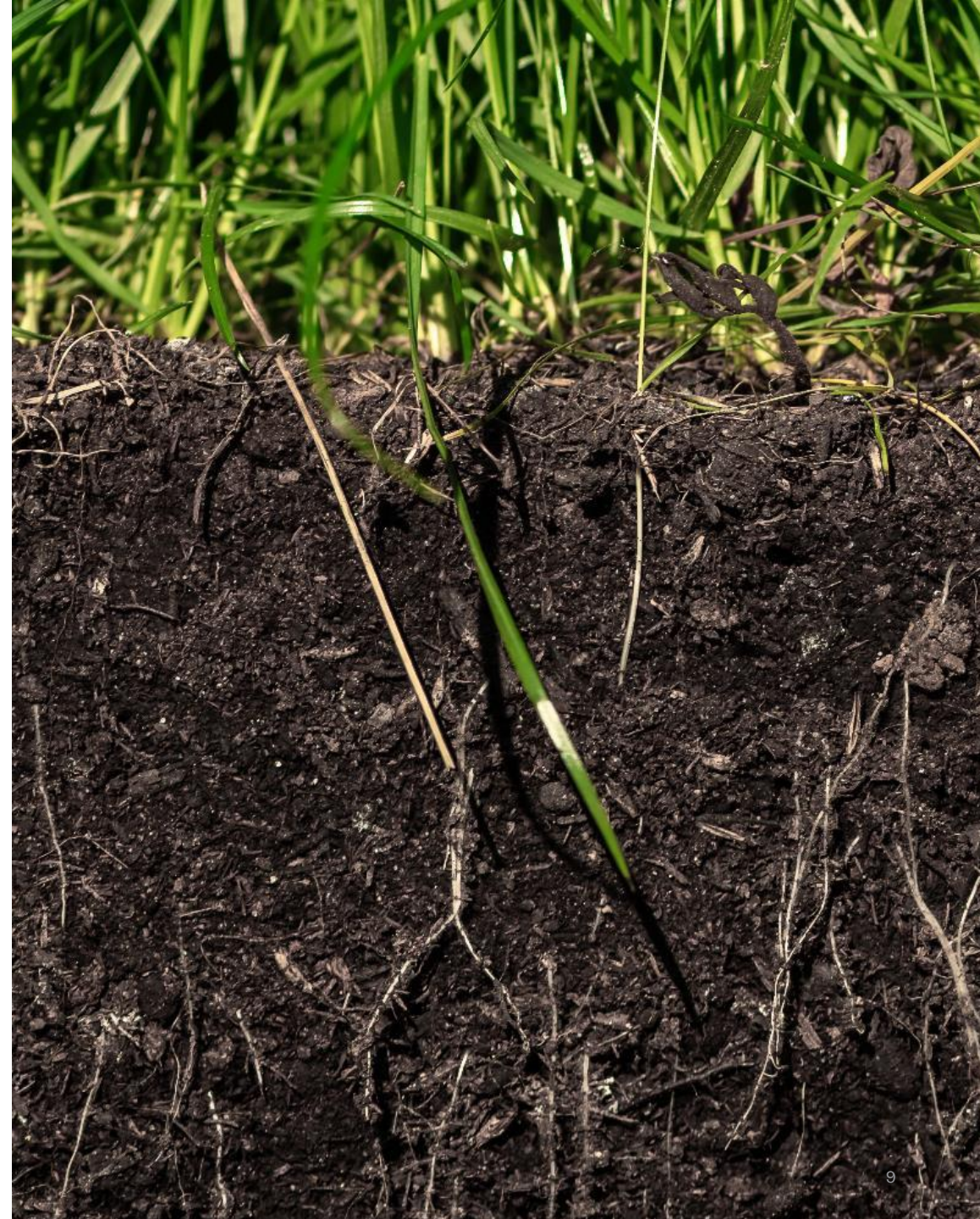
Net Income (mm)

\$5.8

Adjusted EBITDA (mm) *

\$8.7

* Presentation includes non-GAAP financial measures; Adjusted EBITDA references related to first quarter 2024 throughout the presentation should be considered in connection with the Reconciliation of non-GAAP on page 11





Appendix

Other Information

Reconciliation of Non-GAAP Items

Reconciliation of Adjusted EBITDA (mm)	Q1 2024
Net income (loss)	\$5.8
Interest expense	2.3
Depreciation and amortization	9.5
Non-recurring expenses	0.8
Stock-based compensation	1.9
Changes in fair value of warrant liabilities	(11.7)
Adjusted EBITDA (Non-GAAP)	\$8.7

Note:

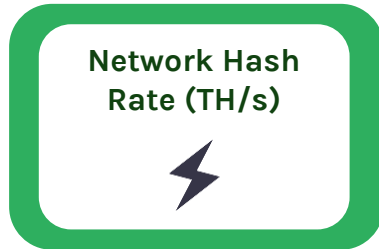
As previously disclosed, the Company adopted ASU 2023-08 effective January 1, 2024, using a modified retrospective transition method, with a cumulative-effect adjustment of \$99,292 recorded to the opening balance of retained earnings. Following the adoption of ASU 2023-08, realized gains (net of realized losses) on the sale of digital currencies were \$624,107 and unrealized gains (net of unrealized losses) on digital currencies were \$1,227 for the three months ended March 31, 2024. Furthermore, with the adoption of ASU 2023-08, the Company no longer accounts for digital currencies as indefinite-life intangible assets, and therefore, no impairment losses have been recognized in the current year period. 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 4/30/24	Estimated Diluted Share Count at Various Share Prices (Based on Treasury Method)								
	\$3.13	\$5.00	\$7.50	\$10.00	\$12.50	\$15.00	\$17.50	\$20.00	
Shares of Common Stock									
Class A Common Stock	12,965	12,965	12,965	12,965	12,965	12,965	12,965	12,965	12,965
Class V Common Stock	2,406	2,406	2,406	2,406	2,406	2,406	2,406	2,406	2,406
Basic Share Count	15,371	15,371	15,371	15,371	15,371	15,371	15,371	15,371	15,371
Warrants to Purchase Class A Common Stock									
\$0.0001 Exercise Price	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
\$0.0010 Exercise Price	27	27	27	27	27	27	27	27	27
\$0.1000 Exercise Price	79	77	78	78	79	79	79	79	79
\$7.0000 Exercise Price	3,700	-	-	247	1,110	1,628	1,973	2,220	2,405
\$10.1000 Exercise Price	60	-	-	-	-	12	20	25	30
\$11.0000 Exercise Price	100	-	-	-	-	12	27	37	45
\$86.8000 Exercise Price	10	-	-	-	-	-	-	-	-
\$110.1000 Exercise Price	2	-	-	-	-	-	-	-	-
Subtotal	5,278	1,404	1,405	1,652	2,515	3,057	3,425	3,688	3,886
Vested LTIP Equity Awards									
Restricted Stock Units	1	1	1	1	1	1	1	1	1
Stock Options - \$39.70 Exercise Price	1	-	-	-	-	-	-	-	-
Stock Options - \$63.85 Exercise Price	27	-	-	-	-	-	-	-	-
Stock Options - \$93.30 Exercise Price	52	-	-	-	-	-	-	-	-
Subtotal	81	1	1	1	1	1	1	1	1
Preferred Stock, Convertible Into Class A Common Stock									
Series C - Post-Conversion Share Equivalents	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498
Subtotal	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498
Estimated Diluted Share Count	18,273	18,274	18,521	19,385	19,926	20,294	20,557	20,755	

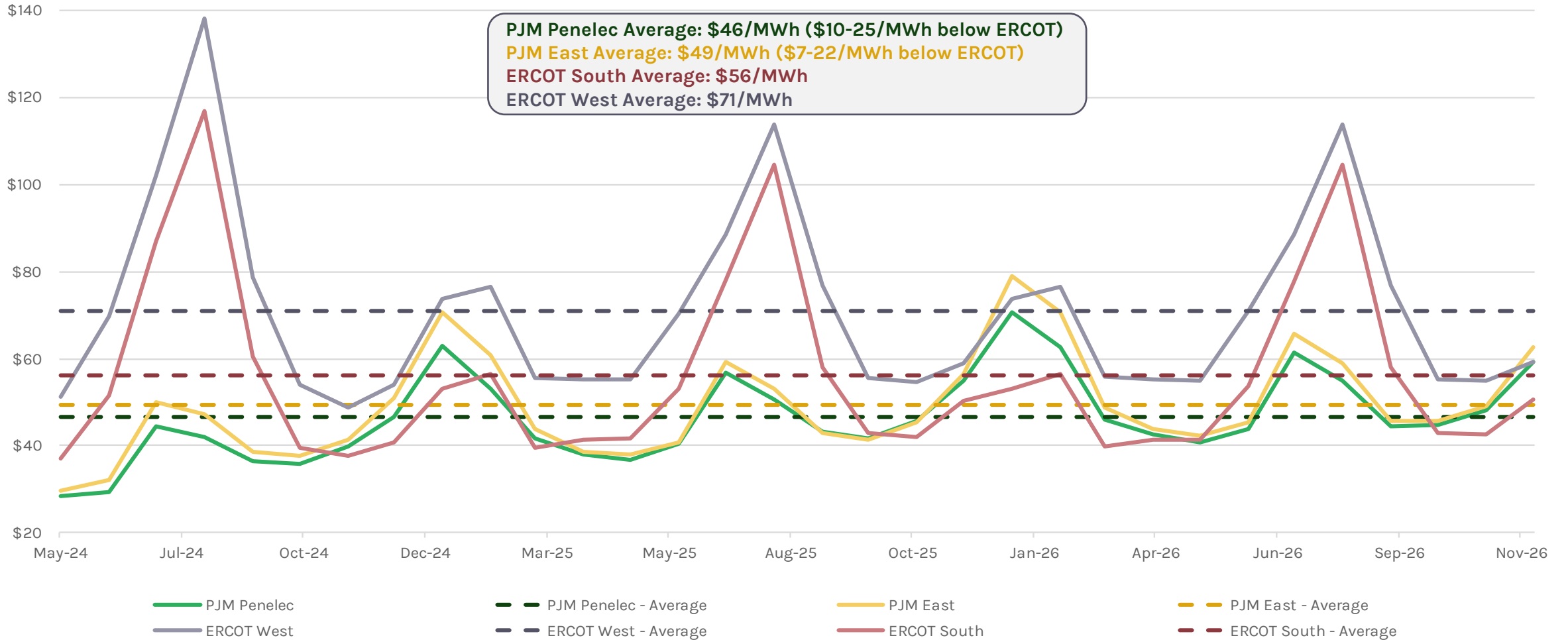
Currently out of the money

Note: All figures approximated

Case Study: PJM vs. Rapidly Growing Demand Center in ERCOT

Data centers have arbitrated away the ERCOT cost advantage

PJM vs. ERCOT ATC Forward Curves (\$/MWh)





Investor Contact

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Pictured: Actual Reclaimed Mining Waste Site



STRONGHOLD