July 7, 2022

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

- Company Produces 707 BTC in Q2 2022, up 8% Year-Over-Year from Q2 2021
- Company Now Holds 10,055 BTC Directly After Eliminating Investment Fund Structure
- Cash on Hand Was $88.7 Million, and Total Available Liquidity Was $153.7 Million at June 30

LAS VEGAS, July 07, 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 June 2022.

Management Commentary
"In the second quarter, we continued to work through several operational obstacles as we progressed with installing miners in Texas in preparation of energization," said Fred Thiel, Marathon's chairman and CEO. "In April and May, our bitcoin production was impacted by ongoing maintenance issues at the power generating facility in Hardin, MT that supplies our Hardin-based miners with power. On June 11, the situation was exacerbated by a severe storm that passed through the region, damaging the power plant's cooling towers and leaving our 30,000 miners in the region without power. According to the most recent reports, these miners, which represent over 75% of our active fleet, appear to be mostly undamaged by the storm. The ground crew at Hardin continues to make progress as they work to bring the power plant and our miners back online in a reduced capacity.

"In Texas, despite multiple assurances that energization would occur in June, Compute North's energy provider is still awaiting federal agency confirmation of its exempt status for tax purposes based upon its arrangements with Compute North. In the meantime, installations of our miners have been progressing on schedule. We now have 29,640 miners, representing approximately 2.9 exahashes per second, installed and ready for energization in Texas. Approximately 20,000 of these miners, representing an estimated 1.9 exahashes per second, have been installed at Compute North's first major facility, which is located on a wind farm in West Texas. It is our understanding that the entirety of this first facility, which will house approximately 68,000 of our miners, is still on track to be fully constructed with all miners installed by the end of the third quarter of 2022. The remaining miners are spread across other locations.

"Despite the current operational challenges, we are working to capitalize on hosting opportunities and are actively engaged with various hosting providers. Ultimately, we look forward to working through this near-term friction and striving to solidify Marathon's position as a leader in our space."

Recent Highlights:

- The Company produced 707 self-mined bitcoin during Q2 2022, an 8% increase from 654 bitcoin mined in Q2 2021. Q2 2022 bitcoin production was significantly impacted by:
    - The energization delays in Texas
    - Maintenance to the power generating facility in Hardin, MT during April and May
    - A severe storm that passed through the Hardin region on June 11, damaging the power generating facility that supplies Marathon's miners in the region with power and causing Marathon's miners in Montana to go offline
    - Due to the storm, current operating mining fleet was reduced to approximately 6,300 active miners producing approximately 0.7 EH/s and BTC production was significantly reduced in June with 140 self-mined bitcoin produced during the month.

- Year-to-date through June 30, 2022, the Company produced 1,966 bitcoin, a 132% increase over the same time period in the prior year.
- The Total number of miners installed and awaiting energization at Texas facilities increased to 29,640 miners (c. 2.9 EH/s).
- The Company benefitted from a downward market price adjustment for the 13,000 S19 XPs set to ship in July and expects to see continued benefits of price adjustments as remaining XPs are shipped in the August – December timeframe.
- The Company unwound its investment in NYDIG Digital Assets Fund III, LP ("the Investment Fund") and transferred approximately 4,769 BTC from the Company's Investment Fund into the Company's BTC wallet.
- Total bitcoin holdings are 10,055 BTC with a fair market value of $198.9 million. Given the elimination of the Investment Fund, all of this bitcoin is held directly as Digital Currencies on the balance sheet.
- The Company repaid $35 million of outstanding revolving credit line borrowings during June 2022, reducing its outstanding balance to $35 million.
- Cash on hand was approximately $88.7 million and total liquidity, defined as unrestricted cash and available credit facilities, was approximately $153.7 million.

Update to Operations in Hardin, MT

As discussed in a press release published on June 28, 2022, Marathon's miners in Hardin, MT have been offline since a severe storm swept through the region on June 11, damaging the power generating facility that supplies power to the Company's miners. While the most recent reports indicate that the majority of the Company's miners were undamaged, tests are still being conducted and data is still being aggregated. The ground crew at Hardin continues to make progress as they work to bring the power plant and Marathon's miners back online in a reduced capacity. The Company is continuing to explore the possibility of expediting its departure from this facility prior to original schedules.

Miner Energization and Installations

Marathon's expectations around energization of its miners in Texas are based upon the most recently available information provided to the Company by its hosting provider, Compute North. Marathon was originally informed by Compute North that energization of the Company's miners in Texas would commence on April 17, 2022. Marathon was then informed that energization was rescheduled to May 2022. As of June 8, 2022, Marathon was

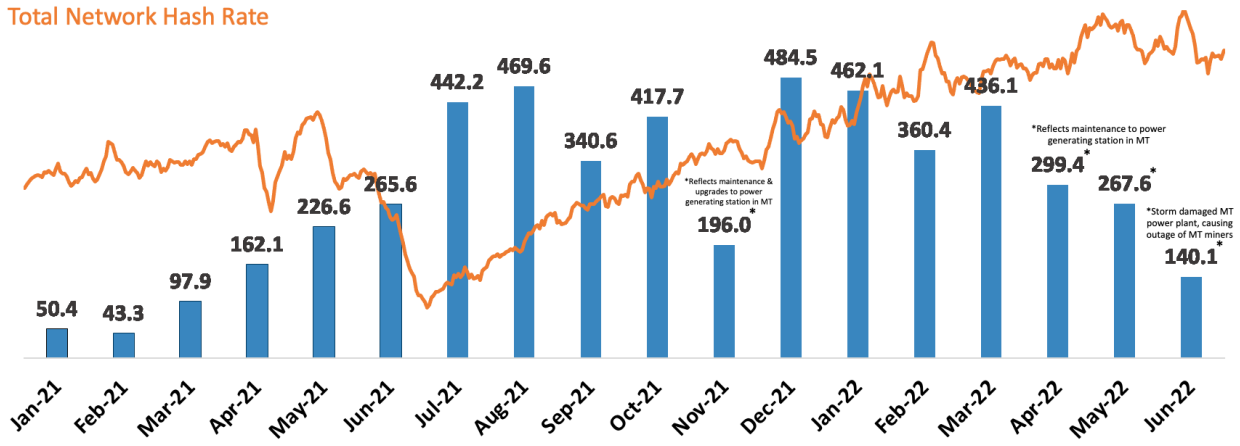
informed that energization would likely occur during the month of June 2022. As of July, 6, 2022, the energy provider for Compute North's West Texas site has yet to energize Marathon's installed miners. The delays in energization are the result of Compute North's energy provider awaiting federal agency confirmation of its exempt status for tax purposes based upon its arrangements with Compute North. This matter is ongoing. Marathon continues to work with its hosting provider to gain further insight into the process and to expedite energization if possible.

Compute North's West Texas facility consists of four sections. These sections are being constructed in phases, and in aggregate, they represent 280 MW of capacity for bitcoin mining. The first section is complete and currently awaiting energization. Construction of the remaining sections is proceeding on schedule with the entire 280 MW facility expected to be constructed by the end of the third quarter 2022. Once fully constructed, this facility will house approximately 68,000 of Marathon's miners, representing 6.8 EH/s. Based on current schedules, Compute North has informed Marathon that 21,000 miners are expected to be installed at this facility in July with an additional 28,000 miners expected to be installed in August.

Given the current construction and installation schedules coupled with the Company's pipeline of potential new hosting and power arrangements, Marathon continues to expect all 199,000 miners, producing approximately 23.3 EH/s, to be installed by early 2023. Additionally, the Company continues to expect its mining operations to be 100% carbon neutral by the end of 2022.

Bitcoin Production Update

Year-to-date through June 30, 2022, Marathon's mining fleet has produced 1,966 bitcoin, a 132% increase over the same time period in the prior year. By month, the Company's bitcoin production was as follows:



*Note: Upgrades and maintenance to the power generating station in Hardin, MT caused Marathon's bitcoin mining operations in Hardin, MT to operate at substantially reduced capacity in November 2021, negatively impacting the Company's bitcoin production for the month. In April and May 2022, the Company's bitcoin production was similarly impacted by maintenance to the power generating station in Hardin, MT. In June 2022, a severe storm in Hardin, MT damaged the power generating facility that supplies Marathon's miners with power, causing Marathon's miners in the region to go offline.

Total Network Hash Rate Source: https://www.blockchain.com/charts/hash-rate

As of June 30, 2022, Marathon held approximately 10,055 BTC, the fair market of which was approximately $198.9 million. The Company has not sold any bitcoin since October 2020. However, as production ramps in the near future, Marathon may sell a portion of its monthly bitcoin production as needed to fund monthly operating costs.

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 and Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2022, filed with the SEC on May 5, 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 July 2022. The total network's hash rate data is calculated from a third-party source, which is available here: https://www.blockchain.com/charts/hash-rate. Data from third-party sources has not been independently verified. 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/3665ba8d-bacf-4a7c-8095-8a8e1d7294e2

Figure 1



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

Source: Marathon Digital Holdings, Inc.