



Q2 2022 Investor Presentation

August 2022

Pictured: Actual Reclaimed Waste Coal Site in Russellton, PA

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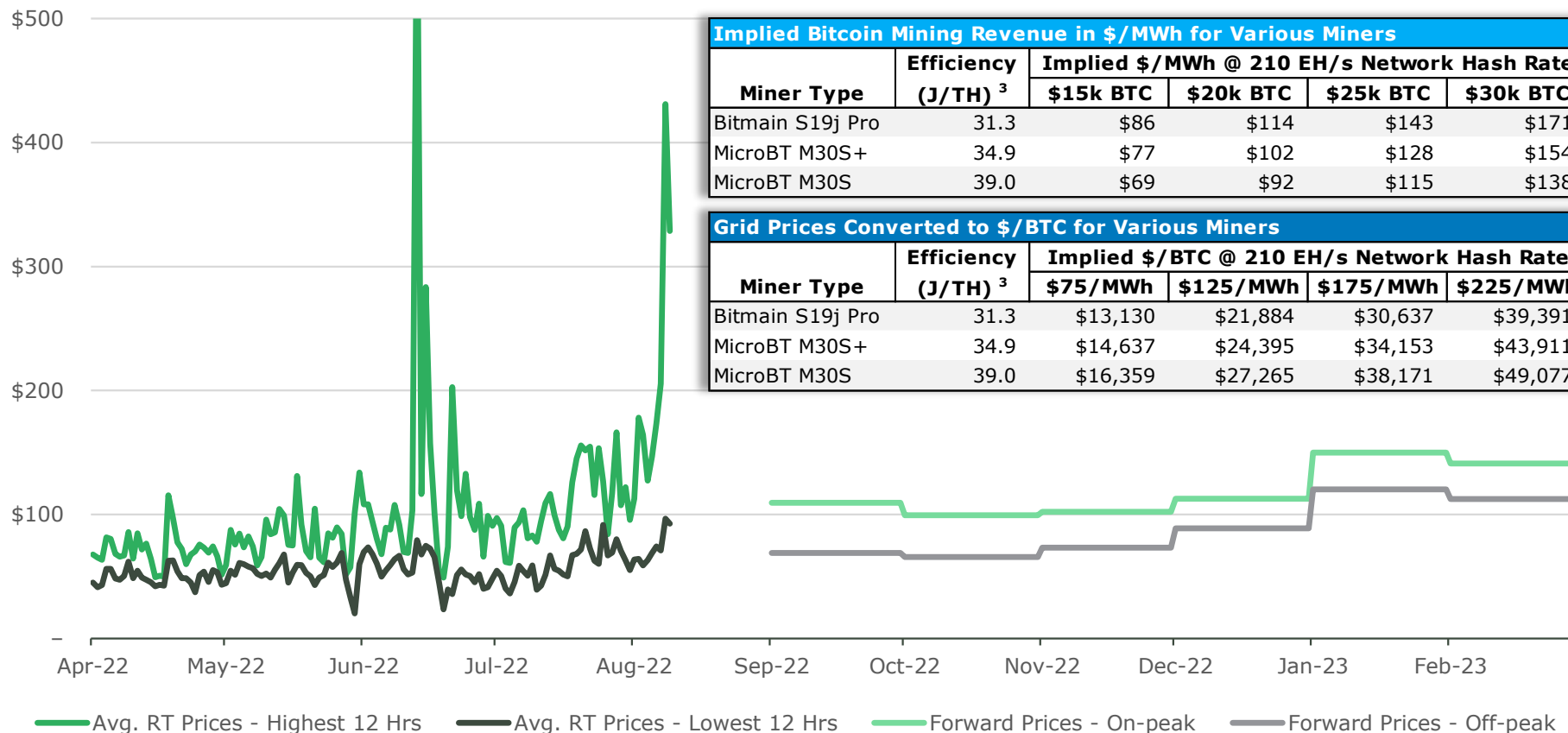
Vertical Integration Continues to Offer Meaningful Value



Curtailing mining power to capture on-peak pricing is attractive in current market environment

- Continuing to optimize revenue and cash flow by toggling between mining Bitcoin and selling power to the grid
- Pervasive tightness in power market, driving elevated current and forward grid prices
- Expect to send meaningful power load to grid over next several months if current Bitcoin and power market dynamics prevail, irrespective of mining fleet size

Historical and Forward Grid Prices (\$/MWh) ^{1 2}



$$\text{BTC Mining Revenue in } \$/\text{MWh} = (1 \div [\text{Network Hash Rate}]) \times [37.5 \text{ BTC per Hour}] \times [\text{BTC Price}] \div [\text{Miner Efficiency}]$$

$$\text{Grid Pricing } (\$/\text{MWh}) \text{ in } \$/\text{BTC} = [\text{Grid Pricing in } \$/\text{MWh}] \times [\text{Miner Efficiency}] \times [\text{Network Hash Rate}] \div [37.5 \text{ BTC per Hour}]$$

1. Avg. RT prices represent the average of Scrubgrass and Panther Creek hourly average real-time prices for each day
 2. Forward prices represent average of PENELEC and PPL PJM forward prices, per Priority Power as of 8/11/22
 3. Nameplate efficiency multiplied by 102.5% to reflect additional power consumed by datacenter infrastructure

Transformative Debt Restructuring



- Quantum debt reduction or term extension on every material piece of our debt structure
 - Principal amount of debt outstanding reduced by ~\$79mm
 - Cash principal and interest payments reduced by ~\$113mm through YE 2023
 - Additional \$20mm of available debt capacity that we can draw at our discretion
- **Stronghold will have ~25k open slots, at a time when slots are scarce and highly valuable, and liquidity to purchase miners in a buyer's market**

NYDIG Equipment Financing Agreements (~\$67mm face value)

- Eliminate all debt outstanding in exchange for all miners in collateral basket (~2.5 EH/s)
- We believe face value of debt significantly exceeded current replacement value of equipment

WhiteHawk Equipment Financing Agreements (~\$40mm face value)

- Current equipment financing converted into 36-month amortizing 1L note at SOFR+10%
- Can draw additional \$20mm to fund miner purchases
- 2.0mm penny warrants issued to WhiteHawk

Convertible Notes Private Placement (~\$34mm face value)

- ~\$11.3mm (33%) of principal extinguished through reducing strike price on ~6.3mm warrants from \$2.50 to \$0.01
- Remaining principal to be equitized over next few quarters
- Reduces cash interest and principal payments by ~\$25mm through YE 2023

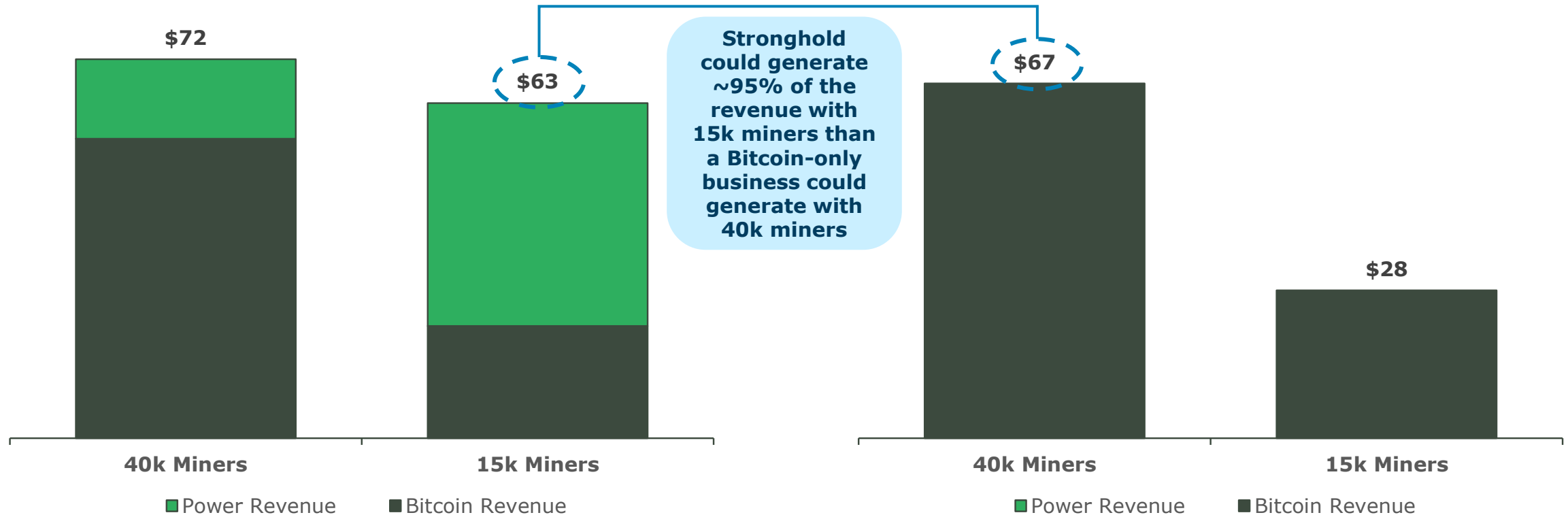
Vertical Integration Mutes Impact of Returning Miners



September 2022 – February 2023 illustrative revenue potential (\$mm)

Stronghold Vertically Integrated Business Model

Bitcoin-Only Business Model



- Returning 25k miners implies ~\$9mm revenue reduction for Stronghold vs. ~\$39mm revenue reduction for a Bitcoin-only business model
- Reduction in debt servicing cash outflows likely more than offsets revenue reduction from returning miners

Note: Assumes ~70 MW of power output in September (due to planned 2-week outage) and ~144 MW thereafter, \$24k BTC price, 210 EH/s network hash rate, bitcoin mining efficiency of 36 J/TH, and average forward grid prices per Priority Power as of 8/11/22

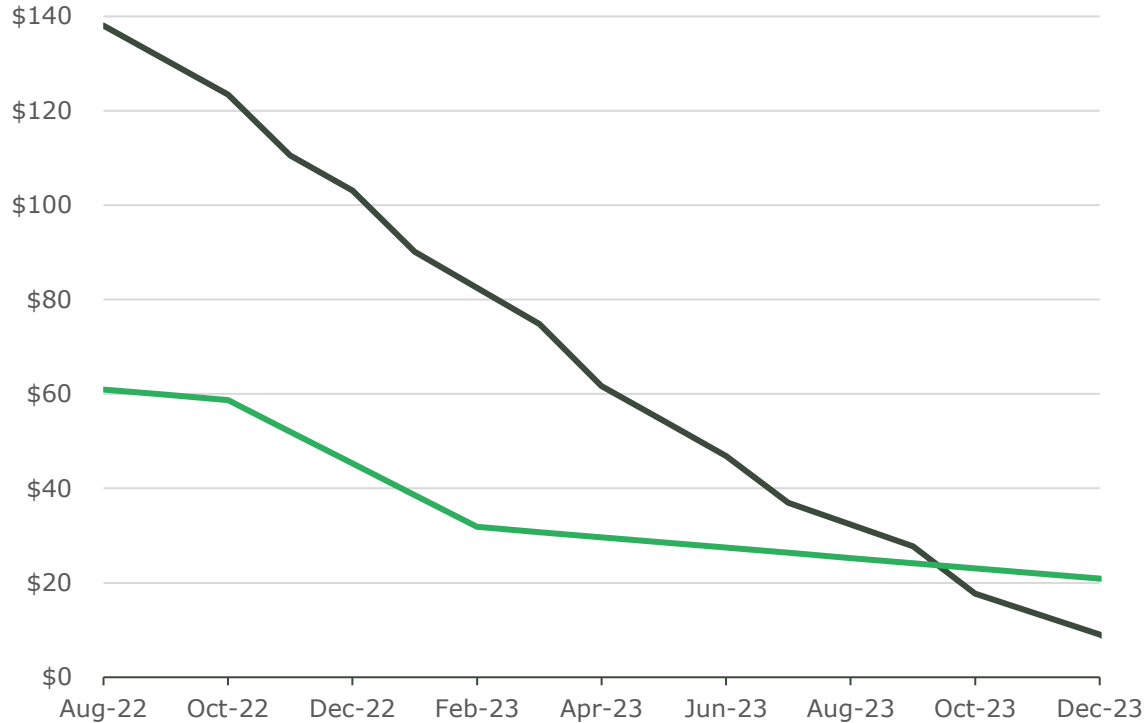
Significant Impact on Debt and Liquidity



Forecasting ~\$40mm in additional cash flow through 2023, before replacing miners ¹

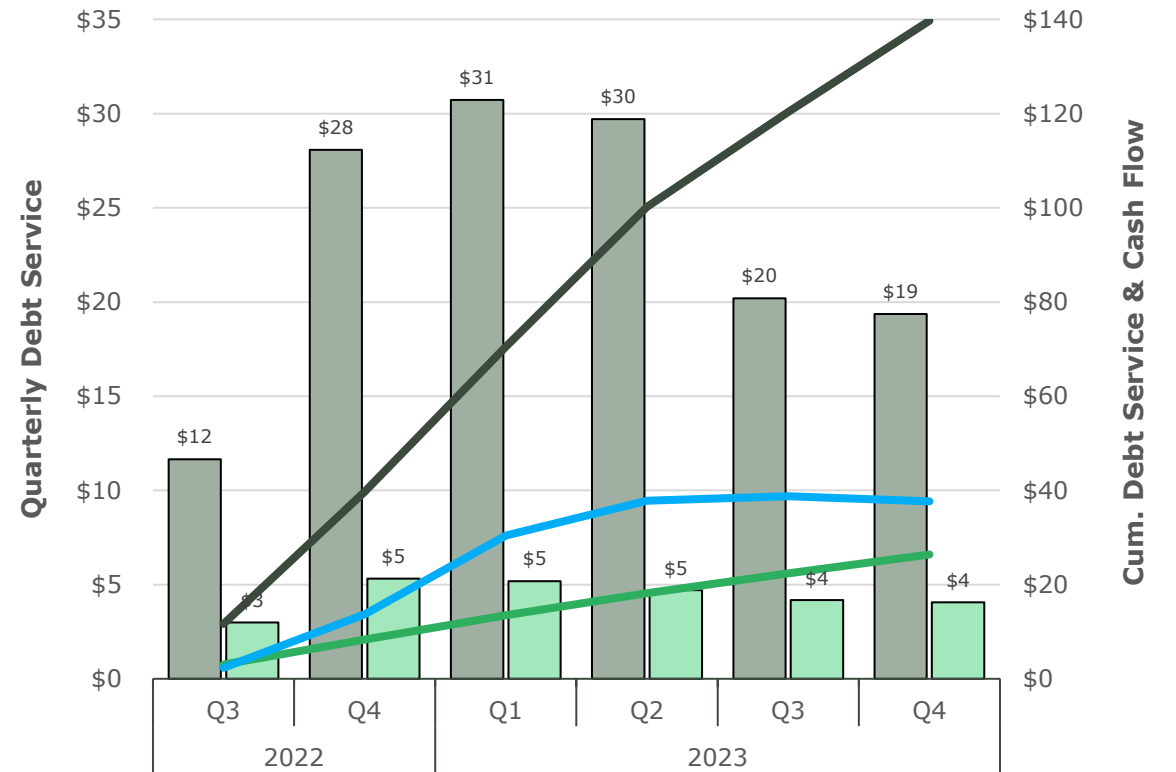
➤ Outstanding principal amount of debt of ~\$144mm at 6/30/22 → ~\$45mm at YE 2022E → ~\$21mm at YE 2023 ²

Est. Debt Outstanding over Time (\$mm) ²



— Pre-Restructuring - Ending Debt Outstanding
 — Post-Restructuring - Ending Debt Outstanding ³

Est. Cash Interest & Amortization (\$mm) ²



■ Pre-Restructuring - Debt Service ■ Post-Restructuring - Debt Service ³
 — Pre-Restructuring - Cum. Debt Service — Post-Restructuring - Cum. Debt Service ³
 — Cum. Cash Flow Impact - No New Miners ¹

1. Assumes \$24k BTC price, 210 EH/s network hash rate, and forward grid prices per Priority Power as of 8/11/22

2. Debt outstanding includes NYDIG, WhiteHawk, and the convertible note; excludes debt held at Scrubgrass and Panther Creek and related to a financed insurance premium (less than \$2mm in aggregate)

3. Assumes Stronghold does not draw on \$20mm accordion feature under WhiteHawk agreement

Q2 2022 Results



Increased revenue in Q2 2022 despite a considerable drop in Bitcoin price

Financial	3 Months Ended 6/30/2022	6 Months Ended 6/30/2022
Total Revenue (000's)	\$29,178	\$57,879
Net Loss (000's)	(\$40,239)	(\$72,545)
Adjusted EBITDA (000's) ¹	(\$1,031)	\$2,764
Bitcoins Mined	637	1,075

Environmental	3 Months Ended 6/30/2022	6 Months Ended 6/30/2022
Tons of Coal Refuse Removed from the Environment	~241,000	~520,000
Tons of Beneficial Use Ash Returned to Remediate Sites	~168,000	~348,000

1. See table on page 10 that reconciles Net Loss to Adjusted EBITDA

Stronghold Strategy to Maximize Shareholder Value

Manage through crypto winter – maximize liquidity, improve efficiency, invest opportunistically



Net long power in near-term

- Sell power into extremely tight market
- >100 MW of excess capacity available to sell to grid
- 15-16k miners remaining post-restructuring (~1.4 EH/s & ~50-55 MW)

Complete Scrubgrass plant upgrades

- ~\$2mm spent in 2022 YTD; planning to spend ~\$3mm during remainder of year to bring plant back to baseload
- Expect project to be largely complete by late September / early October

Stronghold's priorities:

- Grid/BTC power toggle optimization
- Smart capitalization / low leverage
- Capital efficiency
- Operational efficiency

Opportunistically invest in BTC mining

- Purchase miners at attractive prices in oversupplied market
- Pursue all avenues to accretively fill capacity

Right-size costs

- Implementing cost-out initiative targeting ~\$5-10mm per year in savings
- Low-hanging fruit related to outsourcing and redundancies



Appendix

Reconciliation of Non-GAAP Items



Reconciliation of Adjusted EBITDA (\$000's)	Three Months Ended 6/30/22	Six Months Ended 6/30/22
Net Income (loss)	(\$40,238.6)	(\$72,545.0)
Interest	\$4,508.8	\$7,420.2
Depreciation & amortization	\$12,667.3	\$24,986.9
Impairment costs of digital currencies	\$5,205.0	\$7,711.2
Impairment costs of equipment deposits	–	\$12,228.7
Impairments on miner assets	\$4,990.0	\$4,990.0
One time non-recurring expenses ¹	\$2,798.7	\$6,563.4
Expenses related to stock-based compensation	\$3,152.6	\$5,745.6
(Gains)/Losses on disposal of fixed assets	\$1,724.6	\$1,769.6
Realized gain (loss) on sale of miner assets	\$8,012.2	\$8,012.2
(Gains)/Losses on forward sale derivative	(\$3,919.4)	(\$3,435.6)
Waste coal credits	(\$53.4)	(\$53.4)
Gain on extinguishment of PPP loan	(\$841.7)	(\$841.7)
Realized (gain)/loss on sale of digital currencies	–	(\$751.1)
Changes in fair value of convertible note	\$962.8	\$962.8
Changes in fair value of warrant liabilities	–	–
Adjusted EBITDA	(\$1,030.9)	\$2,763.8

1. Includes the following non-recurring expenses: out-of-the-ordinary major repairs and upgrades to the power plant, and other one-time items.

Bitcoin Mining Economics Drivers

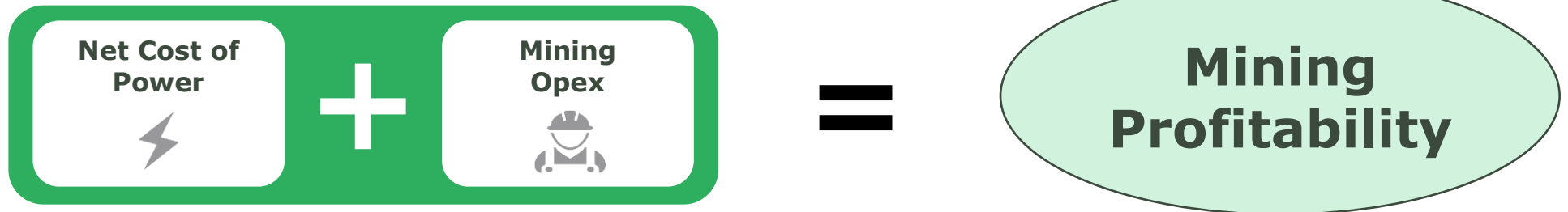


Revenue



Less:

Expenses



Divided by:

Invested Capital

