December 6, 2022

Marathon Digital Holdings Announces Bitcoin Production and Mining Operation Updates for November 2022

– Produced 472 BTC in November 2022 and 1,087 BTC Quarter-To-Date

– Increased Unrestricted Cash to $61.7 Million and Unrestricted Bitcoin Holdings to 4,200 BTC as of November 30

– Initiated Pilot Immersion Deployment and Installed Approximately 14,000 S19 XPs in Texas

LAS VEGAS, Dec. 06, 2022 (GLOBE NEWSWIRE) -- **Marathon Digital Holdings, Inc. (NASDAQ:MARA) ("Marathon" or "Company")**, a leader in supporting and securing the Bitcoin ecosystem, today published unaudited bitcoin ("BTC") production and miner installation updates for November 2022.

Management Commentary
"In November, we strengthened our liquidity position, produced 472 bitcoin, and began improving the efficiency of our mining operations with new technologies," said Fred Thiel, Marathon's chairman and CEO. "Given the current macro environment, we took proactive measures to reduce our revolver borrowings from $50 million as of November 9 to $30 million as of November 30. The combination of this debt repayment and our monthly production increased our unrestricted bitcoin holdings from 1,950 BTC on November 9 to 4,200 BTC as of November 30, and we ended the month with $61.7 million in cash on hand.

"Our production in November was negatively impacted by curtailment at the King Mountain site in Texas. This increased curtailment was caused by spot market pricing of energy driven by weather combined with lower bitcoin prices. We are working on optimizing curtailment strategies and site operations with the new operator and expect King Mountain's productivity to improve in the coming months.

"While Applied Digital awaits regulatory approval to energize their facility in Garden City, Texas, construction of facilities and installations of mining servers remain underway according to the most publicly available information. Simultaneously, Marathon continues to execute on its strategy to improve how efficiently we convert electricity into value. We recently launched an immersion pilot program, and our first 14,000 S19 XPs, which are 30% more energy efficient than the prior generation of servers, were successfully installed in Applied Digital's facility in Garden City, Texas during November.

"We remain confident that Marathon is well-positioned to continue scaling into one of the largest and most energy-efficient operators in the industry."

Recent Highlights

- Produced 472 BTC in November 2022 and 1,087 BTC quarter-to-date as of December 1
- As of December 1, operating mining fleet consisted of approximately 69,000 active miners, capable of producing approximately 7.0 EH/s
- 14,000 S19 XPs were installed in Garden City, TX in November and are currently pending energization
- Depending on Applied Digital's energization timeline, the Company expects to have between 7.0 EH/s and 9.0 EH/s online by December 31, 2022
- Year-to-date through November 30, 2022, produced 3,669 BTC, a 35% increase over the same time period in the prior year
- Assessed that approximately $22 million of the remaining $42 million in deposits with Compute North are recoverable, while the recoverability of the remainder remains unknown subject to the bankruptcy proceedings
- Reduced revolver borrowings from $50 million as of November 9 to $30 million as of November 30
- Unrestricted bitcoin holdings on November 30, 2022 were approximately 4,200 BTC with a fair market value of approximately $72.1 million
- Total bitcoin holdings increased to 11,757 BTC as of November 30, 2022
- Unrestricted cash on hand was approximately $61.7 million at November 30, 2022

Compute North Deposits Update

As previously disclosed, the Company had paid approximately $50 million in operating deposits to Compute North entities. To date, the Company has written off approximately $8 million of these deposits. In November, the Company determined that approximately $22 million of the remaining $42 million were likely fully recoverable as deposits. The recoverability of the remaining $20 million in deposits and other amounts previously impaired remain subject to the bankruptcy proceedings, and the Company is continuing to work with various parties involved to determine their ultimate recoverability.

Miner Energization and Installations Updates

According to the latest information made publicly available, construction of facilities and installation of miners at Applied Digital's data center sites remain underway as Applied Digital awaits regulatory approval to energize its newest facilities.

In November, Marathon began an immersion-cooled pilot project. Immersion is the process of submerging mining servers into non-conducive fluid and may have several benefits compared to traditional air-cooled solutions, including reduced maintenance and downtime, the potential to "overclock" a mining server, etc. Based on the outcome of this initial project, Marathon may allocate additional resources to immersion cooling.

As of November 30, approximately 14,000 of the Company's previously purchased S19 XPs were pending energization after being successfully installed in Texas. Once all of Marathon's previously purchased miners are installed, approximately 66% of the Company's hash rate is expected to be generated by S19 XPs, which are approximately 30% more energy efficient that the prior generation of mining servers.

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 November 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 focuses on supporting and securing the Bitcoin ecosystem. The Company is currently in the process of becoming one of the largest and most sustainably powered Bitcoin mining operations in North America, while remaining asset light.

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MARATHON DIGITAL HOLDINGS

Source: Marathon Digital Holdings, Inc.