



# MARATHON

RETURN ON INTELLECTUAL PROPERTY

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**Investor Presentation**

October 2016

[www.marathonpg.com](http://www.marathonpg.com)

## Safe Harbor Statement

This presentation and other written or oral statements made from time to time by representatives of Marathon Patent Group, Inc. (“MPG” or “Marathon”) contain “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 reflect the current view about future events. Statements that are not historical in nature, and which may be identified by the use of words like “expects,” “assumes,” “projects,” “anticipates,” “estimates,” “we believe,” “could be,” “future” or the negative of these terms and other words of similar meaning, are forward-looking statements. Forward-looking statements are based on management’s current expectations and assumptions regarding our business, the economy and other future conditions and are subject to inherent risks, uncertainties and changes of circumstances that are difficult to predict and may cause actual results to differ materially from those contemplated or expressed. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned. Important factors that could cause actual results to differ materially from those in the forward looking statements include: a continued decline in general economic conditions nationally and internationally; decreased demand for our products and services; market acceptance of our products; the ability to protect our intellectual property rights; impact of any litigation or infringement actions brought against us; competition from other providers and products; risks in product development; inability to raise capital to fund continuing operations; changes in government regulation, the ability to complete customer transactions and capital raising transactions.

Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities law of the United States, we do not intend to update any of the forward-looking statement to conform these statements to actual results.

### Forecast

All forecasts are provided by management in this presentation and are based on information available to us at this time and management expects that internal projections and expectations may change over time. In addition, the forecasts are entirely on management’s best estimate of our future financial performance given our current contracts, current backlog of opportunities and conversations with new and existing customers about our products. This overview is delivered solely as reference material with respect to our company. This document shall not constitute an offer to sell or the solicitation of an offer to buy securities in our company in any jurisdiction. The information herein is based on data obtained from sources believed to be reliable.



## Company Snapshot

**Marathon is an IP licensing and commercialization company. The Company acquires and manages IP rights from a variety of sources, including large and small corporations, universities and other IP owners.**

- Marathon subsidiaries collectively manages over 10,500 U.S. and foreign patents, has 25 patent applications and has 15 current active defendants
- Highly skilled and experienced management team positions Marathon to become a unique outsourced provider of patent monetization initiatives for large corporate patent owners
- Six month 2016 revenues of \$36.4 million and \$1.10 in Non-GAAP EPS compared to full-year 2015 revenue of \$19 million
- Strong deal flow of patent assets given stature in the industry resulting in recent agreement with Siemens AG, a leading Fortune 50 company, and the acquisition of portfolio that pertains to battery anodes and cathodes using nanostructure techniques.
- Low head count, extensively utilizing outsourced services
- Launched first commercialization company / Building and analyzing pipeline of new commercialization opportunities

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**Exchange:** NASDAQ

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**Ticker:** MARA

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**Common Shares:** 15M (Approx.)

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**Market Cap:** \$44M

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**Share Price (9/30/16):** \$2.80

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**52-Week Range:** \$1.29 – \$3.30

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**Avg. Daily Volume (3 Mo):** 51,000

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**Headquarters:** Los Angeles, CA

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**Employees:** 10

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**Founded:** 2012

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## Business Model – Patent Monetization

- Monetize patents, either acquired and owned by Marathon or as a strategic outsourced partner of large companies and universities as the manager of their patent portfolios, in venues in the US, Europe and Asia
- Sophisticated process - proprietary database/analytics - for valuing patent assets
- Highly-scalable business model allows for concurrent multiple revenue streams without significant increases in overhead
- Five (5) subsidiaries holding patent assets with active enforcement campaigns. Seventeen (17) subsidiaries have generated revenue to date.
- Six (6) portfolios have generated a net positive return in excess of the cost to acquire and enforce the portfolio
- Model allows for low cash operating expenses with historical norms of approximately \$1.2 - \$1.5M per quarter. Gross margins generally in the range of 45-55%
- With the addition of portfolios from Siemens AG and a Fortune 50 company, we intend to initiate a “soft licensing” strategy based on time-based, recurring licenses aimed at achieving greater scale and more predictable revenue.



## Management Team

### **Doug Croxall**

CEO & Chairman

*12 years experience in patent licensing*

Previously CEO & owner of LVL Patent Group, a patent enforcement entity /Chairman & CEO of Firepond (NASDAQ: FIRE), a configuration software company with a patent portfolio enforced by IPNav for approximately \$100 million in gross revenues

### **Frank Knuettel II**

CFO

*12 years experience in patent licensing*

Previously the Managing Director and CFO of Greyhound IP, a patent enforcement entity / CFO of IP Commerce, InfoSearch Media (ISHM) and Internet Machines

### **Erich Spangenberg**

Dir. of Acquisitions, Licensing and Strategy

*12 years experience in patent licensing*

Spangenberg is the founder and former CEO of IP Navigation Group (IPNav). He is also the founder and former CEO of nXn Partners (predictive analytics).

### **Dr. David Kuan-Yu Liu**

CTO

*9 years experience in patent licensing*

Accomplished technologist in the semiconductor industry, with an emphasis on flash memory technology development. Previously an expert witness/consultant in patent litigations and patent evaluations.

### **Jim Crawford**

COO

*8 years experience in patent licensing*

Previously the CIO of Hipcricket / Experienced in public company compliance, advanced hardware / software / network administration



# Largest Active Subsidiaries

## Dynamic Advances

- The patented ideas cover natural language processing
- Generated \$24.9 million to settle a patent infringement case regarding natural language processing
- First of multiple expected potential licenses

## Signal IP

- The patented ideas cover automotive safety, vehicle collision avoidance and communications systems
- Fiat Chrysler case in Eastern District of Michigan expected June 12, 2017

## TLI Communications / TLI Communications GmbH

- The patented ideas cover the capture, classification, transmission, and organization of digital images

## CRFD Research

- The patented ideas cover technologies enabling seamless synchronization of data between wireless devices, desktops, laptops, tablets, e-readers and servers

## Medtech GmbH

- The MedTech portfolio contains patents which relate to Vascular Implants with claims covering placement and insertion approaches related to mammalian hearts.



# Diversification Within The Asset Class

## Revenue Diversification

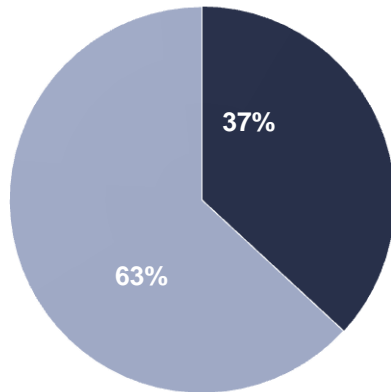
Multiple potential licensees – currently have 15 defendants

## Percentage of Patents by Technology Sector

Wireless Communications: 37%	Data Management: 5%
Medical Tech: 20%	Automotive related technology: 3%
Network Management: 16%	PBX Networks: 3%
Mobile Handset Technology: 6%	ERP: 1%
Data Transaction Processing: 5%	Other: 1%

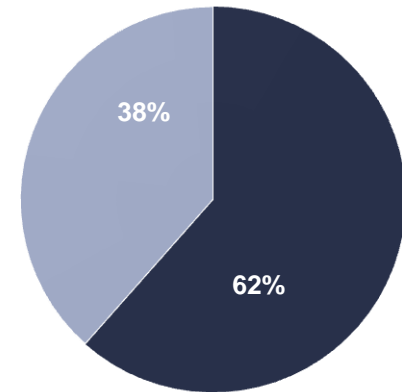
## Patents by Geography

- Foreign
- United States



## Enforcement Stage at Time of Acquisition

- Pre-Enforcement Commencement
- Post-Enforcement Commencement



# Advantages of Pursuing Patent Infringement Campaigns in Europe

- Court ordered injunctions are available and are a powerful weapon against infringing parties
- Lack of 101 challenges – challenging the validity of a patent based on eligible subject matter. In the U.S., the 2014 supreme court ruling, *Alice v. CLS Bank*, has resulted in many software and business-method patents being invalidated
- Lack of *inter partes* review or IPR - a procedure to challenge the validity of patent claims. Since being instituted in 2012 as part of the America Invents Act (AIA), IPR's have resulted in many patents being invalidated
- The issues of infringement and validity are considered separately, consequently a favorable decision on infringement can be obtained before validity is even considered
- The patent litigation process in Europe tends to be quicker and less expensive than in the United States





# Siemens Portfolio – Cellular Infrastructure

- Siemens AG - a global technology powerhouse and one of the world's preeminent engineering companies
- Marathon's wholly owned subsidiaries acquired two portfolios comprising 307 worldwide patents
- This portfolio consists of 221 patents that relate to W-CDMA and GSM cellular technology and cover all the major global economies including China, France, Germany, the United Kingdom and the United States.
- Many of the patent families have been declared to be Standard Essential Patents ("SEPs") with the European Telecommunications Standard Institute ("ETSI") and/or the Association of Radio Industries and Businesses ("ARIB") related to Long Term Evolution ("LTE"), Universal Mobile Telecommunications System ("UMTS"), and/or General Packet Radio Service ("GPRS").



## Siemens Portfolio – Internet-of-Things

- Siemens AG - a global technology powerhouse and one of the world's preeminent engineering companies
- Marathon's wholly owned subsidiaries acquired two portfolios comprising 307 worldwide patents
- 86 patents relates to Internet-of-Things (IOT) technology. Generally, the portfolio's subject matter is directed toward self-healing control networks for building automation systems.
- The patents are relevant to wireless mesh networks for use in IOT, and enable simple commissioning, application level security, simplified bridging, and end-to-end IP security. The technology can support a wide variety of IOT enabled devices including lighting, sensors, appliances, security, and more.



## Leading Fortune 50 Company Partnership

- Marathon Patent Group has entered into a global partnership with a leading Fortune 50 company
- As of 2016, the company operates in six major industry groups.
- Partnership involves over 10,000 patents, which constitute all of the patents in one of these six industry groups. All other industry groups are primed to adopt partnership structure upon successful launch of first initiative
- Patent pool built around a soft licensing strategy will yield a predictable and recurring revenue stream
- Large scalable opportunity with potential to add additional assets from numerous other divisions
- Asset base replenished and continually being added to as company continues to innovate and patent new inventions



COURT DATES

## U.S. Court Dates 2016-2017

Marathon Subsidiary	Technology	Defendant	Date	District	Event
Signal	Automotive	Fiat / Chrysler	06/12/17	EDMI	Trial
Signal	Automotive	Toyota North America, Inc. / Toyota Motor Sales, USA, Inc.	12/12/17	CDCAL	Trial

## Foreign Court Dates 2016-2017

Marathon Subsidiary	Technology	Defendant	Case Type	Instance	Patents In Suit	Oral Hearing Date
TLI Communications GMBH	Digital Images	Yahoo! Inc.	Nullity	1st	EP0814611 (DE 597 08 043)	11/17/16
Medtech	Vascular Implants	ulrich GmbH & Co. KG	Infringement	1st	EP 1 104 260 B2	11/23/16
Medtech	Vascular Implants	SAM, G-21 s.r.l.	Infringement	1st	EP 1 938 765 B1	11/23/16
Medtech	Vascular Implants	Joline GmbH & Co. KG	Infringement	2nd	EP1459689	1/12/17
TLI Communications GMBH	Digital Images	Tumblr	Infringement	1st	EP0814611	1/26/17
TLI Communications GMBH	Digital Images	Pinterest Inc.	Infringement	1st	EP0814611	1/26/17
TLI Communications GMBH	Digital Images	Box.com (UK) Ltd.	Infringement	1st	EP0814611	1/26/17



## IP Commercialization Subsidiary / 3D Nanocolor

- In March 2016, Marathon announced the formation of a new IP commercialization subsidiary, 3D Nanocolor Corp.
- The research behind 3D Nanocolor's SmartGlass technology was developed at, and acquired from HP, Inc.
- 3D Nanocolor is led by two former HP senior engineering and business development managers
- Marathon has been told by HP that somewhere in the \$20 million - \$30 million range has previously been spent on 3D Nanocolor R&D.
- The Smart Glass and Window Market is estimated at US \$2.2 billion in 2014 and is expected to exceed US \$6 billion by 2021



## 3D Nanocolor

- Key differences to incumbent Electrochromic (EC) glass technology for windows:
  - 3D Nanocolor's high quality changeable film can be retro-fitted on existing glass compared to EC requiring complete replacement
  - 3D Nanocolor's technology allows different colors including multiple colors in the same film. EC glass has only one color capability (blue/green hue)
  - 3D Nanocolor's film allows glass color to be fully switched in approximately 1 second compared to 30-300 seconds for EC
  - 3D Nanocolor's Roll-to-Roll manufacturing lowers capital costs and manufacturing costs as compared to EC
- Marathon's intention is for 3D Nanocolor to be the model for what could be many future publicly traded spin-out's resulting in dividends of our commercialization subsidiaries to Marathon shareholders



# Summary Financial Performance

Results of Operations	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Revenues	\$34.3M	\$2.1M	\$7.1M	\$6.4M	\$1.4M	\$4.1M
GAAP Net Income (Loss)	\$7.9M	(\$3.9)M	(\$3.9)M	(\$3.7)M	(\$4.5)M	(\$4.8)M
GAAP EPS	\$0.53	(\$0.26)	(\$0.27)	(\$0.26)	(\$0.32)	(\$0.34)
Non-GAAP Net Income (Loss)	\$16.5M	(\$2.4)M	\$0.4M	(\$0.1)M	(\$4.5)M	(\$2.6)M
Non-GAAP EPS	\$1.10	(\$0.16)	\$0.04	(\$0.01)	(\$0.32)	(\$0.19)
Balance Sheet Data	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Cash	\$7.2M	\$1.4M	\$2.6M	\$3.4M	\$1.5M	\$9.4M
Total Debt	\$17.8M	\$21.9M	\$22.6M	\$33.3M	\$33.0M	\$25.5M

\* Non-GAAP reconciliation on last page



SUMMARY

# Non-GAAP Reconciliation

	Non-GAAP Reconciliation		
	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013
Net income (loss)	(16,939,859)	(3,153,615)	(3,450,335)
Non-GAAP			
Amortization of intangible assets & depreciation	10,825,164	5,528,280	1,038,505
Equity-based compensation	3,801,166	3,293,387	2,119,273
Beneficial Conversion Feature	-	1,271,492	-
Impairment of Intellectual Property	5,793,409	-	-
Impairment of Goodwill	-	2,144,488	-
Change in Earn Out Liability	(6,137,116)	-	-
Non-cash interest expense	2,220,992	-	-
Deferred tax benefit	(8,156,448)	(4,913,232)	-
Loss on Debt Restructuring and Exstinguishment	1,416,915	-	-
Other	383,328	-	-
Non-GAAP net income (loss)	(6,792,449)	4,170,800	(292,557)
Weighted average common shares outstanding - basic	14,208,787	11,660,879	9,208,386
Non-GAAP net income (loss) per common share - basic	\$ (0.48)	\$ 0.36	\$ (0.03)

**INFORMATION ABOUT NON-GAAP FINANCIAL MEASURES.** As used herein, "GAAP" refers to accounting principles generally accepted in the United States of America. To supplement our consolidated financial statements prepared and presented in accordance with GAAP, this presentation includes financial measures, including (1) non-GAAP net income and (2) non-GAAP Earnings Per Share ("EPS"), that are considered non-GAAP financial measures as defined in Rule 101 of Regulation G promulgated by the Securities and Exchange Commission. Generally, a non-GAAP financial measure is a numerical measure of a company's historical or future performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use these non-GAAP financial measures for internal financial and operational decision making purposes and as a means to evaluate period-to-period comparisons of the performance and results of operations of our core business. Our management believes that these non-GAAP financial measures provide meaningful supplemental information regarding the performance of our core business by excluding non-cash stock compensation charges, non-cash patent amortization charges and excess benefit related non-cash tax expense, that may not be indicative of our recurring core business operating results. These non-GAAP financial measures also facilitate management's internal planning and comparisons to our historical performance and liquidity. We believe these non-GAAP financial measures are useful to investors as they allow for greater transparency with respect to key metrics used by management in its financial and operational decision making and are used by our institutional investors and the analyst community to help them analyze the performance and operational results of our core business.





## Marathon Patent Group Highlights

- Highly skilled and experienced management team positions Marathon to become a unique outsourced provider of patent monetization initiatives for large corporate patent owners
- Six month 2016 revenues of \$36.4 million and \$1.10 in Non-GAAP EPS compared to full-year 2015 revenue of \$19 million
- Strong deal flow of patent assets given stature in the industry
- Strong deal flow including recent agreements with Siemens AG , a leading Fortune 50 company, and the acquisition of a portfolio that pertains to battery anodes and cathodes using nanostructure techniques, resulting in current managed asset count exceeding 10,500 plus
- Low head count, extensively utilizing outsourced services / Earnings leverage
- Launched first commercialization company and secured lead investor
- Building and analyzing pipeline of new commercialization opportunities
- Stock repurchase plan for up to \$2 million of Marathon's common stock authorized



## Investor Relations

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