March 1, 2022

Marathon Digital Holdings Reports Fourth Quarter and Fiscal Year 2021 Results

Revenues Increase 3,353% Year-over-Year to $150.5 Million with Non-GAAP Net Income of $168.7 Million, or $1.70 per Diluted Share, in Fiscal Year 2021

LAS VEGAS, March 01, 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 financial results for the fourth quarter and fiscal year ended December 31, 2021.

Fourth Quarter and Fiscal Year 2021 Financial Highlights

- Q4 2021 revenue increased 2,180% year-over-year to $60.3 million from $2.6 million in Q4 2020
- Fiscal year 2021 revenue increased 3,353% year-over-year to $150.5 million from $4.4 million in fiscal year 2020
- Produced 1,098 self-mined bitcoin during Q4 2021, an 599% increase from Q4 2020
- Produced 3,197 self-mined bitcoin in fiscal year 2021, an 846% increase year-over-year
- Marathon's investment fund, which purchased 4,813 BTC for approximately $150 million in January 2021, increased in fair value by $73.8 million during fiscal year 2021
- Non-GAAP income from operations* was $118.7 million for fiscal year 2021
- Non-GAAP net income** was $168.7 million, or $1.70 per diluted share, for fiscal year 2021
- As of December 31, 2021, cash and cash equivalents was $268.5 million and total liquidity, defined as cash and bitcoin holdings, was approximately $615.5 million
- Obtained a $100 million revolving line of credit, secured by bitcoin and USD, with Silvergate Bank
- Successfully raised $747.5 million in a convertible note offering in which the notes are unsecured and the coupon rate is 1%

* Non-GAAP income from operations excludes the impact of depreciation and amortization of fixed assets, impairment losses on mined cryptocurrency, server maintenance contract amortization, and stock compensation expense. This metric does not include the change in fair value of the Company's investment fund, which purchased 4,813 BTC for approximately $150 million in January 2021.

** Non-GAAP net income excludes the impact of depreciation and amortization of fixed assets, impairment losses on mined cryptocurrency, server maintenance contract amortization, and stock compensation expense. This metric includes the change in fair value of the Company's investment fund, which purchased

4,813 BTC for approximately $150 million in January 2021.

Fiscal Year 2021 and Recent Bitcoin Mining Highlights

- Increased hash rate 1,790% during fiscal year 2021 with the total number of miners deployed increasing to 32,150 miners, which could generate approximately 3.5 EH/s, as of December 31, 2021
- As of December 31, 2021, held approximately 8,133 bitcoin, each of which had a market price of approximately $46,208; as a result, the approximate fair market value of Marathon's bitcoin held as digital currencies was approximately $375.8 million
- As of February 28, 2022, held approximately 8,956 bitcoin, of which 4,813 are held in an investment fund of one while the other 4,143 were generated by the Company's operations (*unaudited)

Fourth Quarter and Recent Corporate Highlights

- Purchased a record number of ANTMINER S19 XP (140 TH/s) bitcoin miners from BITMAIN, increasing Marathon's total mining fleet to approximately 199,000 bitcoin miners producing approximately 23.3 EH/s by early 2023
- Expanded agreement with Compute North to host more than 100,000 of Marathon's bitcoin miners, predominantly behind the meter at wind and solar farms operated by one of the largest renewable energy providers in North America
- Enhanced leadership team with the appointments of Ashu Swami to chief technology officer, Raymond Walintukan to VP of mining operations, and Adam Swick to VP of strategy
- As part of strategic succession plan, CEO Fred Thiel succeeded Merrick Okamoto as chairman of the board and now maintains responsibilities of both chairman and CEO
- Fully completed miner installations at the Company's facility in Hardin, MT, and began deploying miners at new facilities hosted by Compute North
- Marathon added to the Forbes Blockchain 50 2022

Management Commentary

"In 2021, we increased our bitcoin production 846% year-over-year to 3,197 self-mined BTC as we expanded our mining operations and grew our hash rate 1,790% from January 2021 to December 2021," said Fred Thiel, Marathon's chairman and CEO. "While maintenance to the power generating station in Hardin, MT materially impacted our bitcoin production in November, we still produced 1,098 bitcoin in the fourth quarter and ended the year with our most productive month to date, producing 484.5 bitcoin in December alone. In addition to our growing bitcoin holdings, we made substantial progress in the fourth quarter and in subsequent months improving our position as one of the leading bitcoin miners in North America. We secured low cost power and hosting for 100,000 of our miners behind the meter at sustainable power facilities. We increased our projected hash rate by 75% from our prior projection of 13.3 EH/s by the middle of 2022 to 23.3 EH/s by early 2023 after purchasing a record number S19 XPs from BITMAIN. And, we have enhanced our team with proven, technical experts to expand our position as an innovator and leader in our sector.

"Our primary objectives for 2022 are to effectively deploy our miners, achieve our growth targets, and continue expanding our competitive moat. Deploying at scale behind the meter involves breaking some new ground, and now that we have overcome some of those initial hurdles, we expect deployments to accelerate this quarter and throughout the rest of the

year. We believe Marathon remains well positioned to generate approximately 23.3 Eh/s and for our mining operations to be 100% carbon neutral by early 2023. We look forward to another strong year for Marathon as we continue our mission of supporting the adoption, security, and evolution of Bitcoin by building one of the largest, most agile, and most sustainably operated Bitcoin mining operations in the world."

Marathon's CFO, Sim Salzman, commented, "In 2021, we grew our revenues 3,353% year-over-year to $150.5 million. Due to the leverage in our business model, we produced non-GAAP income from operations of $118.7 million and non-GAAP net income of $168.7 million, or $1.70 per diluted share, during the same time period. In the fourth quarter, we achieved two financial milestones that strengthened our liquidity position. We obtained a $100 million line of credit secured by our bitcoin holdings, and we raised approximately $747.5 million in a convertible note offering in which the notes are unsecured and the coupon rate is 1%. Given the strength of our business model, our track record of efficiently capitalizing on market events, and our current growth trajectory, we continue to believe that our financial and operational performance will continue to improve as we focus on efficiently increasing our hash rate."

Fourth Quarter 2021 Financial Results
Revenue increased to $60.3 million, a 17% increase from $51.7 million in the third quarter of 2021 and a 2,180% increase year-over-year from $2.6 million in the fourth quarter of 2020.

Income from operations was $21.6 million in the fourth quarter of 2021 compared to a loss from operations of $64.3 million in the third quarter of 2021 and a loss from operations of $5.0 million in the fourth quarter of 2020. In the fourth quarter of 2021, operating expenses included $27.6 million of non-cash items, including $8.4 million in non-cash stock based compensation and an $11.1 million impairment of cryptocurrencies.

Non-GAAP income from operations was $49.2 million compared to $43.5 million in the third quarter of 2021 and a loss of $2.6 million in the fourth quarter of 2020. Non-GAAP income from operations excludes the impact of non-cash items, such as depreciation and amortization of fixed assets, impairment losses on mined cryptocurrency, server maintenance contract amortization, and stock compensation expense. Additionally, this metric does not include the change in fair value of the Company's investment fund, which purchased 4,813 BTC for approximately $150 million in January 2021.

Net income in the fourth quarter of 2021 totaled $11.5 million, or $0.10 per diluted share, compared to a net loss of $22.2 million, or ($0.22) per diluted share, in the third quarter of 2021 and a net loss of $5.2 million, or ($0.10) per diluted share, in the fourth quarter of 2020. In 2021, Marathon's net income was materially impacted by changes in the fair market value of the Company's investment fund discussed above, as well as non-cash stock based compensation expense.

Non-GAAP net income in the fourth quarter of 2021 totaled $39.9 million, or $0.36 per diluted share, compared to non-GAAP net income of $85.4 million, or $0.85 per diluted share, in the third quarter of 2021 and non-GAAP net loss of $2.6, or ($0.05) per diluted share, in the fourth quarter of 2020. Non-GAAP net income excludes the impact of non-cash items, such as depreciation and amortization of fixed assets, impairment losses on mined cryptocurrency, server maintenance contract amortization, and stock compensation expense. This metric includes the change in fair value of the Company's investment fund,

which purchased 4,813 BTC for approximately $150 million in January 2021.

The Company generated 1,098 self-mined bitcoin in the fourth quarter of 2021, a 599% increase from 157 self-mined bitcoin in the fourth quarter of 2020.

Fiscal Year 2021 Financial Results
Total revenue increased 3,353% to $150.5 million in 2021 from $4.4 million in 2020.

Loss from operations was $85.1 million in 2021 compared to loss from operations of $9.8 million in 2020. In 2021, operating expenses included $204.9 million of non-cash items, including $156.1 million in non-cash stock based compensation and a $29.6 million impairment of cryptocurrencies.

Non-GAAP income from operations was $118.7 million compared to non-GAAP loss from operations of $4.7 million in 2020.

The Company's investment fund increased in fair value by $73.8 million during 2021 due to the appreciation in price of bitcoin, increasing from an average purchase price of $31,168 per bitcoin in January 2021 to $46,208 on December 31, 2021.

Net loss in 2021 totaled $36.2 million, or ($0.36) per diluted share, compared to net loss of $10.4 million, or ($0.13) per diluted share in 2020. In 2021, Marathon's net income was materially impacted by changes in the fair market value of the Company's investment fund discussed above, as well as non-cash stock based compensation expense.

Non-GAAP net income in 2021 totaled $168.7 million, or $1.70 per diluted share, compared to non-GAAP net loss of $5.0 million, or ($0.07) per diluted share, in 2020.

The Company generated 3,197 self-mined bitcoin in fiscal year 2021, an 846% increase year-over-year from 338 self-mined bitcoin in 2020. The Company last sold bitcoin on October 21, 2020, and since then, has been accumulating or "hodling" all bitcoin generated. As of December 31, 2021, the Company held approximately 8,133 bitcoin, including the 4,813 bitcoin the Company purchased for an average price of $31,168 by investing $150 million into a fund-of-one.

Marathon's Digital Assets
As of December 31, 2021, the carrying value of Marathon's mined digital assets (comprised solely of bitcoin) was $123.2 million, which reflects cumulative impairment charges of $29.6 million year-to-date. 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 mined cryptocurrency" in Marathon's Consolidated Condensed Statement of Operations.

As of December 31, 2021, the average cost and average carrying value of Marathon's mined

bitcoin was approximately $46,014 and $37,114, respectively.

As of February 28, 2022, Marathon held approximately 8,956 bitcoin, of which 4,813 are held in an investment fund of one while the other 4,143 were generated by the Company's operations. The market price of one bitcoin in the principal market on February 28, 2022 was approximately $43,193, and the approximate fair market value of the bitcoin the Company has invested in and held as digital currencies was therefore over $386.8 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 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 February 2022. 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, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS (Unaudited)

	December 31, 2021 (Unaudited)	December 31, 2020 ((Unaudited))
ASSETS		
Current assets:		
Cash and cash equivalents	$ 268,522,019	$ 141,322,776
Digital currencies	102,805,980	2,271,656
Digital currencies, restricted	20,437,284	-
Other receivable	-	74,767,226
Deposit	34,458,347	65,647,592
Investment fund	223,778,545	-
Loan receivable	30,000,000	-
Prepaid expenses and other current assets	8,148,016	2,399,965
Total current assets	688,150,191	286,409,215
Other assets:		
Property and equipment, net of accumulated depreciation and impairment charges of $21,311,461 and $6,480,359 for December 31, 2021 and 2020, respectively	276,242,794	17,224,321
Prepaid service contract	13,665,589	8,415,000
Right-of-use assets	-	200,301
Advance to vendor	466,254,623	-
Investment in SAFE Agreements	3,000,000	-
Intangible assets, net of accumulated amortization of $280,497 and $207,598 for December 31, 2021 and 2020, respectively	931,226	1,002,402
Total other assets	760,094,232	26,842,024
TOTAL ASSETS	**$ 1,448,244,423**	**$ 313,251,239**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 12,927,139	$ 999,742
Current portion of accrued bond interest	867,260	-
Current portion of lease liability	-	121,596
Warrant liability	-	322,437
Total current liabilities	13,794,399	1,443,775
Long-term liabilities		
Convertible notes payable	728,405,922	-
SBA PPP loan payable	-	62,500
Deferred tax liabilities	23,020,721	-
Total long-term liabilities	751,426,643	62,500
Total liabilities	765,221,042	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, 2021 and 2020, respectively	-	-
Common stock, 0.0001 par value; 200,000,000 shares authorized; 102,733,273 and 81,974,619 issued and outstanding at December 31, 2021 and 2020, respectively	10,273	8,197
Additional paid-in capital	835,693,610	428,242,763
Accumulated other comprehensive loss	(450,719)	(450,719)
Accumulated deficit	(152,229,783)	(116,055,277)
Total stockholders' equity	683,023,381	311,744,964
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 1,448,244,423**	**$ 313,251,239**

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

	For the Three Months Ended December 31,		
	2021	2020	2019
Revenues			
Cryptocurrency mining revenue	$ 60,281,615	$ 2,643,611	$ 277,051
Total revenues	60,281,615	2,643,611	277,051
Operating costs and expenses			
Cost of revenue	14,032,845	3,471,357	940,479
Impairment of mining equipment	-	871,302	55,663
Compensation and related taxes	10,615,657	2,741,276	250,551
Consulting fees	153,417	57,000	46,812
Professional fees	1,936,758	218,179	135,053
General and administrative	829,925	237,967	105,664
Impairment of mined cryptocurrency	11,080,241	-	-
Total operating expenses	38,648,843	7,597,081	1,534,223
Income (loss) from operations	21,632,772	(4,953,470)	(1,257,172)
Other income (expenses)			
Other income	15,874	-	-
Loss on conversion of note	-	-	(447,701)
Change in fair value of investment in NYDIG fund	15,013,271	-	-
Realized gain (loss) on sale of digital currencies	5,088	-	22,884
Change in fair value of warrant liability	(821,061)	(290,938)	33,987
Change in fair value of mining payable	-	-	507,863
Interest income	267,754	13,497	2,849
Interest expense	(1,567,038)	(916)	(14,552)
Total other (expenses) income	12,913,888	(278,357)	105,330
Loss before income taxes	$ 34,546,660	$ (5,231,827)	$ (1,151,843)
Provision for income taxes	(23,020,721)	(2,400)	-
Net loss	$ 11,525,939	$ (5,234,227)	$ (1,151,843)
Net income (loss) per share, basic:	$ 0.11	$ (0.10)	$ (0.17)
Net income (loss) per share, diluted:	$ 0.10	$ (0.10)	$ (0.17)
Weighted average shares outstanding, basic:	102,620,749	53,013,453	6,664,238
Weighted average shares outstanding, diluted:	113,402,577	53,013,453	6,664,238

	For the Years Ended December 31,		
	2021	2020	2019
Revenues			
Cryptocurrency mining revenue	$ 150,463,770	$ 4,357,443	$ 1,185,227
Total revenues	150,463,770	4,357,443	1,185,227
Operating costs and expenses			
Cost of revenue	33,696,103	7,001,128	2,482,181
Impairment of mining equipment	-	871,302	-
Impairment of leasehold improvements	-	-	447,776
Compensation and related taxes	164,285,755	4,730,143	1,475,450
Consulting fees	531,677	302,561	130,813
Professional fees	5,268,485	733,741	422,335
General and administrative	2,216,489	551,672	465,783
Impairment of mined cryptocurrency	29,552,991	-	-

Total operating expenses	235,551,500	14,190,547	5,424,338
Income (loss) from operations	(85,087,730)	(9,833,104)	(4,239,111)
Other income (expenses)			
Gain from extinguishment of debt	-	-	181,995
Other income (expenses)	81,827	115,876	-
Foreign exchange loss	-	-	(11,873)
Loss on conversion of note	-	(364,833)	-
Change in fair value of investment in NYDIG fund	73,778,545	-	-
Realized gain (loss) on sale of digital currencies	14,175	15,466	36,092
Change in fair value of warrant liability	(1,048,286)	(309,588)	26,234
Change in fair value of mining payable	-	(66,547)	507,862
Interest income	677,415	18,343	33,651
Interest expense	(1,569,731)	(20,984)	(51,915)
Total other (expenses) income	71,933,945	(612,267)	722,046
Loss before income taxes	$ (13,153,785)	$ (10,445,371)	$ (3,517,065)
Provision for income taxes	(23,020,721)	(2,400)	-
Net loss	$ (36,174,506)	$ (10,447,771)	$ (3,517,065)
Net income (loss) per share, basic and diluted:	$ (0.36)	$ (0.13)	$ (0.53)
Weighted average shares outstanding, basic and diluted:	99,337,587	81,408,340	6,664,238

Marathon Digital Holdings, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Financial Information(Unaudited)

Non-GAAP Financial Measures

We are providing supplemental financial measures for (i) non-GAAP income from operations that excludes the impact of depreciation and amortization of fixed assets, impairment losses on mined cryptocurrency, server maintenance contract amortization and stock compensation expense and (ii) non-GAAP net income and non-GAAP diluted earnings per share that exclude the impact of depreciation and amortization of fixed assets, impairment losses on mined cryptocurrency, change in fair value of warrant liability, server maintenance contract amortization and stock compensation expense, net of withholding taxes. 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 supplemental financial 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 these non-GAAP financial measures are also useful to investors and analysts in comparing our performance across reporting periods on a consistent basis. The first supplemental financial measure excludes non-cash operational expenses that we believe are not reflective of our general business performance such as (i) depreciation and amortization of fixed assets, (ii) significant impairment losses on mined cryptocurrency, (iii) server maintenance contract amortization and (iv) stock compensation expense, net of withholding taxes that could vary significantly in comparison to other companies.

The second set of supplemental financial measures excludes the impact of (i) depreciation and amortization of fixed assets, (ii) significant impairment losses on mined cryptocurrency, (iii) change in fair value of warrant liability (iv) server maintenance contract amortization and

(v) stock compensation expense, net of withholding taxes. We believe the use of these non-GAAP financial measures can also facilitate comparison of our operating results to those of our competitors.

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. For example, we expect that share-based compensation expense, which is excluded from the first two non-GAAP financial measures, will continue to be a significant recurring expense over the coming years and is an important part of the compensation provided to certain employees, officers, and directors. Similarly, we expect that depreciation and amortization of fixed assets will continue to be a recurring expense over the term of the useful life of the assets. We have also excluded impairment losses on mined cryptocurrency from the first two non-GAAP financial measures, which may occur in future periods as a result of our continued holdings of significant amounts of bitcoin. Our non-GAAP financial measures are not meant to be considered in isolation and should be read only in conjunction with our Consolidated Condensed Financial Statements, which have been prepared in accordance with GAAP. We rely primarily on such Consolidated Condensed Financial Statements to understand, manage, and evaluate our business performance and use the non-GAAP financial measures only supplementally.

The following is a reconciliation of our non-GAAP income from operations for the three months and year ending December 31, 2021, respectively, which excludes the impact of (i) depreciation and amortization of fixed assets (ii) impairment losses on mined cryptocurrency (iii) server maintenance contract amortization and (iv) stock compensation expense, net of withholding taxes, to its most directly comparable GAAP measures for the periods indicated:

	For the Three Months Ended December 31,		
	2021	**2020**	**2019**
Reconciliation of non-GAAP income from operations:			
Income (loss) from Operations	$ 21,632,771	$ (4,953,470)	$ (1,257,172)
Depreciation and Amortization of Fixed Assets	6,888,201	1,212,871	529,015
Impairment of mined cryptocurrency	11,080,241	-	-
Server maintenance contract amortization	1,207,647	968,712	-
Stock Compensation Expense, net of withholding taxes	8,425,074	180,532	270,885
Non-GAAP income (loss) from operations	$ 49,233,935	$ (2,591,355)	$ (457,272)

	For the Years Ended December 31,		
	2021	**2020**	**2019**
Reconciliation of non-GAAP income from operations:			
Income (loss) from Operations	$ (85,087,730)	$ (9,833,104)	$ (4,239,111)
Depreciation and Amortization of Fixed Assets	14,904,002	3,064,212	994,481
Impairment of mined cryptocurrency	29,552,991	-	-
Server maintenance contract amortization	3,278,927	976,842	-
Stock Compensation Expense, net of withholding taxes	156,071,895	1,129,300	330,749
Non-GAAP income (loss) from operations	$ 118,720,085	$ (4,662,750)	$ (2,913,881)

The following are reconciliations of our non-GAAP net income and non-GAAP diluted earnings per share for the three months and year ending December 31, 2021, respectively, in each case excluding the impact of (i) depreciation and amortization of fixed assets (ii) impairment losses on mined cryptocurrency (iii) change in fair value of warrant liability (iv) server maintenance contract amortization and (v) stock compensation expense, net of withholding taxes, to its most directly comparable GAAP measures for the periods indicated:

	For the Three Months Ended December 31,		
	2021	**2020**	**2019**
Reconciliation of non-GAAP net income:			
Net (loss) income	$ 11,525,939	$ (5,234,227)	$ (1,151,843)
Non-cash adjustments to Net Income (loss)			
Depreciation and Amortization of Fixed Assets	6,888,201	1,212,871	529,015
Impairment of mined cryptocurrency	11,080,241	-	-
Change in fair value of warrant liability	821,061	290,938	(33,987)
Server maintenance contract amortization	1,207,647	968,712	-
Stock Compensation Expense, net of withholding taxes	8,425,074	180,532	270,885
Total Non-cash adjustments to Net Income (Loss)	$ 28,422,224	$ 2,653,053	$ 765,913
Non-GAAP net (loss) income	$ 39,948,163	$ (2,581,173)	$ (385,930)
Reconciliation of non-GAAP diluted earnings (loss) per share:			
Diluted (loss) earnings per share	$ 0.11	$ (0.10)	$ (0.17)
Depreciation and Amortization of Fixed Assets (per diluted share)	0.06	0.02	0.08
Impairment of mined cryptocurrency (per diluted share)	0.10	-	-
Change in fair value of warrant liability (per diluted share)	0.01	0.01	(0.01)
Server maintenance contract amortization (per diluted share)	0.01	0.02	-
Stock Compensation Expense, net of withholding taxes (per diluted share)	0.07	-	0.04
Non-GAAP diluted earnings (loss) per share	$ 0.36	$ (0.05)	$ (0.06)

	For the Twelve Months Ended December 31,		
	2021	**2020**	**2019**
Reconciliation of non-GAAP net income:			
Net (loss) income	$ (36,174,506)	$ (10,447,771)	$ (3,699,060)
Non-cash adjustments to Net Income (loss)			
Depreciation and Amortization of Fixed Assets	14,904,002	3,064,212	994,481
Impairment of mined cryptocurrency	29,552,991	-	-
Change in fair value of warrant liability	1,048,286	309,588	(26,234)
Server maintenance contract amortization	3,278,927	976,842	-
Stock Compensation Expense, net of withholding taxes	156,071,895	1,129,300	330,749
Total Non-cash adjustments to Net Income (Loss)	$ 204,856,101	$ 5,479,943	$ 1,298,996
Non-GAAP net (loss) income	$ 168,681,595	$ (4,967,828)	$ (2,400,064)
Reconciliation of non-GAAP diluted earnings (loss) per share:			
Diluted (loss) earnings per share	$ (0.36)	$ (0.13)	$ (0.53)
Depreciation and Amortization of Fixed Assets (per diluted share)	0.15	0.04	0.15
Impairment of mined cryptocurrency (per diluted share)	0.30	-	-
Change in fair value of warrant liability (per diluted share)	0.01	-	-

Server maintenance contract amortization (per diluted share)	0.03	0.01	-
Stock Compensation Expense, net of withholding taxes (per diluted share)	1.57	0.01	0.05
Non-GAAP diluted earnings (loss) per share	$ 1.70	$ (0.07)	$ (0.33)



Source: Marathon Digital Holdings, Inc.