May 10, 2021

Marathon Reports First Quarter 2021 Results

LAS VEGAS, May 10, 2021 (GLOBE NEWSWIRE) --**Marathon Digital Holdings, Inc. (NASDAQ:MARA) ("Marathon" or "Company")**, one of the largest enterprise Bitcoin self-mining companies in North America, reported financial results for the first quarter ended March 31, 2021.

First Quarter and Recent Financial Highlights

- Total revenues increased to $9.2 million from $592,000 in the first quarter of 2020
- Primarily due to a $132 million unrealized gain from the change in value of Marathon's $150 million Bitcoin investment made in January 2021, net income improved to $83.4 million, or $0.87 per diluted share, from net loss of $1.1 million, or ($0.12) per diluted share
- Adjusted EBITDA improved to income of $137.4 million from a loss of $479,000 in the first quarter of 2020
- As of May 6, cash was approximately $204.4 million and total liquidity, defined as cash and bitcoin holdings, was approximately $503.2 million

First Quarter and Recent Bitcoin Mining Highlights

- Produced 192 newly minted bitcoins in the first quarter of 2021; as of May 6, produced 386 newly minted bitcoins in 2021
- Increased the number of active miners to 6,800 miners, generating 0.71 EH/s in the first quarter of 2021; as of May 6, the Company's total active mining fleet consisted of 13,644 miners, generating approximately 1.46 EH/s
- As of May 6, 2021, held approximately 5,324 bitcoins, each of which had a market price of approximately $56,135; as a result, the approximate value of Marathon's bitcoins held as digital currencies was approximately $298.8 million

First Quarter and Recent Corporate Highlights

- Purchased 4,812.66 bitcoins for $150 million (average purchase price of $31,168 per BTC)
- Rebranded to Marathon Digital Holdings, reflecting the Company's position as a leading digital asset technology company
- Strengthened management team by appointing Fred Thiel to chief executive officer as Merrick Okamoto remained executive chairman of the board of directors
- Became the first North American enterprise Bitcoin miner to produce Bitcoin in a manner that adheres to anti-money laundering (AML) and the U.S. Department of the Treasury's Office of Foreign Asset Control's (OFAC's) standards by directing all of the Company's hashrate to the Marathon OFAC Pool

Management Commentary
"As our financial and operational results for the first quarter demonstrate, 2021 is lining up to be a banner year for Marathon as we are transforming our business into one of the largest enterprise Bitcoin mining operations in North America during what is currently one of the most profitable mining environments in Bitcoin's history," said Fred Thiel, Marathon's CEO. "Since the start of 2021, we have taken several steps to establish Marathon as one of the leading pure-play Bitcoin investment opportunities by increasing our hashrate over 689%, rebranding our organization, and increasing our total bitcoin holdings to over 5,324 bitcoins. We have continued to build on that leadership position by becoming the first Bitcoin miner to produce bitcoin that is fully compliant anti-money laundering laws and OFAC's standards by directing all of our hashrate to the Marathon OFAC Pool. With new miners being delivered and installed every day, we remain on track to achieve 10.37 EH/s by early 2022, and we look forward to continuing to scale the business for the betterment of our shareholders and the broader Bitcoin ecosystem in the coming quarters."

Marathon's chief financial officer, Sim Salzman, commented, "The first quarter marked a substantial improvement in our financial performance as we grew revenues to $9.2 million, generated net income of $83.4 million, and earned $137.4 million in adjusted EBITDA. Additionally, we exited the quarter with $211.9 million in cash and with a total liquidity, defined as cash and bitcoin holdings, of approximately $504.5 million. While Bitcoin's future price and the network difficulty rate are subject to change, we believe Marathon's financial performance will continue to improve as more miners come online, increasing our ability to generate revenues and yielding better economies of scale, which will drive profitability."

First Quarter 2021 Financial Results
Total revenue increased 1,445% to $9.2 million in the first quarter of 2021 from $592,000 in the first quarter of 2020.

Operating loss was $47.1 million in the first quarter of 2021 compared to an operating loss of $1.1 million in the first quarter of 2020. In the first quarter of 2021, operating expenses included $54 million of non-cash items, including $52.1 million in non-cash compensation and $662,000 impairment of cryptocurrencies. Excluding non-cash items, operating gain in the first quarter of 2021 was $6.9 million.

Net income in the first quarter of 2021 totaled $83.4 million, or $0.87 per diluted share, compared to net loss of $1.1 million or $(0.12) per diluted share in the first quarter of 2020. The improvement in net income was primarily attributable to a $132 million unrealized gain from the change in value of Marathon's $150 million Bitcoin investment via a fund-of-one made in January 2021.

Marathon previously generated net operating loss (NOL) carry-forwards for federal and state purposes of approximately $45.6 million and $27.2 million, respectively. As a result, the Company did not owe corporate income taxes as of March 31, 2021.

Adjusted EBITDA in the first quarter of 2021 was $137.4 million, compared to an adjusted EBTIDA loss of $479,000 in the first quarter of 2020.

In the first quarter of 2021, the Company generated 192 bitcoins. The Company last sold bitcoin on October 21, 2020, and since then, has been accumulating or "hodling" all bitcoin generated. The Company supports the blockchain development by sponsoring one of the

developers in the form of a monthly grant paid using its mined bitcoin. As of March 31, 2021, the Company held approximately 5,129.8 bitcoins, including the 4,813 bitcoins the Company purchased for an average price of $31,168 by investing $150 million into a fund-of-one.

Marathon's Digital Assets
For the first quarter ended March 31, 2021, the carrying value of Marathon's digital assets (comprised solely of bitcoin) was $292.6 million, which reflects cumulative impairment charges of $662k since acquisition. Marathon accounts for its digital assets as indefinite-lived intangible assets, which are initially recorded at cost. Subsequently, they are measured at cost, net of any impairment losses incurred since acquisition. Marathon determines the fair value of its bitcoin based on quoted (unadjusted) prices on the active exchange that Marathon has determined is its principal market for bitcoin. Marathon considers the lowest price of one bitcoin quoted on the active exchange at any time since acquiring the specific bitcoin. If the carrying value of a bitcoin exceeds that lowest price, an impairment loss has occurred with respect to that bitcoin in the amount equal to the difference between its carrying value and such lowest price. Impairment losses are recognized as "Impairment of cryptocurrencies" in Marathon's Consolidated Condensed Statements of Operations.

As of March 31, 2021, the average cost and average carrying value of Marathon's mined bitcoins were approximately $36,014 and $33,926, respectively. As of May 6, 2021, at 6 p.m. EST, Marathon held approximately 5,324 bitcoins, of which 4,813 are held in an investment fund of one while the other 511 were generated by the Company's operations. The market price of one bitcoin in the principal market on May 6, 2021 was approximately $56,135, and the approximate value of the bitcoins the Company has invested in and held as digital currencies was therefore over $503.2 million (*unaudited).

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, 2020. 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 hashrate 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 2021. See "Safe Harbor" 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 cryptocurrencies with a focus on the blockchain ecosystem and the generation of digital assets.

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Marathon Digital Holdings
Condensed Consolidated Balance Sheets

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 211,934,086	$ 141,322,776
Digital currencies	10,746,219	2,271,656
Other receivable	-	74,767,226
Deposit	128,869,316	65,647,592
Investment fund	281,822,950	-
Prepaid expenses and other current assets	2,513,812	2,399,965
Total current assets	635,886,383	286,409,215
Other assets:		
Property and equipment, net of accumulated depreciation and impairment charges of 7,200,501 and 6,480,359 for March 31, 2021 and December 31, 2020, respectively	41,960,893	17,224,321
Prepaid service contract	7,854,000	8,415,000
Right-of-use assets	-	200,301
Intangible assets, net of accumulated amortization of 225,392 and 207,598 for March 31, 2021 and December 31, 2020, respectively	984,608	1,002,402
Total other assets	50,799,501	26,842,024
TOTAL ASSETS	**$ 686,685,884**	**$ 313,251,239**
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		

Accounts payable and accrued expenses	$ 985,968	$ 999,742
Current portion of lease liability	-	121,596
Warrant liability	1,914,333	322,437
Total current liabilities	2,900,301	1,443,775
Long-term liabilities		
SBA PPP loan payable	62,500	62,500
Total long-term liabilities	62,500	62,500
Total liabilities	2,962,801	1,506,275
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, 0.0001 par value, 50,000,000 shares authorized, no shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively	-	-
Common stock, 0.0001 par value; 200,000,000 shares authorized; 99,370,465 and 81,974,619 issued and outstanding at March 31, 2021 and December 31, 2020, respectively	9,937	8,197
Additional paid-in capital	716,862,400	428,242,763
Accumulated other comprehensive loss	(450,719)	(450,719)
Accumulated deficit	(32,698,535)	(116,055,277)
Total stockholders' equity	683,723,083	311,744,964
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 686,685,884**	**$ 313,251,239**

Marathon Digital Holdings
Condensed Consolidated Statements of Operations

	For the Three Months Ended March 31,	
	2021	**2020**
Revenues		
Cryptocurrency mining revenue	$ 9,152,815	$ 592,487
Total revenues	9,152,815	592,487
Operating costs and expenses		
Cost of revenue	2,406,415	1,153,241
Compensation and related taxes	52,405,786	233,657
Consulting fees	113,606	41,812
Professional fees	313,032	146,642
General and administrative	307,191	108,937
Impairment of mined cryptocurrency	662,199	-
Total operating expenses	56,208,229	1,684,289
Operating loss	(47,055,414)	(1,091,802)
Other income (expenses)		
Other income	(1,470)	106,408
Change in fair value of investment in NYDIG fund	131,822,950	-
Realized gain (loss) on sale of digital currencies	(54)	(4,221)
Change in fair value of warrant liability	(1,591,895)	9,786
Change in fair value of mining payable	-	(66,548)
Interest income	183,828	1,880
Interest expense	(1,203)	(13,435)
Total other (expenses) income	130,412,156	33,870
Income (loss) before income taxes	$ 83,356,742	$ (1,057,932)
Income tax expense	-	-
Net income (loss)	$ 83,356,742	$ (1,057,932)
Net income (loss) per share, basic:	$ 0.88	$ (0.12)
Net income (loss) per share, diluted:	$ 0.87	$ (0.12)
Weighted average shares outstanding, basic:	94,350,216	8,655,525

Weighted average shares outstanding, diluted:	96,251,240	8,655,525

Marathon Digital Holdings

EBITDA for the three months ended March 31, 2021 and 2020

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Revenues		
Cryptocurrency mining revenue	$ 9,152,815	$ 592,487
Total revenues	9,152,815	592,487
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Professional fees	313,032	146,642
General and administrative	307,191	108,937
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Interest expense	(1,203)	(13,435)
Total other (expenses) income	130,412,156	33,870
Income (loss) before income taxes	$ 83,356,742	$ (1,057,932)
Income tax expense	-	-
Net income (loss)	$ 83,356,742	$ (1,057,932)
Non-cash adjustments to Net Income (loss)		
Depreciation and Amortization of Fixed Assets	720,142	528,575
Impairment Loss	662,199	-
Server Maintenance Contract Amortization	561,000	26,825
Stock Compensation Expense	52,087,311	23,238
Total Non-cash adjustments to Net Income (Loss)	$ 54,030,652	$ 578,638
Adjusted EBITDA	**$ 137,387,394**	**$ (479,294)**

Source: Marathon Digital Holdings, Inc.