



Nasdaq: **MARA**  
March 2021

# ***Building America's Leading Enterprise Bitcoin Miner***

# Marathon at-a-glance

Building the largest self-mining operation in North America at one of the lowest energy costs.

Potential to grow monthly revenue from \$500,000 to \$102,950,000 by Q1 2022 by...



**AGGRESSIVELY INCREASING MINING POWER** (probability of earning Bitcoin)



**REDUCING** bitcoin production costs



**Headquarters:** Las Vegas, NV

**Mining Facility:** Hardin, MT

**103,120 miners**

representing

**6.4%** of Global Bitcoin Hashrate

And producing

**55 - 60 BTC/Day**

**Electricity cost:** \$0.028/kWh

\*All projections based on BTC price of \$60,000 and difficulty rates as of March 2021

# Scaling as Bitcoin Appreciates

*If all miners were deployed today\*, and Bitcoin's price was...*

**\$55,000/BTC**

**\$60,000/BTC**

**\$65,000/BTC**



103,120 miners  
producing 10.37 EH/s



6.4% of global bitcoin hashrate



55-60 Bitcoins per day at an avg.  
cost of \$4,541/BTC



**\$94.4 million** in **revenue** per  
month



**\$86.5 million** in **mining profit**  
per month



103,120 miners  
producing 10.37 EH/s



6.4% of global bitcoin hashrate



55-60 Bitcoins per day at an avg.  
cost of \$4,541/BTC



**\$103.0 million** in **revenue** per  
month



**\$95.0 million** in **mining profit**  
per month



103,120 miners  
producing 10.37 EH/s



6.4% of global bitcoin hashrate



55-60 Bitcoins per day at an avg.  
cost of \$4,541/BTC



**\$111.5 million** in **revenue** per  
month



**\$103.6 million** in **mining profit**  
per month

\*Assuming difficulty rates as of March 2021





# ***Owning Bitcoin can feel complicated.***

**FOR SOME, IT'S IMPRACTICAL.  
But many want exposure.**

How should I store it?

How is this taxed?

Where can I spend it?

How is this taxed?

What if an exchange is hacked?

Which exchange should I use?

What are private & public keys?

Which wallet should I use?

How do I invest with my retirement account?

How do I insure it?

How do I exchange it?

What is cold storage?

How do I keep it safe?

What if I lose my keys?

What if I lose my BTC?

What if my fund doesn't let me hold crypto?

# **Exposure to “Digital Gold” is Simple**

Just like with physical gold, you can...

***Purchase the  
asset itself***



***BTC***

***Invest in a  
producer***  
(i.e., miner)



***Nasdaq: MARA***

***Buy into  
an ETF***



**GRAYSCALE**  
BITCOIN TRUST

***OTC: GBTC***

# Marathon Creates Opportunities for Alpha

## Recent Case Studies

*From Nov. 20, 2020 to Dec. 22, 2020\**

**BTC**: Up **28%** from \$18,675 to \$23,823

**GBTC**: Up **43%** from \$21.24 to \$30.39

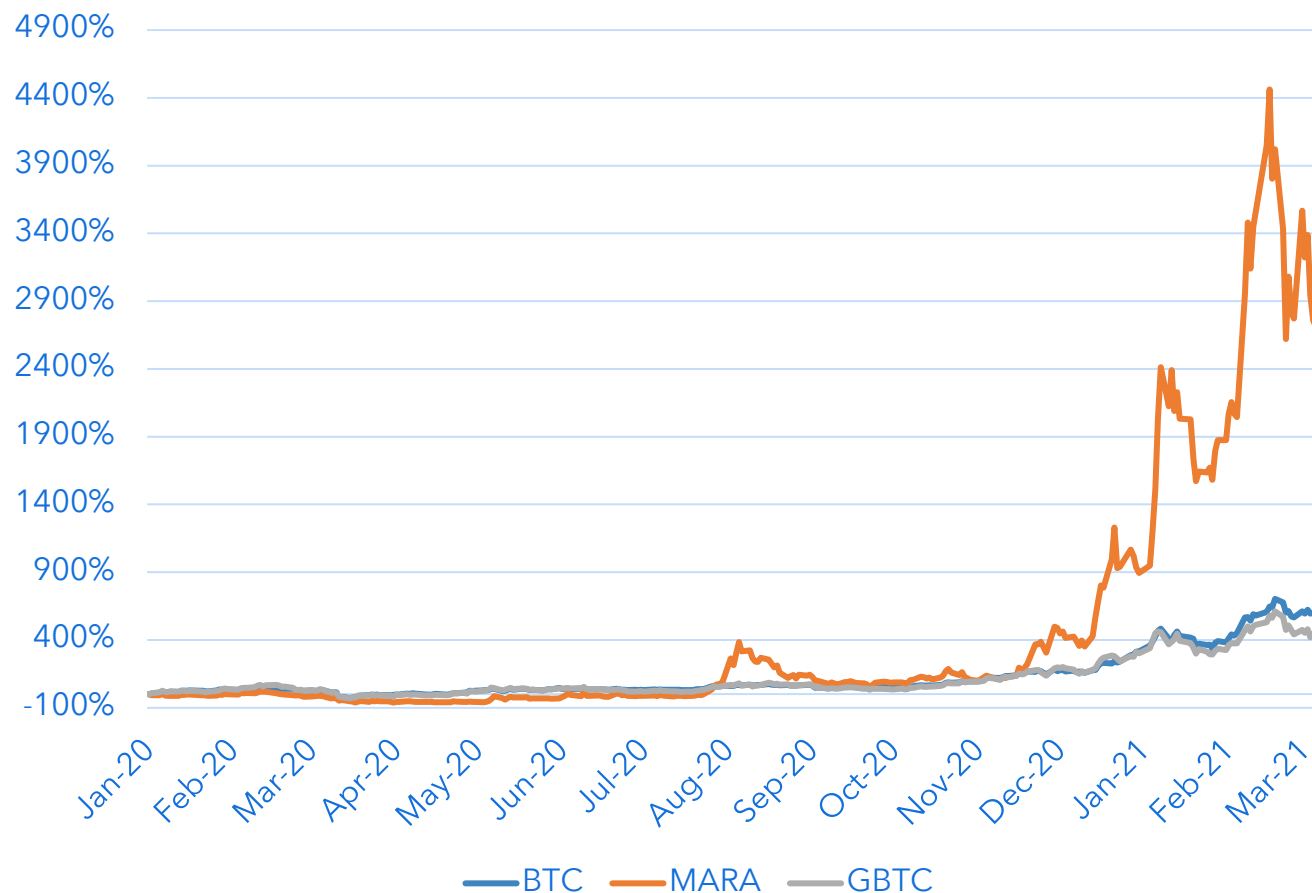
**MARA**: Up **312%** from \$3.39 to \$13.97

*From Dec. 31, 2020 to Mar. 12, 2021\**

**BTC**: Up **98%** from \$28,949 to \$57,265

**GBTC**: Up **56%** from \$32.00 to \$50.0

**MARA**: Up **290%** from \$10.44 to \$40.70



\*All percentage changes calculated from closing prices  
Sources: CapitalIQ and Yahoo Finance

# Adoption is Accelerating

"I like bitcoin even more now than I did then. I think we are in the first inning of bitcoin, and it's got a long way to go."

– **Paul Tudor Jones**, October 2020



## **2020 Institutional Investors Digital Asset Survey** By Fidelity Digital Assets

- 36% of institutional investors surveyed currently invest in digital assets.
- Almost 60% of all investors surveyed have a neutral or positive perception toward digital assets.
- Almost 80% of investors found something appealing about digital assets.

**Square**, Inc. invests **\$50 Million** in Bitcoin  
– October 2020

**PayPal** launches new service allowing users to **buy, hold, and sell cryptocurrency**, enabling cryptocurrency as a funding source for digital commerce at **its 26 million merchants**  
– October 2020

## **Bitcoin & Traditional Assets ROI (vs USD)** as of Dec. 31, 2020

	Bitcoin	Gold	S&P 500
1 year:	+305%	+25%	+16%
2 year:	+686%	+49%	+50%
3 year:	+103%	+46%	+40%
4 year:	+2,939%	+65%	+68%
5 year:	+6,678%	+79%	+84%

# Marathon's Growth Strategy

## IN THEORY

1. Improve Bitcoin production by increasing hashrate
2. Continue to "de-risk" the business by becoming more resilient to potential declines in price of BTC



### Power Output

More, powerful miners → increased power (hashrate)  
Increased power → higher probability of earning BTC



### Costs of BTC Production

Lower costs → higher profits & mitigated risks to business from BTC price fluctuation

## IN PRACTICE

1. **New miners** increasing BTC production & revenue

2020 → Q1 2022

**BTC:** 2 / day  
**Revenue:** \$500k / month

**BTC:** 55-60 / day  
**Revenue:** \$103.0 million / month

2. **New facility** - opportunity to increase scale **12x** with fixed cost of electricity → more leveraged exposure to Bitcoin

Today → Potential

105 Megawatts  
@ 2.8 cents / kWh

500+ Megawatts  
@ 2.8 cents / kWh



# **Mining** - The Engine that Fuels the Bitcoin Ecosystem

**Mining** - A system that adds transactions & provides security to the Bitcoin blockchain; How new bitcoins enter the market

**A Miner** - a computer designed to solve a mathematical algorithm (i.e., the Bitcoin code)

## ***How it works***



Bitcoin transactions are pooled together in a "block" & encrypted by a complex puzzle



Once a block is formed, miners compete to solve the puzzle

Difficult to solve, yet simple to verify (Sudoku)



Once solved, the transactions are "verified" by the network



The new block of verified transactions is attached to a chain of prior blocks, hence "blockchain"



For solving the puzzle, miners are rewarded with Bitcoin

Currently, 6.25 BTC per block / Blocks are solved, on avg., every 10 min.

# The Path to Profitable Mining



**Power**  
(hashrate)



**Costs of Production**

## Annual Mining Profitability

$$= \left[ \left( \frac{\text{Marathon's hash rate}}{\text{Network hash rate}} \right) \times \left( \text{Price of BTC} \right) \times \left( \frac{6.25}{\text{block reward}} \right) \times \left( \frac{52,560}{\text{blocks/year}} \right) \right] - \left[ \left( \text{Price of miners} \right) + \left( \text{Cost of electricity} \right) + \left( \text{Marathon's corporate expenses*} \right) \right]$$

### Marathon Controls

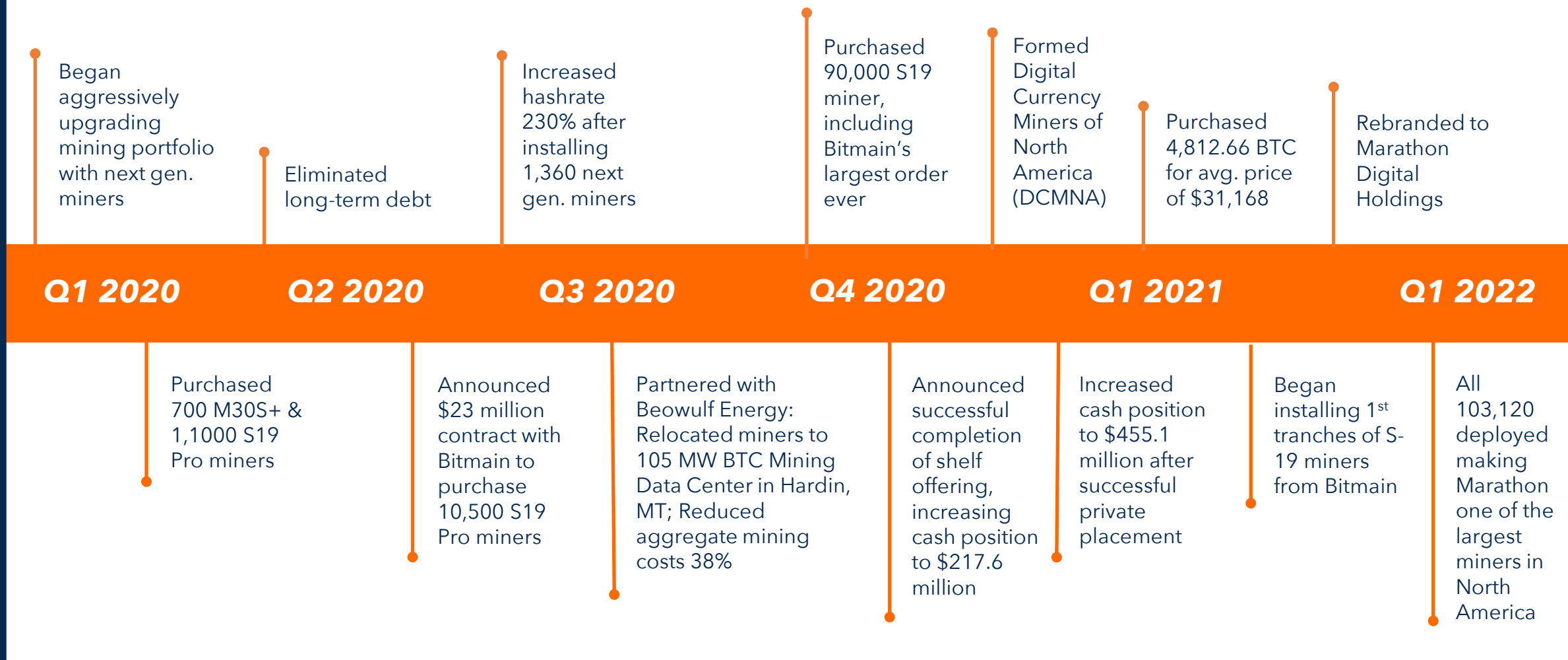
- Its hash rate
- Cost of electricity
- Corporate expenses

### Marathon Doesn't Control

- Network hash rate
- Price of BTC
- Block reward & # of blocks/year
- Price of miners

\* Rent, employees, public company expense, etc.

# History of Expansion & Growth



A KEY COMPETITIVE ADVANTAGE

# Consistent Access to Low-Cost Electricity via Beowulf



## **A Best-in-Class Energy Generation Company**

- Developed, constructed, acquired, and operated over **\$5 billion** of power generation and industrial assets
- Current Portfolio: 2.3 gigawatts of energy assets
- Owns 6 million shares in Marathon (skin-in-the-game)

## **Beowulf provides Marathon with a stable supply of electricity & opportunities for future growth**

- 500+ MW earmarked for future blockchain & data center expansion
- Data center can house up to 30,000 S19 miners (3.320 EH/S)
- Leveraging expertise to open a second data center

AS A RESULT

**Marathon's profitability** ↑ **& risk** ↓

Electricity costs  
decrease to  
**\$0.028/kWh**

Aggregate mining costs for electricity + data center management decrease  
**38% to \$0.034/kWh**

Avg. BTC production cost: **\$4,541/BTC**

## **Marathon now:**

- Owns 100% of data center
- Retains 100% of BTC mining output
- Exploring opening renewable energy powered data center in northeastern U.S.

A KEY COMPETITIVE ADVANTAGE

# **Priority Access to the Industry's Premier Miners**

## ● **BITMAIN PARTNERSHIP**

***The premier supplier of the industry's most advanced ASIC miners***

- Guaranteed, priority access to the industry's top miners decreases risk of supply constraints & creates unique barrier to entry
- Fixed price to hedge against anticipated future price increases

## **Major Orders to Date**

### ***August 2020:***

Announced \$23 million contract for 10,500 S-19 Pro miners

### ***October 2020:***

Purchased 10,000 S-19 Pro miners for \$22 million

### ***December 2020:***

Purchased 10,000 S-19j Pro miners for \$22 million & announced \$168 million contract for additional 70,000 S19 miners (Bitmain's largest order ever)





# Uniquely Positioned for Long-Term Success

Marathon has eliminated obstacles faced by most mining companies

## **FOR MINING:**

- **Scale** is paramount
- **Access to capital** is imperative

Public company structure allows the ability to act opportunistically & scale effectively

## **Since May 2020, investing over \$257 million:**

- \$238 million in most advanced, state-of-the-art BTC miners
- \$19 million buildout for Hardin, MT data center
- Current cash: \$455.1 million (as of Jan. 2021)

## **PARTNERSHIPS:**



**BEOWULF**  
ENERGY

Consistent supply of low-cost electricity at a fixed rate from an industry leader with skin-in-the-game decreases risk of price increases (\$0.028/kWh)



**BITMAIN**

Guaranteed access to the industry's top miners at a fixed price decreases risk of supply constraints & creates hedge against anticipated price increases

# Financial Highlights



\$218.4 million in  
cash & crypto\*



On track to produce  
55-60 BTC per day



Cash flow  
positive



Improving  
mining margins



\$4,541/BTC  
Avg. BTC production cost

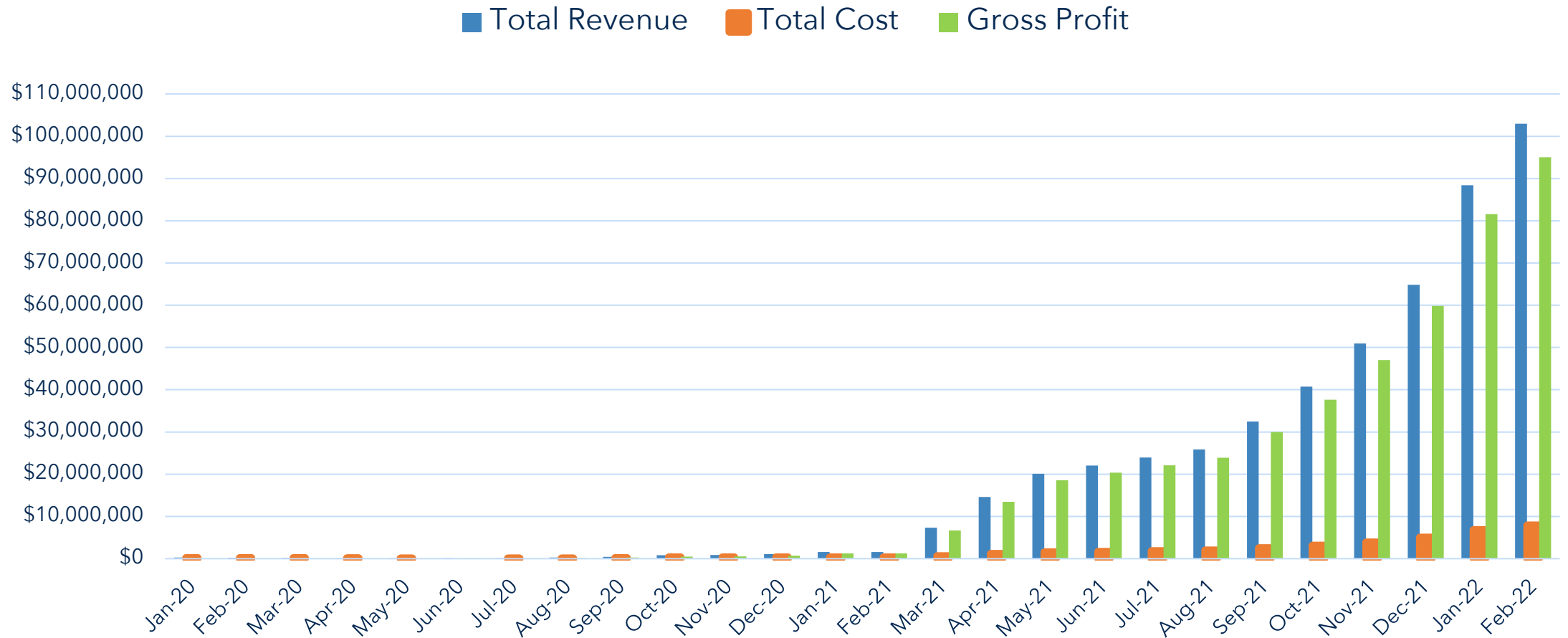


Minimal total  
liabilities

\*Excludes Marathon's \$150 million investment in BTC, which as of 3/15/21 was valued at \$271 million

Audited financials as of Dec. 31, 2020  
Mining estimates as of March 2021

# Predictable Revenue Driving Profitability



\*Assuming BTC price of \$60,000 and difficulty rate as of March 2021

# Financials

<sup>\*1</sup>  
**\$218,360,000**  
Cash & Crypto

<sup>\*2</sup>  
**98,804,636**  
Shares Outstanding

<sup>\*1</sup>  
**\$1,506,000**  
Total Liabilities

<sup>\*2</sup>  
**7,570,359**  
Insiders

## *Summary Balance Sheet*

\$ Millions	Dec. 31, 2020
Cash & cash equivalents	\$216.1
Digital currencies	2.3
Deposits	65.6
Prepaid expenses & other current assets	2.4
Total current assets	286.4
Total non-current assets	26.8
Total assets	\$313.2
Accounts payable	\$1.0
Total current liabilities	1.4
Total long-term liabilities	0.1
Total stockholders' equity	311.7
Total liabilities and equity	\$313.2

Audited balance sheet data as of 12/31/2020;

\*1 Audited cash and total liabilities as of 12/31/20. Subsequent to 12/31/2020, 12,500,000 shares were issued for \$250,000,000 and \$150 million was invested into BTC, which as of 3/15/21 had a market value of \$271 million.

\*2 Unaudited shares outstanding and insiders' holdings as of 3/15/2021

# Key Investment Highlights



**6.4%** of global  
bitcoin hashrate



On track to produce  
**55-60** BTC/day at avg.  
cost of **\$4,541/BTC**



Exclusive partnerships  
guarantee low energy  
cost & consistent access  
to miners



**\$216.1 M** in Cash  
& **\$1.5 M** in Total  
Liabilities



Growth strategy + low energy cost →  
leveraged exposure to BTC upside &  
mitigated downside risk



Consistent access to  
capital in capital  
intensive industry





## **Contact Us**

### ***Marathon Digital Holdings***

1180 North Town Center Drive, Suite 100

Las Vegas, NV 89144

Tel: 800-804-1690

[info@marathonpg.com](mailto:info@marathonpg.com)

### ***Gateway Investor Relations***

Matt Glover and Charlie Schumacher

Telephone: 949-574-3860

Email: [MARA@gatewayir.com](mailto:MARA@gatewayir.com)



# ***Appendix***

# **Safe Harbor Statement**

Statements made in this presentation 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, as amended. 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.

## **DISCLAIMER**

This presentation is not intended to be and should not be considered as forward-looking statements by the Company. It is impossible to forecast what the price of bitcoin or the hash rate difficulty will be on any specific date, including during February 2022, when all the Company's miners are expected to be deployed. This presentation is for illustrative purposes only to provide the reader with an estimate of the Company's potential gross revenue, mining power and hosting costs, which might be attained if all miners were deployed as of a specific date and with certain parameters used, as set forth below. The source of this estimate is the Bitcoin Profit Calculator provided to the Company by ViaBTC, the mining pool that is currently used by the Company. A link to this calculator can be found at [https://www.viabtc.com/?lang=en\\_US](https://www.viabtc.com/?lang=en_US). The parameters used were total hash rate of 10.37 EH/s, bitcoin price of \$60,000, power costs of \$0.028/kWh and a hosting fee of \$0.006/kWh.

## **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 long-term sustained recovery in the bitcoin market, and if so, whether any recovery might be significant.



# ***Proven Leadership with Technical Know-How***

## ***Management***

***Merrick Okamoto***

Executive Chairman &  
CEO

***Jim Crawford***

Chief Operating Officer

***Simeon Salzman***

Chief Financial Officer

## ***Board of Directors***

***Merrick Okamoto***

***Kevin DeNuccio***

***Fred Thiel***

***Michael Berg***

***Peter Benz***

# Glossary of Relevant Terminology



**Bitcoin (BTC)** – a type of digital currency in which a record of transactions is maintained and new units of currency are generated by the computational solution of mathematical problems, and which operates independently of a central bank; a unit of bitcoin



**Blockchain** – a system in which a record of transactions made in bitcoin or another cryptocurrency are maintained across several computers that are linked in a peer-to-peer network



**Block** – a file that contains a “permanent” record of transactions



**Mining (BTC)** – the processing of transactions in the digital currency system, in which the records of current Bitcoin transactions, known as a blocks, are added to the record of past transactions, known as the block chain



**Hash Rate** – The Measure of a Miners Performance – # of calculations a miner can perform in 1 second as it works to solve the BTC code



**Block Reward** – The amount of BTC “awarded/earned” for successfully mining/verifying a block

**Average # of BTC  
mined each day =**

(Block Reward)

**x**

(6x/hr)

**x**

(24 hrs/day)

---

**As of May 11, 2020:**

(6.25 BTC/Block) **x**  
(6x/hr) **x** (24 hrs/day)

=

**900 BTC per  
day on avg.**