November 20, 2017

Marathon Patent Group Announces Third Quarter Financial Results

Investor Update Conference Call Scheduled Monday November 27, 2017 at 4:30 pm Eastern Time

LOS ANGELES, Nov. 20, 2017 (GLOBE NEWSWIRE) -- Marathon Patent Group, Inc. (NASDAQ:MARA) ("Marathon" or "Company"), today announced its operating results for the three months ended September 30, 2017, as published in its Quarterly Report on Form 10-Q filed today with the Securities and Exchange Commission.

Operating Results for the Three Months Ended September 30, 2017

- Total revenue of $163 thousand and $43 thousand for the three months ended September 30, 2017 and September 30, 2016, respectively.
- Operating loss was approximately $3.9 million (including non-cash expenses) for the three months ended September 30, 2017 compared to an operating loss of $10.7 million for the three months ended September 30, 2016.
- Our GAAP net loss was $(1.06) per basic and diluted share for the three months ended September 30, 2017, with 6,270,299 (all share numbers reflect the one for four reverse split completed on October 30, 2017) weighted average basic and diluted shares outstanding as of September 30, 2017, compared to a GAAP loss of $(1.67) per weighted average basic and diluted share for the three months ended September 30, 2016, with 3,761,786 weighted average basic and diluted shares outstanding as of September 30, 2016, respectively.
- On a per share basis, our Non-GAAP net loss was $(0.23) per basic and diluted share for the three months ended September 30, 2017, compared to a Non-GAAP loss of $(0.86) per basic and diluted share for the three months ended September 30, 2017, respectively.

From a strategic perspective, Marathon entered into a definitive purchase agreement to acquire 100% ownership of Global Bit Ventures Inc. (“GBV”), a digital asset technology company that mines cryptocurrencies. GBV has robust infrastructure in place with significant capability for expansion. The closing of the transaction is subject to obtaining requisite approvals. The Company intends to update investors more specifically on the transaction on November 27th, when we will be conducting an investor update conference call.

Conference Call

Marathon will host an investor update conference call to with Chief Executive Officer Doug Croxall and Chief Financial Officer Frank Knuettel II on Monday November 27, 2017 at 4:30 PM ET/1:30 PM PT. To participate in the conference call, investors from the U.S. and Canada should dial (877) 407-0792 ten minutes prior to the scheduled start time. International calls should dial (201) 689-8263.

In addition, the call will be broadcast live over the Internet and can be accessed through the Investor Relations section of the Company's website at www.marathonpg.com. The broadcast will be archived online upon completion of the conference call. A telephonic replay of the conference call will also be available until 11:59 p.m. ET on Monday December 11, 2017 by dialing (844) 512-2921 in the U.S. and Canada and (412) 317-6671 internationally and entering the pin number: 13673885.

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash	$ 122,172	$ 4,998,314
Restricted Cash	3,919,718	-
Total cash	4,041,890	4,998,314
Accounts receivable - net of allowance for bad debt of $387,976 and $387,976 for September 30, 2017 and December 31, 2016	123,630	95,069
Note receivable	588,864	225,982
Prepaid expenses and other current assets, net of discounts of $2,659 for September 30, 2017 and $3,724 for December 31, 2016	108,878	202,067
Total current assets	4,863,262	5,521,432
Other assets:		
Property and equipment, net of accumulated depreciation of $133,224 and $108,407 for September 30, 2017 and December 31, 2016	9,803	28,329
Intangible assets, net of accumulated amortization of $12,813,915 and $11,323,185 for September 30, 2017 and December 31, 2016	7,590,213	12,314,628
Other non current assets, net of discounts of $797 for December 31, 2016	-	201,203
Goodwill	228,401	222,843
Total other assets	7,828,417	12,767,003
Total Assets	$ 12,691,679	$ 18,288,435
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,954,836	$ 7,217,078
Clouding IP earn out - current portion	32,637	81,930
Revenue share liability	1,225,000	-
Warrant liability	2,411,750	-
Notes payable, net of discounts of $5,837,363 and $852,404 for September 30, 2017 and December 31, 2016	15,582,156	13,162,007
	21,206,379	20,461,015
Long-term liabilities		
Notes Payable, net of discount of $57,763 for December 31, 2016	-	4,670,502
Clouding IP earn out	681,175	1,400,082
Revenue share liability	-	1,000,000
Other long term liability	37,236	43,978

Total long-term liabilities	718,411	7,114,562
Total liabilities	21,924,790	27,575,577
Stockholders' Deficit:		
Preferred stock Series B, $.0001 par value, 50,000,000 shares authorized: 195,501 issued and outstanding at September 30, 2017 and December 31, 2016	78	78
Common stock, $.0001 par value; 200,000,000 shares authorized; 7,776,016 and 4,638,118 at September 30, 2017 and December 31, 2016	3,111	1,856
Additional paid-in capital	61,833,077	49,877,710
Accumulated other comprehensive income (loss)	(450,623)	(1,060,390)
Accumulated deficit	(70,427,472)	(57,942,548)
Total Marathon Patent Group stockholders' equity	(9,041,829)	(9,123,294)
Noncontrolling interests	(191,282)	(163,848)
Total deficit	(9,233,111)	(9,287,142)
Total liabilities and stockholders' deficit	$ 12,691,679	$ 18,288,435

The accompanying notes are an integral part to these unaudited consolidated condensed financial statements.

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended 30-Sep-17	For the Three Months Ended 30-Sep-16	For the Nine Months Ended 30-Sep-17	For the Nine Months Ended 30-Sep-16
Revenues	$ 162,713	$ 43,113	$ 609,650	$ 36,452,551
Expenses				
Cost of revenues	64,836	1,094,378	1,544,322	19,202,118
Amortization of patents and website	457,419	2,030,886	1,803,264	6,018,196
Compensation and related taxes	1,871,946	1,252,571	3,718,034	3,406,841
Consulting fees	133,018	257,420	189,819	903,032
Professional fees	616,125	432,496	1,686,955	1,336,201
General and administrative	213,130	183,771	599,416	612,284
Goodwill impairment	-	-	-	83,000
Patent impairment	723,218	5,531,383	723,218	6,525,273
Total operating expenses	4,079,692	10,782,905	10,265,028	38,086,945
Operating loss from continuing operations	(3,916,979)	(10,739,792)	(9,655,378)	(1,634,394)
Other income (expenses)				
Other income (expense)	2,252,886	(37,116)	3,151,418	(68,647)
Foreign exchange (loss)	(480,240)	(175,850)	(463,191)	(238,073)
Loss on debt extinguishment	(283,237)	-	(283,237)	-
Loss on sale of company	(1,519,875)	-	(1,519,875)	-
Change in fair value adjustment of Clouding IP earn out	754,321	1,954,378	768,200	2,122,208
Warrant income (expense)	(1,909,879)	-	(1,914,786)	-
Interest income	931	931	2,793	2,793
Interest expense	(1,283,223)	(649,065)	(2,416,722)	(2,500,321)

Total other income (expenses)	(2,468,316)	1,093,278	(2,675,400)	(682,040)
Loss from continuing operations before benefit for income taxes	(6,385,295)	(9,646,514)	(12,330,778)	(2,316,434)
Income tax benefit (expense)	(12,191)	3,347,909	(29,433)	26,974
Net Income (loss)	(6,397,486)	(6,298,605)	(12,360,211)	(2,289,460)
Net income (loss) attributable to Noncontrolling interests	(280,000)	24,195	(124,714)	27,918
Net (loss) attributable to common shareholders	$ (6,677,486)	$ (6,274,410)	$ (12,484,925)	$ (2,261,542)
Income (loss) per common share:				
Basic	$ (1.06)	$ (1.67)	$ (2.24)	$ (0.61)
Diluted				
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	6,270,299	3,761,786	5,564,465	3,736,213
Net loss	$ (6,677,486)	$ (6,274,410)	$ (12,484,925)	$ (2,261,542)
Other comprehensive loss:				
Unrealized gain on foreign currency translation	482,622	209,159	609,768	306,411
Comprehensive loss	(6,194,864)	(6,065,251)	(11,875,157)	(1,955,131)
Less: comprehensive income (loss) related to non-controlling interest	(280,000)	24,195	(124,714)	27,918
Comprehensive loss attributable to Marathon Patent Group, Inc.	$ (6,474,864)	$ (6,041,056)	$ (11,999,871)	$ (1,927,213)

The accompanying notes are an integral part to these unaudited consolidated condensed financial statements.

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For The Nine Months Ended September 30, 2017	For The Nine Months Ended September 30, 2016
Cash flows from operating activities:		
Net loss	$ (12,484,924)	$ (2,261,542)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	1,248	3,780
Amortization of patents and website	1,803,264	6,018,196
Deferred tax asset	-	531,757
Deferred tax liability	-	(638,268)
Loss on sale of companies	-	-
Warrant liability	-	-
Impairment of intangible assets	704,678	6,525,273
Impairment of goodwill	-	83,000
Stock based compensation	1,523,187	1,541,615
Stock issued for services	-	136,000
Non-cash interest, discount, and financing costs	(4,397,381)	952,231
Change in fair value of Clouding earnout	(768,200)	(2,122,198)
Allowance for doubtful accounts	-	12,226
Beneficial conversion feature	4,017,729	-

Noncontrolling interest	(27,435)	(27,918)
Other non-cash adjustments	182,024	96,996
Changes in operating assets and liabilities		
Accounts receivable	(28,561)	43,763
Bonds posted with courts	-	883,695
Prepaid expenses and other assets	(269,693)	(6,652)
Other non current assets	201,203	-
Accounts payable and accrued expenses	(5,262,242)	(557,832)
Net cash and restricted cash provided by (used in) operating activities	(14,805,103)	11,214,122
Cash flows from investing activities:		
Acquisition of patents	-	(3,552,656)
Disposal of patents	2,771,757	-
Purchase of property, equipment, and other intangible assets	(6,291)	(8,387)
Net cash provided by (used in) investing activities	2,765,466	(3,561,043)
Cash flows from financing activities:		
Payment on note payable in connection with the acquisition of Medtech and Orthophoenix	-	(2,953,779)
Payment on Fortress note payable	(63,286)	(5,379,105)
Payment on 3D Nano license note payable	(100,000)	-
Cash received upon issuance of equity (net of issuance costs)	5,158,906	-
Issuance of warrants	2,549,084	-
Issuance of convertible notes payable	5,500,000	
Medtronic note payable	600,000	-
Payment of Medtronic note payable	(600,000)	
Payments on Seimens notes payable	(1,750,000)	-
Payments on notes payable to vendors	(125,000)	-
Payments on notes payable, net	(103,000)	(578,804)
Net cash provided (used in) by financing activities	11,066,704	(8,911,688)
Effect of exchange rate changes on cash	16,509	(1,592)
Net decrease in cash	(956,424)	(1,260,201)
Cash at beginning of period	4,998,314	2,555,151
Cash and restricted cash at end of period	$ 4,041,890	$ 1,294,950
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest expense	$ 368,923	$ 1,187,074
Taxes paid	$ 29,433	$ 27,682
Cash invested in 3D Nano	$ -	$ 115,000
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Revenue share liability incurred in conjunction with note payable	$ 225,000	$ -
Warrant issued in conjunction with common stock issuance	$ 257,957	$ -
Note payable issued in conjunction with the acquisition of Munitech patents	$ -	$ 1,755,635
Note payable issued in conjunction with the acquisition of GE patent	-	1,000,000
Note payable issued in conjunction with the acquisition of 3D Nano License	-	200,000

The accompanying notes are an integral part to these unaudited consolidated condensed financial statements.

Non-GAAP Reconciliation	Non-GAAP Reconciliation

	For the Quarter Ended September 30, 2017	For the Quarter Ended September 30, 2016	For the Nine Months Ended September 30, 2017	For the Nine Months Ended September 30, 2016
Net income (loss) attributable to Common Shareholders	$ (6,677,486)	$ (6,274,410)	$ (12,484,925)	$ (2,261,542)
Non-GAAP				
Amortization of intangible assets & depreciation	457,719	2,030,886	1,804,512	6,018,196
Equity-based compensation	1,371,480	478,819	1,554,835	1,677,616
Impairment of intangible assets	723,218	5,531,383	723,218	6,608,273
Change in the fair value of the clouding IP liability	(754,320)	(1,954,378)	(768,199)	(2,122,208)
Loss on debt extinguishment	283,237	-	283,237	-
Loss on sale of companies	1,519,875	-	1,519,875	-
Warrant (Income) Expense, net	1,909,879	-	1,914,786	-
Non-cash Other (Income) expense, net	(1,323,407)	-	(2,221,939)	-
Non-cash interest expense	1,043,012	288,049	1,489,678	952,231
Deferred tax benefit	-	(3,347,909)	-	(26,974)
Other	(1,486)	12,468	(3,072)	28,488
Non-GAAP earnings (loss)	$ (1,448,278)	$ (3,235,092)	$ (6,187,993)	$ 10,874,080

The following table sets forth the computation of basic and diluted loss per share on a Non-GAAP basis:

	Non-GAAP Reconciliation		Non-GAAP Reconciliation	
	For the Quarter Ended September 30, 2017	For the Quarter Ended September 30, 2016	For the Nine Months Ended September 30, 2017	For the Nine Months Ended September 30, 2016
Non-GAAP net income (loss)	$ (1,448,278)	$ (3,235,092)	$ (6,187,993)	$ 10,874,080
Denominator				
Weighted average common shares - Basic	6,270,299	3,761,785	5,564,464	3,736,213
Weighted average common shares - Diluted	6,270,299	3,761,785	5,564,464	3,996,067
Non-GAAP earnings (loss) per common share:				
Non-GAAP earnings (loss) - Basic	$ (0.23)	$ (0.86)	$ (1.11)	$ 2.91
Non-GAAP earnings (loss) - Diluted	NA	NA	NA	2.72

About Marathon Patent Group

Marathon is formerly an IP licensing company. On November 2, 2017, the Company announced that it has entered into a definitive purchase agreement to acquire 100% ownership of Global Bit Ventures Inc. (“GBV”), a digital asset technology company that mines cryptocurrencies. GBV has robust infrastructure in place with significant capability for expansion. The closing of the transaction is subject to obtaining requisite approvals. To learn more about Marathon Patent Group, visit www.marathonpg.com. To learn more about Global Bit Ventures, visit www.globalbitventures.com

Safe Harbor Statement

Certain statements in this press release constitute "forward-looking statements" within the meaning of the federal securities laws. Words such as "may," "might," "will," "should," "believe," "expect," "anticipate," "estimate," "continue," "predict," "forecast," "project," "plan," "intend" or similar expressions, or statements regarding intent, belief, or current expectations, are forward-looking statements. While the Company believes these forward-looking statements are reasonable, undue reliance should not be placed on any such forward-looking statements, which are based on information available to us on the date of this release. These forward looking statements are based upon current estimates and assumptions and are subject to various risks and uncertainties, including without limitation those set forth in the Company's filings with the Securities and Exchange Commission (the "SEC"), not limited to Risk Factors relating to its patent business contained therein. Thus, actual results could be materially different. The Company expressly disclaims any obligation to update or alter statements whether as a result of new information, future events or otherwise, except as required by law.

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