



**Q4 and Year-End 2021 Investor Presentation**  
March 2022

Pictured: Actual Reclaimed Waste Coal Site in Russellton, PA

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# Stronghold at Glance

The only vertically integrated and environmentally beneficial public Bitcoin mining company



<b>NASDAQ Ticker Symbol</b>	<b>SDIG</b>
<b>Share Price (3/28/22)</b>	<b>\$9.65</b>
<b>Market Cap (3/28/22) <sup>(1)</sup></b>	<b>\$465mm</b>
<b>Miners Delivered</b>	<b>25,000+</b>
<b>Current Hash Rate Capacity</b>	<b>2.3 EH/s</b>
<b>Contracted Hash Rate Capacity <sup>(2)</sup></b>	<b>5.5 EH/s</b>
<b>Current Power Capacity</b>	<b>165 MW</b>
<b>Total Revenue (Q4 2021)</b>	<b>\$17.0mm</b>
<b>Bitcoins Mined (Q4 2021)</b>	<b>181</b>
<b>Bitcoins Mined in March 2022</b>	<b>~148</b>



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



**165 MW of power generation capacity with additional 112 MW under LOI / exclusivity**



**57k+ miners delivered or under contract <sup>(2)</sup>**



**~265,000 tons of coal refuse eliminated from the environment during Q4 2021**

Note: all data as of 3/24/22 unless otherwise noted

1. Based on total shares outstanding of 48.2mm as of 3/25/22

2. Includes 2,635 miners purchased on 3/28/22, and all 15,000 MinerVa miners



*Accelerating the remediation of  
environmentally neglected communities  
through the mining of digital assets*

# ESG Leader through Coal Refuse Reclamation



Stronghold removed ~264,000 tons of waste coal from the environment in Q4 2021

## Before



## Reclamation Process

1. Remove coal refuse from environment
2. Generate energy from coal refuse in an emissions-controlled manner
  - Eliminates ~90% of NOx emissions
  - Eliminates ~98% of SO2 emissions
  - Eliminates ~99.9% of particle emissions
  - Eliminates ~99.9% of mercury emissions
3. Utilize beneficial in reclamation projects, cement, fertilizer, and filler

## After



~840 piles with potentially billions of tons of coal refuse



Stronghold has already reclaimed ~1,000 acres of previously unusable land



Eliminate coal refuse from environment with each Bitcoin mined

# The Value of Vertical Integration

Offers downside protection and facilitates management of costs and supply chain



1

**Own and Operate Power Generation Assets**

- Maximizes efficiency and reduces costs
- Provides downside protection and ability to sell to grid (improving grid stability)
- Not without operational risk – lower-than-expected uptime at Scrubgrass, which we believe will be resolved in H2 2022 following investments

2

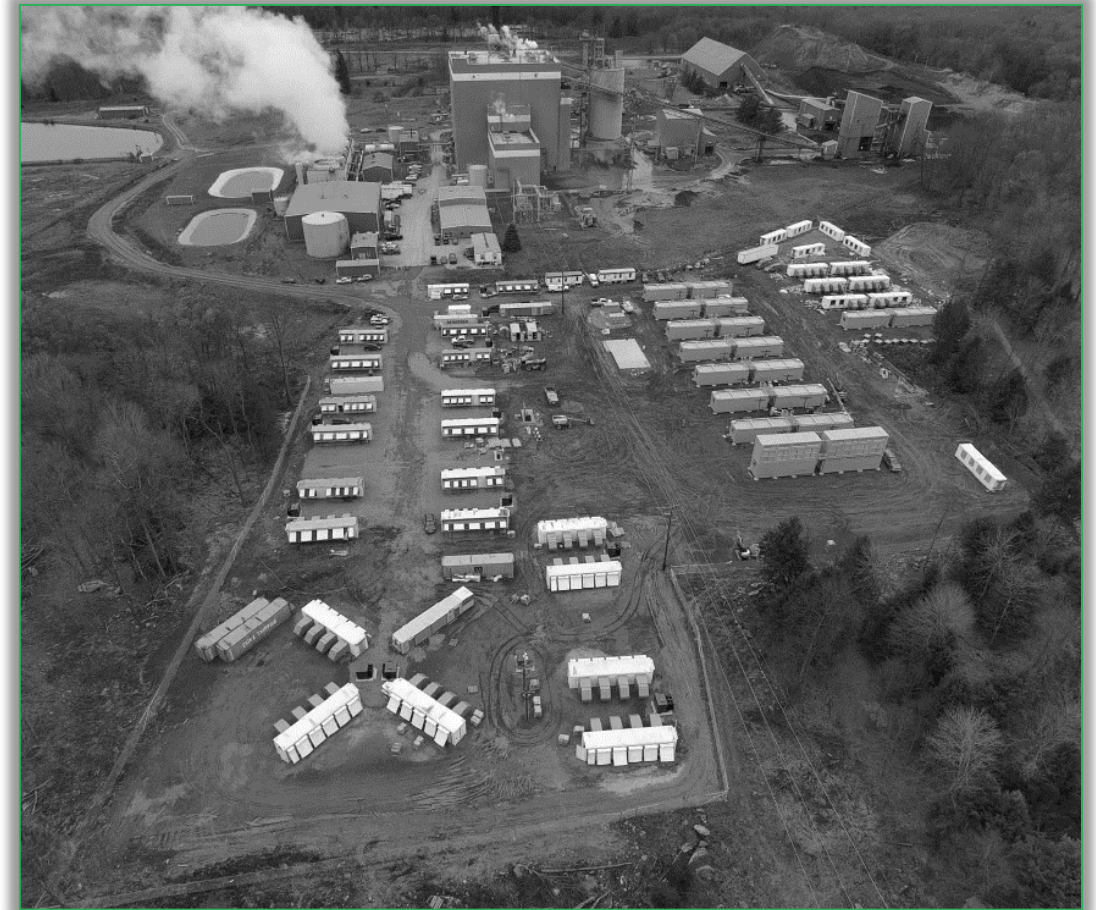
**Own, Develop, and Operate Datacenters**

- Reduces costs (capex & opex)
- Minimizes supply-chain risk and counterparty risk
- Improves operational control

3

**Own and Operate Bitcoin Miners**

- Stronghold is a reliable partner to manufacturers and other suppliers of miners



# Recent Accomplishments



Continued growth following IPO in October 2021

## Grew Hash Rate Capacity

- Exited 2021 with >1 EH/s of hash rate capacity
- Continued installation of miners; hash rate capacity ~2.3 EH/s as of 3/24/22

## Purchased Miners

- Purchased ~21,100 Bitcoin miners in Q4 2021 and ~3,675 in Q1 2022, representing an additional ~2.4 EH/s of hash rate capacity
- Of these miners, ~8,300 were purchased in the open market for immediate delivery

## Increased Power Generation Capacity

- Closed the acquisition of Panther Creek reclamation and generation facility (80 MW) in November 2021
- Continue to make progress on due diligence on additional power generation assets

## Expanded Datacenter Capacity

- Constructed datacenter at Panther Creek and began installing miners in December 2021
  - Mining capacity built out to ~60 MW out of 80 MW as of 3/24/22
- 101 StrongBoxes built to date (~101 MW)

## Raised Additional Capital

- Secured \$54mm in equipment financing in December 2021 – non-recourse to Stronghold
- Secured ~\$13mm in equipment financing in January 2022 – non-recourse to Stronghold
- Amended WhiteHawk equipment financing in March 2022, increasing commitment by \$25mm and removing all 15,000 MinerVa miners from the collateral basket

# Recent Challenges



Delays in miner deliveries and datacenter commissioning have negatively impacted results

	Overview	Impact on Stronghold	Course of Action
<b>MinerVa Deliveries</b>	<ul style="list-style-type: none"><li>➤ Have received ~3,300 of 15,000 miners that were expected to be delivered by December 2021</li><li>➤ Timing of future deliveries remains uncertain</li></ul>	<ul style="list-style-type: none"><li>➤ ~\$30-35mm in estimated revenue missed through March 2022 <sup>(1)</sup></li><li>➤ Total impact will depend on ultimate timing of future deliveries</li></ul>	<ul style="list-style-type: none"><li>➤ Evaluating paths forward with objective of recovering as much economic value as possible</li><li>➤ Amended WhiteHawk financing agreement to remove MinerVa miners from collateral basket</li></ul>
<b>Joint Venture Commissioning</b>	<ul style="list-style-type: none"><li>➤ First 9,900 miners delivered, but delayed ~2 months</li><li>➤ 4 of 24 total datacenter pods currently operational (was expected to be fully operational by Q4 2021)</li><li>➤ JV implemented to de-risk datacenter ops/development</li><li>➤ Per original terms, JV partner provides pods and receives 35% of profit generated in their pods</li></ul>	<ul style="list-style-type: none"><li>➤ ~\$10mm in estimated revenue missed through March 2022 due to delayed deliveries and capacity limitations</li></ul>	<ul style="list-style-type: none"><li>➤ Ran miners in StrongBoxes (no profit share owed)</li><li>➤ Amended hosting agreement, temporarily reducing profit share to be paid to the partner and incorporating performance thresholds</li><li>➤ Expanded JV by 2,675 miners at cost of \$37.5/T (to be paid 5 months after delivery) with 20-25% profit share</li></ul>

1. Assumes 15,000 miners delivered per original contract terms of delivery by December 31, 2021



# Q4 2021 Financial & Operational Results



Large-scale miner installations began in late Q4 2021

## Key Metrics

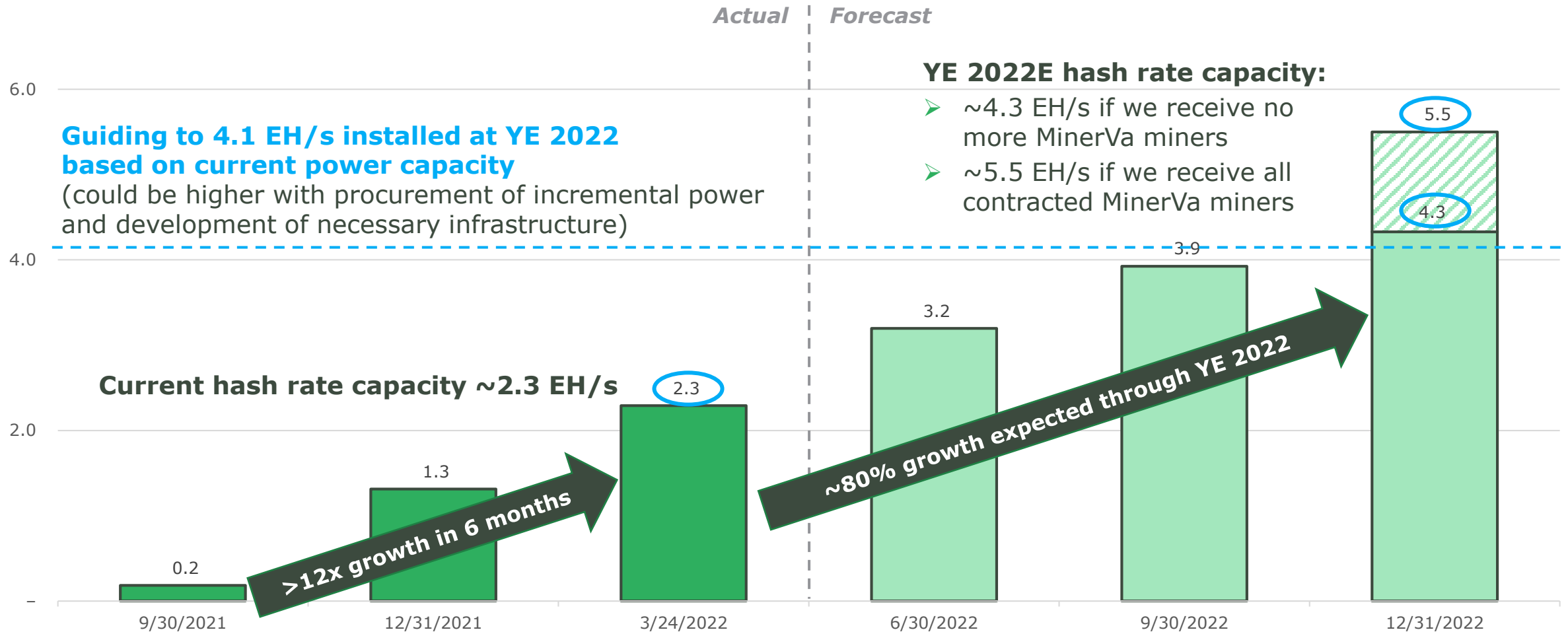
Total Revenue (000's)	\$17,009
Net Loss (000's)	(\$17,493)
Adjusted EBITDA (000's)	\$295
Tons of Coal Refuse Removed from Piles	~265,000
Tons of Beneficial Use Ash Returned to Remediate Piles	~142,000
Total Miners Delivered by YE 2021	~14,700
Hash Rate Capacity at YE 2021 (EH/s)	~1.3

# Rapidly Scaling Bitcoin Mining Operation



Massive growth to date, and significant contracted growth through YE 2022

## Actual and Projected Hash Rate Capacity (EH/s)



# Liquidity and Capital Resources



Projected to have sufficient liquidity to fund operations and meet financial obligations

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- ~\$39.5mm in cash and cryptocurrencies as of 12/31/21 <sup>(1)</sup>
- ~\$35mm undrawn on debt financings in place as of 12/31/21
- ~\$38mm of debt raised since YE 2021
- **Current liquidity:** ~\$30mm cash, 344 BTC held in wallets, and ~\$18mm in undrawn equipment financing with additional miners and equipment to be financed as of 3/29/22 <sup>(2)</sup>

1. Excludes \$2.7mm of restricted digital currencies  
2. Includes 250 BTC under the forward sale agreement

# 2022 Objectives

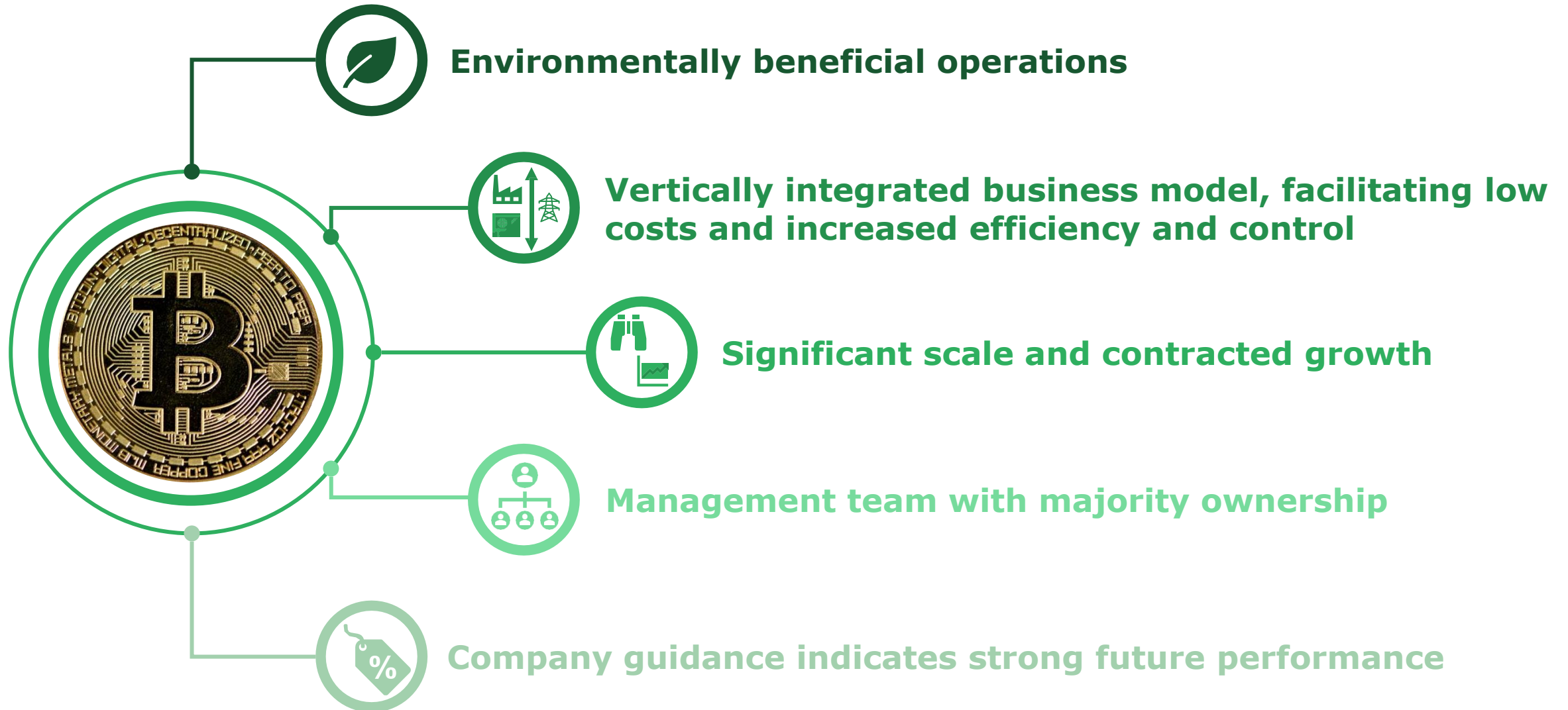


Emphasize generating shareholder value; deemphasize growth for growth's sake

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- Expeditiously install miners under existing contracts
- Improve datacenter operations
  - Rapidly complete commissioning of datacenters at Scrubgrass and Panther Creek
  - Maximize miner uptime
  - Enhance data-tracking capabilities to optimize operations
- Extract as much value from pending equipment deliveries
- Optimize procurement strategy prioritizing immediate-delivery purchases and reducing counterparty risk
  - Recent success in these efforts with only a few weeks from purchase agreement to machines hashing
- Complete plant upgrades to enable Scrubgrass to consistently operate at full load by 2H 2022
- Acquire one or more additional power asset(s)
- Continue to explore M&A opportunities
- Increase contact with investors and frequency of operations updates

# Investment Highlights





**Appendix**

# Reconciliation of Non-GAAP Items



<b>Reconciliation of Adjusted EBITDA (000's)</b>	<b>Three Months Ended 12/31/22</b>
<b>Net Income (Loss)</b>	<b>(\$17,493.3)</b>
Interest, net	2,027.9
Depreciation and amortization	5,144.2
Impairment of digital currencies	1,404.0
One time non-recurring expenses	5,282.7
Expenses related to stock-based compensation	2,768.8
Waste coal credits	(0.6)
Changes in fair value of forward sale derivative	116.5
Changes in fair value of warrant liabilities	1,045.3
<b>Adjusted EBITDA</b>	<b>\$295.3</b>

# Bitcoin Mining Economics Drivers

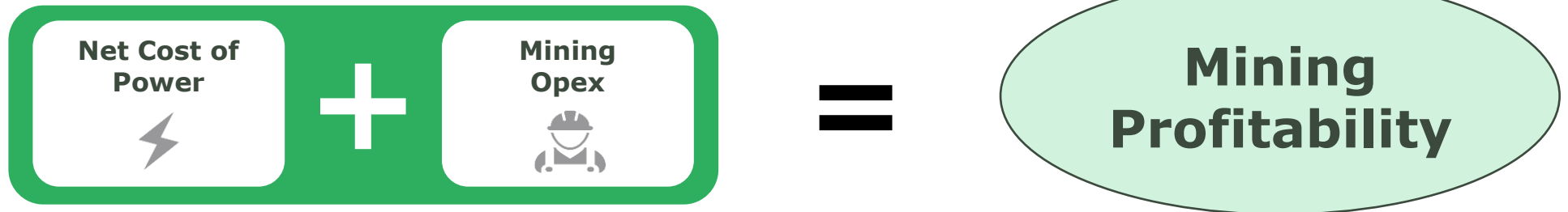


## Revenue



**Less:**

## Expenses



**Divided by:**

## Invested Capital

