May 4, 2022

Marathon Digital Holdings Reports First Quarter 2022 Results

Revenue Increases 465% Year-over-Year to $51.7 Million as Bitcoin Production Increases 556% Year-over-Year to 1,259 BTC

LAS VEGAS, May 04, 2022 (GLOBE NEWSWIRE) -- **Marathon Digital Holdings, Inc. (NASDAQ:MARA) ("Marathon" or "Company")**, one of the largest enterprise Bitcoin self-mining companies in North America, reported its financial and operational results for the quarter ended March 31, 2022.

First Quarter 2022 Financial Results
Revenue increased to $51.7 million, an increase of $42.6 million, or 465%, from the prior-year quarter and a decrease of $8.6 million, or 14%, from the fourth quarter of 2021. Bitcoin production increased to 1,259 bitcoin during the period, a 556% increase from the prior-year quarter and a 15% increase from the fourth quarter of 2021. The revenue decline from the fourth quarter of 2021 was the result of an approximate 25% decrease in average revenue per bitcoin mined, partially offset by the increase in bitcoin production during the first quarter of 2022.

Despite higher earnings contributions resulting from the expansion of the Company's bitcoin mining operations, GAAP net loss for the quarter totaled $13.0 million, or ($0.13) per share, compared to net income of $83.4 million, or $0.87 per diluted share, in the prior-year quarter. The current-year quarter includes $19.6 million in impairment charges related to self-mined bitcoin held by the Company and a $5.5 million decrease in the fair market value of the Company's investment fund. The prior-year period included $0.7 million in impairment charges related to self-mined bitcoin held by the Company and a $131.8 million increase in the fair market value of the Company's investment fund.

Total margin, defined as revenues less cost of revenue, increased $18.6 million from the prior-year period. Total margin excluding the impact of depreciation and amortization increased $35.8 million from the prior-year period.

Adjusted EBITDA for the quarter totaled $39.4 million, an increase of $33.3 million from the prior-year period. The year-over-year increase was primarily related to the higher total margin excluding depreciation and amortization, which resulted from increased mining activities.

As of March 31, 2022, cash on hand was $118.5 million. Total liquidity available to the Company, defined as cash on hand plus available revolving credit facilities, was $218.5 million. Additionally, the Company held approximately 9,374 bitcoin with an approximate fair market value of $427.7 million at March 31, 2022.

First Quarter 2022 Highlights

- Produced a record 1,259 bitcoin, a 556% increase from 192 bitcoin in the first quarter of 2021 and a 15% sequential increase from 1,098 bitcoin in the prior quarter
- Increased hash rate 449% year-over-year and 14% from the prior quarter with the total number of miners deployed increasing to 36,830 miners, which could generate approximately 3.9 EH/s, as of March 31, 2022
- Received permission from Texas grid operators for all 280 MW of first major facility in Texas to be energized as construction of Compute North's new facilities continued unimpeded
- Announced intent to transition miners out of fossil fuel powered facility in Hardin, MT as part of the Company's initiative to achieve 100% carbon neutrality by year-end 2022
- Augmented the executive team by appointing Hugh Gallagher to chief financial officer as Sim Salzman transitioned to the newly created position of chief accounting officer
- Appointed Doug Mellinger to the Company's board of directors.

Management Commentary

"In the first quarter of 2022, we increased our bitcoin production 556% year-over-year and 15% from the prior quarter, producing a record 1,259 bitcoin even as the global hash rate rose by approximately 17% in the same period," said Fred Thiel, Marathon's chairman and CEO. "At Marathon, we are constantly pushing boundaries to propel our business and our industry forward, but as the first quarter and subsequent events have demonstrated, not every industry operates at the same pace as we do. Innovation is not a linear process, and in the first quarter, we experienced regulatory friction related to breaking the mold on deploying our miners behind the meter at power facilities operated by some of the largest renewable energy companies in the United States. As a result, our deployment schedule shifted by 45 days in the first quarter. Encouragingly, in March, the grid operators in Texas granted permission for all 280 megawatts of the first major facility in Texas to be energized. Currently, the pace of deployment is predominantly determined by the pace of construction, which continued unimpeded as we worked through the regulatory and permitting friction.

"Our primary focus for 2022 remains the deployment of our miners. This year is all about execution. Given the progress we have made to date in deploying behind the meter, we believe we will be through our backlog of miners and fully back on track with deployments before the end of this year, keeping us on pace to reach 23.3 EH/s by early 2023. We believe 2022 will be transformational for Marathon as we are in the process of deploying nearly 200,000 miners and transitioning our operations to be 100% carbon neutral."

Earnings Webcast and Conference Call

Marathon Digital Holdings will hold a webcast and conference call today at 4:30 p.m. Eastern time to discuss these results. To register to participate in the conference call, or to listen to the live audio webcast, please use this link. The webcast will also be broadcast live and available for replay via the investor relations section of the Company's website at ir.marathondh.com.

Date: Today, May 4, 2022
Time: 4:30 p.m. Eastern time (1:30 p.m. Pacific time)
Registration link: LINK

If you have any difficulty connecting with the conference call, please contact Marathon's

investor relations team at ir@marathondh.com.

Investor Notice
Investing in our securities involves a high degree of risk. Before making an investment decision, you should carefully consider the risks, uncertainties and forward-looking statements described under "Risk Factors" in Item 1A of our most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on March 10, 2022. If any of these risks were to occur, our business, financial condition or results of operations would likely suffer. In that event, the value of our securities could decline, and you could lose part or all of your investment. The risks and uncertainties we describe are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. In addition, our past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results in the future. Future changes in the network-wide mining difficulty rate or Bitcoin hash rate may also materially affect the future performance of Marathon's production of bitcoin. Additionally, all discussions of financial metrics assume mining difficulty rates as of May 2, 2022. See "Forward-Looking Statements" below.

Forward-Looking Statements
Statements made in this press release include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements can be identified by the use of words such as “may,” “will,” “plan,” “should,” “expect,” “anticipate,” “estimate,” “continue,” or comparable terminology. Such forward-looking statements are inherently subject to certain risks, trends and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate and involve factors that may cause actual results to differ materially from those projected or suggested. Readers are cautioned not to place undue reliance on these forward-looking statements and are advised to consider the factors listed above together with the additional factors under the heading “Risk Factors” in the Company's Annual Reports on Form 10-K, as may be supplemented or amended by the Company's Quarterly Reports on Form 10-Q. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events, new information or otherwise.

About Marathon Digital Holdings
Marathon is a digital asset technology company that mines bitcoin with a focus on the blockchain ecosystem and the generation of digital assets.

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MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended March 31,	
	2022	2021
Revenues		
Digital currency mining	51,717,718	$ 9,152,815

Total revenues	51,717,718	9,152,815
Costs and expenses		
Cost of revenue	26,393,636	2,406,415
Operating and administrative expenses		
Compensation and related taxes	10,342,967	52,405,786
Professional fees	2,247,378	426,638
General and administrative	1,389,388	307,191
Impairment of mined digital currency	19,551,254	662,199
Impairment of patents	919,363	-
Total operating and administrative expenses	34,450,350	53,801,814
Operating income (loss)	(9,126,268)	(47,055,414)
Other income (expenses)		
Change in fair value of investment fund	(5,541,642)	131,822,950
Change in fair value of warrant liability	-	(1,591,895)
Interest income	228,693	183,828
Other income (expenses)	(2,400)	(1,524)
Total other (expenses) income	(5,315,349)	130,413,359
Interest expense	(2,814,036)	(1,203)
Loss before income taxes	$ (17,255,653)	$ 83,356,742
Income tax benefit	4,297,064	-
Net income (loss)	$ (12,958,589)	$ 83,356,742
Net income (loss) per share, basic:	$ (0.13)	$ 0.88
Net income (loss) per share, diluted:	$ (0.13)	$ 0.87
Weighted average shares outstanding, basic:	103,102,596	94,350,216
Weighted average shares outstanding, diluted:	103,102,596	96,251,240

Marathon Digital Holdings, Inc. and Subsidiaries Supplemental Information and Non-GAAP Financial Measures

The supplemental information that follows is intended to provide additional data to investors on certain production metrics as well as financial measures including Total Margin and Non-cash operating expenses. We are also providing reconciliations from GAAP net income to the non-GAAP measures (i) Adjusted Net Income and (ii) Adjusted EBITDA. We define Adjusted Net Income as GAAP net income (or loss) for the period with adjustments to add back the impacts of (1) stock compensation expense, net of withholding taxes (2) changes in the fair market value of our investment fund and (3) the tax effects of the aforementioned adjustments. This non-GAAP measure is used by management to evaluate earnings performance from period-to-period given that (i) we expect that share-based compensation expense will continue to be a recurring expense that may vary significantly from period-to-period and (ii) we also hold digital currencies in an investment fund that requires fair value accounting of the bitcoin held in the fund. Given that this treatment is fundamentally different from the accounting for our self-mined bitcoin (a long-lived intangible that is evaluated for impairment but not reported at market value) and can also vary significantly from period-to-period, we believe our measure of Adjusted Net Income provides management and investors with a meaningful view of earnings resulting from current operating activities. We define Adjusted EBITDA as GAAP net income (or loss) for the period with adjustments to add back the impacts of (1) depreciation and amortization (2) interest expense (3) income tax expense and (4) adjustments for non-cash and non-recurring items which currently include (i) stock compensation expense, net of withholding taxes (ii) changes in the fair market value of our investment fund (iii) changes in the fair value of warranty liability (iv) impairment of digital currencies and (v) other impairments of long-lived assets. Adjusted EBITDA in future periods would also likely include adjustments for unusual or infrequent

items that might impact the comparability of our financial results, for example losses on early extinguishments of debt or unusually large gains or losses on sales of assets if these items were to occur. This non-GAAP measure is used by management in evaluating operating performance and we believe it to be a meaningful non-GAAP measure used by investors to compare the Company's operating performance with that of other companies within the industry.

These supplemental financial measures are not measurements of financial performance under generally accepted accounting principles in the United States ("GAAP") and, as a result, these measures may not be comparable to similarly titled measures of other companies. Management uses these non-GAAP financial measures internally to help understand, manage, and evaluate our business performance and to help make operating decisions. We believe that this combination of reconciliations from GAAP net income to non-GAAP measures is important when taken together with the GAAP financial results in that they provide a meaningful view of earnings performance for management and investors. We also believe that these non-GAAP measures provide additional information to investors about the Company's performance because they eliminate certain items not associated with current-period transactions and other significant discrete items that might impact the comparison of period-to-period results

Non-GAAP financial measures are subject to material limitations as they are not in accordance with, or a substitute for, measurements prepared in accordance with GAAP. Our non-GAAP financial measures are not meant to be considered in isolation and should be read only in conjunction with our Quarterly Reports on Form 10-Q and our Annual Reports on Form 10-K as filed with the Securities and Exchange Commission.

Adjusted Net Income	**For the three months ended March 31,**	
	2022	**2021**
Net income (loss)	$ (12,958,589)	$ 83,356,742
Adjustments:		
Stock Compensation Expense, net of withholding taxes	9,275,352	51,031,595
Change in FMV of investment fund	5,541,642	(131,822,950)
Income tax impact of adjustments, net	(3,681,985)	-
Adjusted net income (loss)	$ (1,823,580)	$ 2,565,387
Adjusted net income (loss) per share, basic:	$ (0.02)	$ 0.03
Adjusted net income (loss) per share, diluted:	$ (0.02)	$ 0.03
Weighted average shares outstanding, basic:	103,102,596	94,350,216
Weighted average shares outstanding, diluted:	103,102,596	96,251,240

Adjusted EBITDA	**For the three months ended March 31,**	
	2022	**2021**
Net income (loss)	**$ (12,958,589)**	**$ 83,356,742**
Adjustments:		
Depreciation and Amortization	18,538,926	1,298,937
Interest expense	2,814,036	1,203
Income tax expense (benefit)	(4,297,064)	-
EBTIDA	**$ 4,097,309**	**$ 84,656,882**
Adjustments for non-cash and non-recurring items:		
Stock compensation expense, net of withholding tax	9,275,352	51,031,595

Change in FMV of investment fund	5,541,642	(131,822,950)
Change in fair value of warranty liability	-	1,591,895
Impairment of digital currencies	19,551,254	662,199
Impairment of patents	919,363	-
Adjusted EBITDA	**$ 39,384,920**	**$ 6,119,621**

	For the three months ended March 31,	
Supplemental Information	**2022**	**2021**
Revenues	$ 51,717,718	$ 9,152,815
Cost of revenues (includes depreciation and amortization)	26,393,636	2,406,415
Total margin (1)	25,324,082	6,746,400
Operating and administrative expenses	34,450,350	53,801,814
Operating income (loss)	(9,126,268)	(47,055,414)
Other income (loss)	(5,315,349)	130,413,359
Interest expense	(2,814,036)	(1,203)
Income (loss) before income taxes	(17,255,653)	83,356,742
Income tax expense (benefit)	4,297,064	-
Net income (loss)	(12,958,589)	83,356,742
Adjusted net income (loss)	(1,823,580)	2,565,387
Total margin excluding depreciation and amortization	43,863,008	8,045,337
Adjusted EBITDA	39,384,920	6,119,621
Bitcoin self-mined during the period	1,258.6	191.8

(1) Total margin is defined as revenues less cost of revenues

MARATHON DIGITAL HOLDINGS

Source: Marathon Digital Holdings, Inc.