January 5, 2023

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

- Achieved a New Record in Quarterly BTC Production

- Produced 475 BTC in December 2022, 1,562 BTC in Q4 2022, and 4,144 BTC In Fiscal Year 2022

- Increased Unrestricted Cash to $103.7 Million and Unrestricted Bitcoin Holdings to 7,815 BTC as of December 31

LAS VEGAS, Jan. 05, 2023 (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 December 2022.

Management Commentary
"In 2022, we made significant progress in increasing our hash rate while also transitioning to more sustainable power sources," said Fred Thiel, Marathon's Chairman and CEO. "Despite challenges earlier in the year, we doubled our hash rate to 7.0 exahashes per second year-over-year, with a majority of it now located at the King Mountain wind farm in West Texas. We finished the year with one of our most productive quarters to date, producing 1,562 bitcoin in the fourth quarter.

"In December, we expanded our agreement with Applied Digital to deploy roughly 12,000 S19 XPs, which are approximately 30% more energy efficient than the prior generation of servers, at their Jamestown facility in North Dakota. This site is already constructed and operational, and our expectation is for miners to come online within the next month. In Garden City, installations of miners remain underway, as we now have roughly 2.1 exahashses installed and pending energization.

"We also took proactive measures to strengthen our liquidity position and enhance the performance of our mining fleet. Given the macroeconomic uncertainty heading into 2023, we decided to fully pay down outstanding balances under our revolving credit agreement. This freed up bitcoin that was previously held as collateral, increasing our unrestricted bitcoin holdings from 4,200 BTC as of November 30 to 7,815 BTC (approximately $129.3 million) as of December 31. We finished the year with $103.7 million in cash on hand.

"During December, we tested overclocking and underclocking servers and began researching dual-phase immersion cooling systems. We also continued working with the new operator of the King Mountain site on improving operations and the curtailment strategy to optimize production. These efforts position us to develop our competitive advantages

further and become a more efficient and resilient business as we continue to grow.

“As we enter 2023, we remain confident in our ability to scale Marathon into one of the largest and most energy efficient Bitcoin mining operations globally. We have thousands of miners ready to be energized over the coming months, which we expect to more than triple our current production capacity to approximately 23 exahashes by mid-year.”

Recent Highlights

- Produced 475 BTC in December 2022 and 1,562 BTC in Q4 2022
- Produced 4,144 BTC in fiscal year 2022, a 30% increase from 3,197 BTC produced in fiscal year 2021
- As of January 1, operating mining fleet consisted of approximately 69,000 active miners, capable of producing approximately 7.0 EH/s
- 2.1 EH/s is currently pending energization after 1,000 S19 XPs were installed in December
- Depending on Applied Digital’s energization timeline, the Company expects to have between 12.0 EH/s and 15.0 EH/s online by March 31, 2023
- Reduced revolver borrowings from $30 million as of November 30 to $0 as of December 31, 2022
- Unrestricted bitcoin holdings on December 31, 2022 were approximately 7,815 BTC with a fair market value of approximately $129.3 million
- Total bitcoin holdings increased to 12,232 BTC as of December 31, 2022
- Unrestricted cash on hand was approximately $103.7 million at December 31, 2022

Technology Update

In November, Marathon began an immersion-cooled pilot project, which involves submerging Bitcoin mining servers in a dielectric fluid to determine if the Company can improve the efficiency and/or performance of its operations. In December, Marathon’s team successfully increased the hash rate of an S19 J Pro by 20% while reducing its power draw on a per terahash basis by approximately 4%. The Company also increased the hash rate of an S19 XP by 20%, marginally increasing the number of joules per terahash from 21.5 to 23.7 joules per terahash.

Marathon is routinely looking for ways to stay ahead of the technology curve, and our latest exploration is into the potential benefits of dual-phase immersion. Our initial findings suggest that this technology could reduce capital expenditure on servers by approximately 10% versus traditional air-cooled setups and almost 7% compared to single-phase immersion systems. This is achieved by eliminating the need for aluminum chassis, heat synchs, and other parts, which are no longer required in dual-phase immersion cooling. In addition, energy consumption may also be reduced by approximately 7% versus single-phase immersion systems, as dual-phase immersion increases the heat density by 2.5 times, enabling more servers to be racked closely together.

While it remains to be seen if such improvements in performance can be consistently replicated and implemented at scale, the Company is encouraged by these preliminary results and their ability to potentially increase Marathon’s competitive advantages.

Miner Energization and Installations Updates

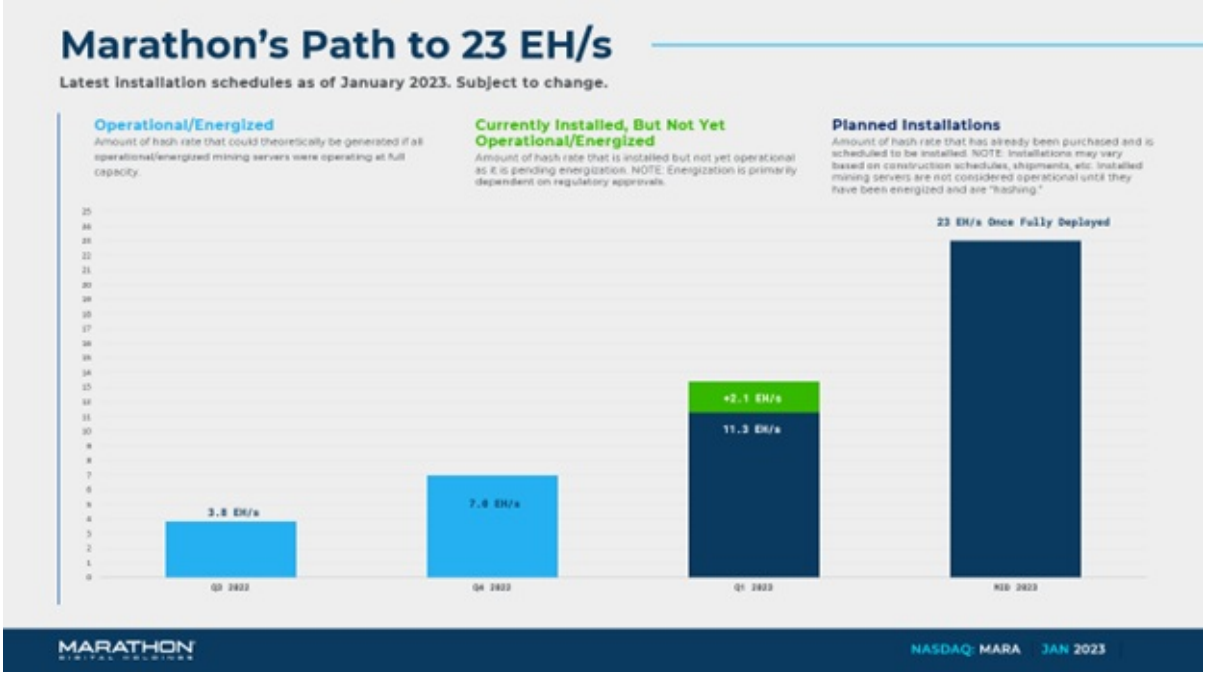
According to the latest information made publicly available, construction of facilities and

installation of miners at Applied Digital's data center sites remain underway as Applied Digital awaits regulatory approval to energize its newest facilities.

In December, Marathon secured an additional 33 megawatts of hosting capacity with Applied Digital at its Jamestown, North Dakota facility. As a result of this new arrangement the Company expects to deploy approximately 12,000 S19 XPs in the coming month as this site is fully constructed and has the necessary requirements for energization.

As of December 31, Marathon's operating fleet consists of approximately 69,000 bitcoin servers, theoretically capable of producing approximately 7.0 EH/s when operating at full capacity. An additional 2.1 EH/s is currently pending energization after an additional 1,000 S19 XPs were successfully installed in Texas during the month of December.

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. The Company still expects to have approximately 23 EH/s of capacity installed near the middle of 2023.



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 December 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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A photo accompanying this announcement is available at https://www.globenewswire.com/NewsRoom/AttachmentNg/d244082a-110c-49d8-8840-4b6b20870fa1

MARATHON DIGITAL HOLDINGS

Source: Marathon Digital Holdings, Inc.

Marathon's Path to 23 EH/s



Latest installation schedules as of January 2023. Subject to change.