March 23, 2020

Marathon Patent Group Announces 2019 Fiscal Year End Financial Results

LAS VEGAS, March 23, 2020 (GLOBE NEWSWIRE) -- Marathon Patent Group, Inc. (NASDAQ:**MARA**) ("Marathon" or "Company"), today announced its operating results for the twelve months ended December 31, 2019, as published in its Annual Report on Form 10-K filed today with the Securities and Exchange Commission.

Operating Results for the Year Ended December 31, 2019

- Total revenue was $1.2 million for the year ended December 31, 2019 compared to $1.6 million for the year ended December 31, 2018.
- Operating loss improved to approximately $4.2 million (inclusive of non-cash expenses) for the year ended December 31, 2019 compared to an operating loss of approximately $12.1 million (inclusive of non-cash expenses) for the year ended December 31, 2018.
- GAAP net loss improved to $(0.53) per basic and diluted share for the year ended December 31, 2019 compared to $(2.41) the year ended December 31, 2018.
- Net cash used in operating activities decreased from approximately $8.2 million in 2018 to approximately $3.3 million in 2019, an improvement of approximately $4.9 million.
- The Company had approximately $0.7 million of cash and cash equivalents as of December 31, 2019.

Merrick Okamoto, Chief Executive Officer, stated, “2019 was a year of tremendous volatility in underlying Bitcoin prices. We significantly increased our hash rate through adding to our mining infrastructure and dramatically reduced our costs, the ultimate profitability of Bitcoin mining is still directly tethered to the price of Bitcoin. Our 4th Quarter of 2019 was one of transition as we shut down our Mining operation in October and did not resume full operations until mid-December. While this reduced our 4th quarter revenue, our first 2 months of 2020 were the best on record since we started our Bitcoin Mining operation, producing over $468,000 of revenue from January 1st through February 29th. Then in March, Bitcoin experienced a precipitous decline of over 70%. While Bitcoin mining remains very challenging, we instituted additional cost savings to further reduce our expenses to do our level best to be in a position to profit from any future price appreciation should it come to pass.”

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, 2019. 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. Lastly, with the current worldwide situation caused by COVID-19, there can be no assurances as to when we may see any recovery in the bitcoin market, and if so, whether any recovery might be significant.

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.

CONTACT INFORMATION

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

	December 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 692,963	$ 2,551,171
Digital currencies	1,141	-
Prepaid expenses and other current assets	800,024	464,006
Total current assets	1,494,128	3,015,177

Other assets:		
Property and equipment, net of accumulated depreciation and impairment charges of $6,157,786 and $4,338,931 for December 31, 2019 and 2018, respectively	3,754,969	1,034,575
Right-of-use assets	297,287	-
Intangible assets, net of accumulated amortization of $136,422 and $65,245 for December 31, 2019 and 2018, respectively	1,073,578	1,144,755
Total other assets	5,125,834	2,179,330
TOTAL ASSETS	**$ 6,619,962**	**$ 5,194,507**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,238,197	$ 1,235,444
Mining servers payable	513,700	-
Current portion of lease liability	87,959	-
Warrant liability	12,849	39,083
Convertible notes payable	-	999,106
Total current liabilities	1,852,705	2,273,633
Long-term liabilities		
Convertible notes payable	999,106	-
Lease liability	120,479	-
Total long-term liabilities	1,119,585	-
Total liabilities	2,972,290	2,273,633
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, $0.0001 par value, 50,000,000 shares authorized, no shares issued and outstanding at December 31, 2019 and 2018, respectively	-	-
Common stock, $0.0001 par value; 200,000,000 shares authorized; 8,458,781 and 6,379,992 issued and outstanding at December 31, 2019 and 2018, respectively	846	638
Additional paid-in capital	109,705,051	105,461,396
Accumulated other comprehensive loss	(450,719)	(450,719)
Accumulated deficit	(105,607,506)	(102,090,441)
Total stockholders' equity	3,647,672	2,920,874
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 6,619,962**	**$ 5,194,507**

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

	For the Years Ended December 31,	
	2019	**2018**
Revenues		
Cryptocurrency mining revenue	$ 1,185,227	$ 1,495,402
Other revenue	-	66,970
Total revenues	1,185,227	1,562,372
Operating costs and expenses		
Cost of revenue	2,482,181	3,351,758
Impairment of mining equipment	-	2,222,688

Impairment of leasehold improvements	447,776	-
Compensation and related taxes	1,475,450	1,984,301
Consulting fees	130,813	639,094
Professional fees	422,335	1,216,820
General and administrative	465,783	1,374,047
Break-up fee - issuance of shares to GBV	-	2,850,000
Total operating expenses	5,424,338	13,638,708
Operating loss	(4,239,111)	(12,076,336)
Other income (expenses)		
Other income	181,995	112,471
Foreign exchange (loss) gain	(11,873)	28,918
Realized gain (loss) on sale of digital currencies	36,092	(152,485)
Change in fair value of warrant liability	26,234	1,699,522
Change in fair value of mining payable	507,862	-
Amortization of debt discount	-	(2,290,028)
Interest income	33,651	14,230
Interest expense	(51,915)	(81,482)
Total other income (expenses)	722,046	(668,854)
Loss before income taxes	$ (3,517,065)	$ (12,745,190)
Income tax expense	-	(69,134)
Net loss attributable to common stockholders	$ (3,517,065)	$ (12,814,324)
Net loss per share, basic and diluted:	$ (0.53)	$ (2.41)
Weighted average shares outstanding, basic and diluted:	6,664,238	5,315,944
Net loss	$ (3,517,065)	$ (12,814,324)
Other comprehensive income:		
Unrealized gain on foreign currency translation	-	15
Comprehensive loss attributable to Marathon Patent Group, Inc.	$ (3,517,065)	$ (12,814,309)

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

	For the Years Ended December 31,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (3,517,065)	$ (12,814,324)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation	923,304	2,003,695
Amortization of patents and website	71,177	66,017
Realized (gain) loss on sale of digital currencies	(36,092)	152,485
Change in fair value of warrant liability	(26,234)	(1,699,522)
Change in fair value of mining payable	(507,862)	-
Impairment of mining equipment	-	2,222,688
Impairment of leasehold improvements	447,776	-
Stock based compensation	933,682	1,425,683
Amortization of debt discount	-	2,290,028
Amortization of right-of-use assets	82,840	-
Bad debt allowance	-	6,826
Break-up fee - issuance of shares to GBV	-	2,850,000
Changes in operating assets and liabilities:		
Digital currencies	(1,185,227)	(1,495,402)

Lease liability	(72,548)	-
Litigation liability	-	(2,150,000)
Prepaid expenses and other assets	(435,159)	(371,151)
Accounts payable and accrued expenses	2,753	(725,594)
Net cash used in operating activities	(3,318,655)	(8,238,571)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of digital currencies	1,220,178	1,342,917
Acquisition of patents	-	(250,000)
Purchase of property and equipment	(5,225)	(5,251,719)
Net cash provided by (used in) investing activities	1,214,953	(4,158,802)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock/At-the-market offering	255,893	-
Offering costs for the issuance of common stock/At-the-market offering	(10,399)	-
Net cash provided by financing activities	245,494	-
Effect of foreign exchange rate changes	-	15
Net decrease in cash and cash equivalents	(1,858,208)	(12,397,358)
Cash and cash equivalents — beginning of period	2,551,171	14,948,529
Cash and cash equivalents — end of period	$ 692,963	$ 2,551,171
Supplemental schedule of non-cash investing and financing activities:		
Par value adjustment due to reverse split	$ 1	$ -
Conversion of Series E Preferred Stock to common stock	$ -	$ 551
Common stock issued for acquisition of patents	$ -	$ 960,000
Common stock issued for purchase of assets	$ 3,064,687	$ -
Common stock issued for note conversion	$ -	$ 3,055,588
Restricted stock issuance	$ 15	$ 44
Mining servers payable	$ 1,021,562	$ -
Warrants exercised into common shares	$ -	$ 55,791

Source: Marathon Patent Group, Inc.