

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2021

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the transition period from _____ to _____

MARATHON DIGITAL HOLDINGS, INC.

(Exact Name of Registrant as Specified in Charter)

Nevada (State or other jurisdiction of incorporation)	001-36555 (Commission File Number)	01-0949984 (IRS Employer Identification No.)
1180 North Town Center Drive, Suite 100 Las Vegas, NV (Address of principal executive offices)		89144 (Zip Code)

Registrant's telephone number, including area code: 702-945-2773

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>
Non-accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input checked="" type="checkbox"/>
Emerging growth company <input type="checkbox"/>	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	MARA	The Nasdaq Capital Market

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date, 99,472,029 shares of common stock are issued and outstanding as of May 10, 2021.

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OTHER PERTINENT INFORMATION

Unless specifically set forth to the contrary, "Marathon Digital Holdings, Inc.," "we," "us," "our" and similar terms refer to Marathon Patent Group, Inc., a Nevada corporation, and its subsidiaries.

Item 1. Financial Statements

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

	March 31, 2021 <u>(Unaudited)</u>	December 31, 2020 <u>(Unaudited)</u>
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	<u>635,886,383</u>	<u>286,409,215</u>
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	<u>50,799,501</u>	<u>26,842,024</u>
TOTAL ASSETS	<u>\$ 686,685,884</u>	<u>\$ 313,251,239</u>
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	<u>2,900,301</u>	<u>1,443,775</u>
Long-term liabilities		
SBA PPP loan payable	62,500	62,500
Total long-term liabilities	<u>62,500</u>	<u>62,500</u>
Total liabilities	<u>2,962,801</u>	<u>1,506,275</u>
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, \$0.0001 par value, 50,000,000 shares authorized, no shares issued and outstanding at March 31, 2021 and December 31, 2020, 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	<u>683,723,083</u>	<u>311,744,964</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 686,685,884</u>	<u>\$ 313,251,239</u>

The accompanying notes are an integral part to these unaudited consolidated condensed financial statements.

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

	For the Three Months Ended	
	March 31,	
	2021	2020
Revenues		
Cryptocurrency mining revenue	\$ 9,152,815	\$ 592,487
Total revenues	<u>9,152,815</u>	<u>592,487</u>
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 cryptocurrencies	662,199	-
Total operating expenses	<u>56,208,229</u>	<u>1,684,289</u>
Operating loss	<u>(47,055,414)</u>	<u>(1,091,802)</u>
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	<u>130,412,156</u>	<u>33,870</u>
Income (loss) before income taxes	<u>\$ 83,356,742</u>	<u>\$ (1,057,932)</u>
Income tax expense	-	-
Net income (loss)	<u>\$ 83,356,742</u>	<u>\$ (1,057,932)</u>
Net income (loss) per share, basic:	<u>\$ 0.88</u>	<u>\$ (0.12)</u>
Net income (loss) per share, diluted:	<u>\$ 0.87</u>	<u>\$ (0.12)</u>
Weighted average shares outstanding, basic:	<u>94,350,216</u>	<u>8,655,525</u>
Weighted average shares outstanding, diluted:	<u>96,251,240</u>	<u>8,655,525</u>

The accompanying notes are an integral part to these unaudited consolidated condensed financial statements.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

For the Three Months Ended March 31, 2021

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Number	Amount	Number	Amount				
Balance as of December 31, 2020	-	\$ -	81,974,619	\$ 8,197	\$ 428,242,763	\$ (116,055,277)	\$ (450,719)	\$ 311,744,964
Stock based compensation	-	-	4,701,442	470	51,031,125	-	-	51,031,595
Issuance of common stock, net of offering costs/At-the-market offering	-	-	12,500,000	1,250	237,428,369	-	-	237,429,619
Options exercised for common stock	-	-	23,500	2	(2)	-	-	-
Warrants exercised for cash	-	-	170,904	17	160,145	-	-	160,162
Net income	-	-	-	-	-	83,356,742	-	83,356,742
Balance as of March 31, 2021	-	\$ -	<u>99,370,465</u>	<u>\$ 9,937</u>	<u>\$ 716,862,400</u>	<u>\$ (32,698,535)</u>	<u>\$ (450,719)</u>	<u>\$ 682,723,082</u>

For the Three Months Ended March 31, 2020

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Number	Amount	Number	Amount				
Balance as of December 31, 2019	-	\$ -	8,458,781	\$ 846	\$ 109,705,051	\$ (105,607,506)	\$ (450,719)	\$ 3,647,672
Stock based compensation	-	-	-	-	23,238	-	-	23,238
Issuance of common stock, net of offering costs/At-the-market offering	-	-	403,075	41	385,076	-	-	385,117
Common stock issued for purchase of mining servers	-	-	350,250	35	171,587	-	-	171,622
Net income	-	-	-	-	-	(1,057,931)	-	(1,057,931)
Balance as of March 31, 2020	-	\$ -	<u>9,212,106</u>	<u>\$ 922</u>	<u>\$ 110,284,952</u>	<u>\$ (106,665,437)</u>	<u>\$ (450,719)</u>	<u>\$ 3,169,718</u>

The accompanying notes are an integral part to these unaudited consolidated condensed financial statements.

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

	For the Three Months Ended	
	March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 83,356,742	\$ (1,057,931)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	720,142	510,781
Amortization of patents and website	17,794	17,794
Amortization of prepaid service contract	561,000	-
Realized gain (loss) on sale of digital currencies	54	4,222
Change in fair value of warrant liability	1,591,896	(9,787)
Change in fair value of mining payable	-	66,547
Change in fair value of investment securities	(131,822,950)	-
Impairment of cryptocurrencies	662,199	-
Stock based compensation	51,031,595	23,238
Loss on cancellation of lease	80,809	-
Amortization of right-of-use assets	16,597	24,114
Changes in operating assets and liabilities:		
Other receivables	-	(117,811)
Digital currencies	(9,152,816)	(474,676)
Lease liability	(18,701)	(24,365)
Prepaid expenses and other assets	(113,847)	(108,324)
Accounts payable and accrued expenses	(13,775)	73,961
Net cash used in operating activities	(3,083,261)	(1,072,237)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of digital currencies	16,000	468,703
Purchase of investment securities	(150,000,000)	-
Purchase of property and equipment	(25,456,714)	-
Deposits for the purchase of mining servers	(63,221,724)	-
Net cash (used in) provided by investing activities	(238,662,438)	468,703
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock/At-the-market offering	327,103,650	401,891
Offering costs for the issuance of common stock/At-the-market offering	(14,906,805)	(16,774)
Proceeds received on exercise of warrants	160,164	-
Net cash provided by financing activities	312,357,009	385,117
Net increase (decrease) in cash and cash equivalents	70,611,310	(218,417)
Cash and cash equivalents — beginning of period	141,322,776	692,963
Cash and cash equivalents — end of period	\$ 211,934,086	\$ 474,546
Supplemental schedule of non-cash investing and financing activities:		
Common stock issued for purchase of mining servers	\$ -	\$ 171,622
Reduction of share commitment for purchase of mining servers	\$ -	\$ 408,625
Options exercised into common stock	\$ 2	\$ -

The accompanying notes are an integral part to these unaudited consolidated condensed financial statements.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

Marathon Digital Holdings, Inc. (the “Company”) was incorporated in the State of Nevada on February 23, 2010 under the name Verve Ventures, Inc. On December 7, 2011, the Company changed its name to American Strategic Minerals Corporation and were engaged in exploration and potential development of uranium and vanadium minerals business. In June 2012, the Company discontinued the minerals business and began to invest in real estate properties in Southern California. In October 2012, the Company discontinued its real estate business when the former CEO joined the firm and the Company commenced IP licensing operations, at which time the Company’s name was changed to Marathon Patent Group, Inc. On November 1, 2017, the Company entered into a merger agreement with Global Bit Ventures, Inc. (“GBV”), which is focused on mining digital assets. The Company purchased cryptocurrency mining machines and established a data center in Canada to mine digital assets. The Company expanded its activities in the mining of new digital assets, while at the same time harvesting the value of its remaining IP assets. As of October 2020, the financial operations were brought in house and are completed by the Company’s accounting team that consists of a Chief Financial Officer, Chief Operating Officer and bookkeeper. Subsequent to December 31, 2020, the Company hired a full-time Controller. We have also moved all of our data mining operations to our new facility in Hardin Montana.

The Company’s Board of Directors adopted the reverse stock split approved by its shareholders at its December 2018 Board Meeting. Upon the effectiveness of the reverse stock split, every four shares of issued and outstanding common stock before the open of business on April 8, 2019 was combined into one issued and outstanding share of common stock, with no change in par value per share. All share and per share values for all periods presented in the accompanying consolidated financial statements have been retroactively adjusted to reflect the 1:4 Reverse Split.

On January 1, 2018, our Board adopted the 2018 Equity Incentive Plan, subsequently approved by the stockholders on March 7, 2018, pursuant to which up to 625,000 shares of common stock, stock options, restricted stock, preferred stock, stock-based awards and other awards are reserved for issuance as awards to employees, directors, consultants, advisors and other service providers.

On May 21, 2019, the Company received notice from the Nasdaq Capital Market (the “Capital Market”) that the Company has failed to maintain a minimum of \$2,500,000 in stockholders’ equity for continued listing as required under Listing Rule 5550(b)(1) as its Form 10-Q for the period ended March 31, 2019 reported stockholders’ equity of \$2,158,192. On July 23, 2019, we announced Nasdaq approved the Company’s plan to regain compliance, and the Company was required to file its Form 10-Q for the period ending September 30, 2019 with the SEC on or before November 13, 2019, which it did, evidencing compliance with the stockholders’ equity requirement.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

On March 31, 2020, the Company consummated the purchase of 6000 S-9 Bitmain 13.5 TH/s Bitcoin Antminers (“Miners”) from SelectGreen Blockchain Ltd., a British Columbia corporation, for which the purchase price was \$4,086,250 or 2,335,000 shares of its common stock at a price of \$1.75 per share. As a result of an exchange cap requirement imposed in conjunction with the Company’s Listing of Additional Shares application filed with Nasdaq to the transaction, the Company issued 1,276,442 shares of its common stock which represented \$2,233,773 of the \$4,086,250 (constituting 19.9% of the issued and outstanding shares on the date of the Asset Purchase Agreement) and upon the receipt of shareholder approval, at the Annual Shareholders Meeting to be held on November 15, 2019, the Company can issue the balance of the 1,058,558 unregistered common stock shares. The shareholders did approve the issuance of the additional shares at the Annual Shareholders Meeting. The Company has issued an additional 474,808 at \$0.90 per share. The \$513,700 set forth on the balance sheet for mining servers payable reflects the fair value of 583,750 shares to be issued at \$0.88 per share to conclude the purchase of the Miners at December 31, 2020. The Company recorded change in fair value of mining payable of \$66,547 and \$507,862 during the year ended December 31, 2020 and 2019, respectively. There is no requirement for the Company to make a payment in cash in lieu of issuing the remaining shares. Subsequent to year end, on January 14, 2021, the Company sold its inventory of approximately 5,900 S9, 13.5 TH/s miners. As such, management determined that those crypto-currency machines were impaired by a total of \$871,302 based upon an assessment as of December 31, 2020.

The Company believes that bitcoin is attractive because it can serve as a store of value, supported by a robust and public open source architecture, that is untethered to sovereign monetary policy and can therefore serve as a hedge against inflation. Bitcoin exists entirely in electronic form, as virtually irreversible public transaction ledger entries on the blockchain, and transactions in bitcoin are recorded and authenticated not by a central repository, but by a decentralized peer-to-peer network. This decentralization avoids certain threats common to centralized computer networks, such as denial of service attacks, and reduces the dependency of the bitcoin network on any single system. While the bitcoin network as a whole is decentralized, the private keys used to access bitcoin balances are not widely distributed and are held on hardware (which can be physically controlled by the holder or by a third party such as a custodian) or via software programs on third-party servers and loss of such private keys results in an inability to access, and effective loss of, the corresponding bitcoin. Consequently, bitcoin holdings are susceptible to all of the risks inherent in holding any electronic data, such as power failure, data corruption, security breach, communication failure, and user error, among others. These risks, in turn, make bitcoin subject to theft, destruction, or loss of value from hackers, corruption, or technology-specific factors such as viruses that do not affect conventional fiat currency. In addition, the bitcoin network relies on open source developers to maintain and improve the bitcoin protocol. Accordingly, bitcoin may be subject to protocol design changes, governance disputes such as “forked” protocols, competing protocols, and other open source-specific risks that do not affect conventional proprietary software.

The Company believes that in the context of the economic and public health crisis precipitated by COVID-19 and the unprecedented government financial stimulus measures adopted around the world, decreasing interest rates, as well as the breakdown of trust in and between political institutions and political parties in the United States and globally, bitcoin represents a more attractive store of value than fiat currency, and further that opportunity for appreciation in the value of bitcoin exists in the event that such factors lead to even more widespread adoption of bitcoin as a treasury reserve alternative.

On May 11, 2020, the Company purchased 700 new generation M305+ASIC Miners from MicroBT for approximately \$1.3 million. The 700 miners produce 80/Th and will generate 56 PH/s (petahash) of hashing power, compared to the Company’s current S-9 production of 46 PH/s. These next generation MicroBT ASIC miners are markedly more energy efficient than our existing Bitmain models. These miners were delivered to the Company’s Hosting Facility in June and are producing Bitcoins.

The Company purchased 660 latest generation Bitmain S19 Pro Miners on May 12, 2020, 500 units on May 18, 2020 and an additional 500 units on June 11, 2020. These miners produce 110 TH/s and will generate 73 PH/s (petahash) of hashing power, compared to the Company’s S-9 production of 46 PH/s. The Company made the payments of approximately \$4.2 million in the second quarter of 2020 and received 660 of the 1,660 units at its Hosting Facility in August, and its hosting partner, Compute North, had installed them upon their arrival. Of the 1,000 remaining S-19 Pro Miners due to arrive in the 4th quarter, 500 were received in November and installed in the Company’s Hosting Facility in Montana, while 500 were received and installed during the remainder of the 4th quarter. These miners will produce an additional 110 PH/s increasing the Company to an aggregate Hashpower of 294 PH/s.

On July 29, 2020, the Company announced the purchase of 700 next generation M31S+ASIC Miners from MicroBT. The miners arrived mid-August.

On August 13, 2020, the Company entered into a Long Term Purchase Contract with Bitmaintech PTE., LTD (“Bitmain”) for the purchase of 10,500 next generation Antminer S-19 Pro ASIC Miners. The purchase price per unit is \$2,362 (\$2,206 with a 6.62% discount) for a total gross purchase price of \$24,801,000. The parties confirm that the total hashrate of the Antminers under this agreement shall not be less than 1,155,000 TH/s. Subsequent to executing this agreement, due to the additional executed contracts, Bitmain applied a total net discount of 8.63% to the purchase price adjusting the amount due to \$22,660,673.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The Company shall pay for the Antminers as follows:

- (1) Twenty percent (20%) of the total purchase price shall be paid as a nonrefundable down payment within forty-eight (48) hours of execution of the agreement.
- (2) The Company shall pay the twenty percent (20%) of the total purchase price prior to September 20, 2020.
- (3) The Company shall pay the ten percent (10%) of the total purchase price prior to October 10, 2020.
- (4) The Company shall pay the remaining fifty percent (50%) of the total purchase price in equal monthly installments due not less than fifty-five (55) days prior to the scheduled delivery of the Product(s) as follows:
 - a) eight-point thirty-three percent (8.33%) no later than 55 days prior to each scheduled delivery period as to the first installment of products to be shipped to the Company in January 2021.
 - b) eight-point thirty-three percent (8.33%) no later than 55 days prior to each scheduled delivery period as to the second installment of the products to be shipped to the Company in February 2021.
 - c) eight-point thirty-three percent (8.33%) no later than 55 days prior to each scheduled delivery period as to the third installment of the products to be shipped to the Company in March 2021.
 - d) eight-point thirty-three percent (8.33%) no later than 55 days prior to each scheduled delivery period as to the fourth installment of the products to be shipped to the Company in April 2021.
 - e) eight-point thirty-three percent (8.33%) no later than 55 days prior to each scheduled delivery period as to the fifth installment of the products to be shipped to the Company in May 2021.
 - f) eight-point thirty-three percent (8.33%) no later than 55 days prior to each scheduled delivery period as to the sixth installment of the products to be shipped to the Company in June 2021.

Subject to the timely payment of the purchase price, Bitmain shall deliver products according to the following schedule: 1,500 Units on or before January 31, 2021; and 1,800 units on or before each of February 28, 2021; March 31, 2021; April 30, 2021, May 31, 2021 and June 30, 2021. As of March 31, 2021, the Company has paid \$22,660,679 of the total balance of \$22,660,679.

On October 6, 2020, the Company entered into a series of agreements with affiliates of Beowulf Energy LLC, a Delaware limited liability company (collectively and as applicable, “Beowulf”) and Two Point One, LLC, a Delaware limited liability company (“2PI”; Marathon, Beowulf and 2PI each a “Party” and, collectively, the “Parties”). Beowulf and 2PI have been designing and developing a data center facility of up to 100-megawatts (the “Facility”) that will be located next to, and supplied energy directly from, Beowulf’s power generating station in Hardin, MT (the “Hardin Station”). The Facility is being developed in two phases to reach its 100 MW capacity, and the Hardin Station will supply the Facility exclusively with energy to operate Bitcoin mining servers.

The projected build out cost for Phase I is approximately \$23 million, which is front loaded as the infrastructure is being built for the full 100 MW project. Phase I accounts for 70 MW of the 100 MW project. It entails high voltage equipment to break down the full 100 MW load from the generating station, and thereafter, the infrastructure cost per MW is a matter of distributing power at a container level. Phase II accounts for 30 MW of the 100 MW project and is anticipated to cost approximately \$9 million. The total projected build out cost for the full 100 MW project is approximately \$32 million. These are all in costs covering all equipment and labor needed starting from the power coming off the Generating Station distributed down to running the actual miners: including breakers, transformers, switches, containers, PDUs, fans, network cables, and the like.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Marathon and Beowulf entered into an exclusive Power Purchase Agreement for the initial supply of 30 MW (Phase I), and up to 100 MW in the aggregate (Phase II), of energy load to the Facility at a cost of \$0.028/kWh. The initial term of the Power Purchase Agreement is five years, with up to five additional three-year extensions, as mutually agreed, assuming 75% energy utilization of the initial 30 MW of energy supplied to the Facility. Marathon purchased certain mining infrastructure and equipment for the Facility from Beowulf for a purchase price of \$750,000, and Marathon has the right, at no additional cost, to construct and access the Facility on land adjacent to the Hardin Station pursuant to a lease agreement with Beowulf. After the execution of the contract, the Company entered into additional miner purchase agreements. Due to the increased size of the Company's fleet of miners, Phase I was increased from the initial 30 MW to 70 MW, while Phase II will encompass the completion of the remaining 30 MW for the project.

Beowulf and 2P1 will provide operation and maintenance services for the Facility pursuant to a Data Facility Services Agreement, in exchange for an initial issuance of 3,000,000 shares of Marathon's common stock to each of Beowulf and 2P1 valued at the time of execution at \$1.87 per share or \$11,220,000 in aggregate. Upon completion of Phase I, Marathon will issue to Beowulf an additional 150,000 shares of its common stock. During Phase II, Marathon will issue to Beowulf an additional 350,000 shares of its common stock – 150,000 shares upon reaching 60 MW of Facility load and 200,000 at completion of the full 100 MW of Facility load. The cost to maintain and run the Facility will be \$0.006/kWh. All shares issued under the Data Facility Services Agreement are issued pursuant to transactions exempt from registration under Section 4(a)(2) of the Securities Act of 1933.

Effective October 19, 2020, David Lieberman retired as the Company's Chief Financial Officer, and Simeon Salzman was appointed Chief Financial Officer.

On October 23, 2020, the Company executed a contract with Bitmain to purchase an additional 10,000 next generation Antminer S-19 Pro ASIC Miners. The 2021 delivery schedule will be 2,500 Units in January, 4,500 Units in February and the final 3,000 Units in March 2021. The gross purchase price is \$23,620,000 with 30% due upon the execution of the contract and the balance paid over the next 4 months. Subsequent to executing this agreement, due to the additional executed contracts, Bitmain applied a discount of 8.63% to the purchase price adjusting the amount due to \$21,581,594. As of March 31, 2021, the Company has paid \$21,581,594 of the total balance of \$21,581,594.

As of the November 12, 2020, the Company sold all shares of our common stock available thereunder for an aggregate purchase price of \$100,000,000 under our 2020 At the Market Offering pursuant to our registration statement on Form S-3 declared effective by the SEC on August 6, 2020, which was the total amount available for sale thereunder.

On December 8, 2020, the Company executed a contract with Bitmain to purchase an additional 10,000 next generation Antminer S-19j Pro ASIC Miners, with 6,000 units to be delivered in August 2021, and the remaining 4,000 units to be delivered in September 2021. The gross purchase price is \$23,770,000 with 10% of the purchase price due within 48 hours of execution of the contract, 30% due on January 14, 2021, 10% due on February 15, 2021, 30% due on June 15, 2021 and 20% due on July 15, 2021. Subsequent to executing this agreement, due to the additional executed contracts, Bitmain applied a discount of 8.63% to the purchase price adjusting the amount due to \$21,718,649. As of March 31, 2021, the Company has paid \$10,859,330 of the total balance of \$21,718,649.

On December 11, 2020, the Company entered into an At The Market Agreement with HC Wainwright for up to \$200,000,000. On January 12, 2021, the Company also announced that it had successfully completed its previously announced \$200 million shelf offering by utilizing its at-the-market (ATM) facility. As a result, the Company ended the 2020 fiscal year with \$141.3 million in cash and 81,974,619 shares outstanding.

On December 23, 2020, the Company executed a contract with Bitmain to purchase an additional 70,000 next generation Antminer S-19 ASIC Miners, with 7,000 units to be delivered in July 2021, and the remaining 63,000 units to be delivered in December 2021. The purchase price is \$167,763,451. The purchase price for the miners shall be paid as follows: 20% within 48 hours of signing of contract; 30% on or before March 1, 2021; 4.75% on June 15, 2021; 1.76% on July 15, 2021; 4.58% on August 15, 2021; 10.19% on September 15, 2021; 17.63% on October 15, 2021 and 11.55% on November 15, 2021. As of March 31, 2021, the Company has paid \$83,881,726 of the total balance of \$167,763,452.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

On December 31, 2020, the Company sold 6,632,712 shares of common stock pursuant to the At The Market offering. Proceeds of \$77.1 million net of offering costs of \$2.3 million were received on January 4, 2021. Due to the timing of the proceeds received, an other current receivable was recorded in an amount of \$74.8 million. As of March 31, 2021, this amount was received in full.

Effective December 31, 2020, the Board of Directors of the Company ratified the following arrangements approved by its Compensation Committee:

Merrick Okamoto, CEO was awarded a cash bonus of \$2,000,000 which was paid before year end 2020. He was also awarded a special bonus of 1,000,000 RSUs with immediate vesting. He was given a new three-year employment agreement effective January 1, 2021 with the same salary and bonus as the prior agreement. He was also granted the following: award of 1,000,000 RSUs when the company's market capitalization reaches and sustains a market capitalization for 30 consecutive days above \$500,000,000; award of 1,000,000 RSUs priced when the company's market capitalization reaches and sustains a market capitalization for 30 consecutive days above \$750,000,000; award of 2,000,000 RSUs priced at lowest closing stock price in past 30 trading days when the company's market capitalization reaches and sustains a market capitalization for 30 consecutive days above \$1,000,000,000; and award of 2,000,000 RSUs when the Company's market capitalization reaches and sustains a market capitalization for 30 consecutive days above \$2,000,000,000. As of March 12, 2021, Mr. Okamoto had earned all bonuses set forth, and as a result of the maximum shares available under the Company's 2018 Equity Incentive Plan having been issued, he is owed an additional 2,547,392 RSUs, for which the Company will, within 15 business days of the date of this report, file a proxy statement on Schedule 14A to hold an annual or special meeting of shareholders to gain shareholder approval to increase the number of shares available under the Plan in a sufficient number to cover issuance of these 2,547,392 RSUs.

Sim Salzman, CFO, was granted a bonus payment of \$40,000 in cash; and a bonus of 91,324 RSUs with immediate vesting. James Crawford, COO, was granted a bonus payment of \$127,308 in cash and a stock bonus of 57,990 RSUs with immediate vesting. Furthermore, per his employment agreement, his base salary for the 2021 will be increased by 3%.

Compensation for directors of the board for 2021 as follows: (i) cash compensation of \$60,000 per year for each director, plus an additional \$15,000 per year for each committee chair, paid 25% at the end of each calendar quarter; (ii) for existing directors, the equivalent of 54,795 RSUs; and (iii) for newly elected directors, a one-time grant of 91,324 RSUs, vesting 25% each calendar quarter during 2021. For clarification, new directors will also receive the same annual compensation as existing directors in addition to their one time grant.

On January 6, 2021, the Company issued 566,279 shares pursuant to the 2018 Equity Incentive Plan for shares that vested as of December 31, 2020. Subsequent to year end, the Company issued 170,904 and 23,500 shares of common stock pursuant to warrant and option exercises, respectively.

On January 12, 2021, the Company also announced that it had successfully completed its previously announced \$200 million shelf offering by utilizing its at-the-market (ATM) facility. Pursuant to the terms of the offering 12,500,000 shares of common stock were issued at a value of \$20 per share. As a result, the Company ended the 2020 fiscal year with \$141.3 million in cash and 81,974,619 shares outstanding.

On January 12, 2021, the Company, entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain purchasers named therein (the "Purchasers"), pursuant to which the Company agreed to issue and sell, in a registered direct offering (the "Offering"), 12,500,000 shares of its common stock (the "Securities") at an offering price of \$20.00 per share.

The Purchase Agreement contains customary representations and warranties and agreements of the Company and the Purchasers and customary indemnification rights and obligations of the parties. The closing of the Offering occurred on January 15, 2021. The Company received gross proceeds of \$250,000,000 in connection with the Offering, before deducting placement agent fees and related offering expenses.

Effective January 19, 2021, David Lieberman resigned as a director of the Company. On the same date, the Company's Board appointed Kevin DeNuccio as a director to fill the vacancy created by Mr. Lieberman's resignation.

Mr. DeNuccio is the Founder and General Partner of Wild West Capital LLC since 2012 where he focused on angel investments, primarily in SAAS software start-ups.

He brings to Marathon more than 25 years of experience as a chief executive, global sales leader, public and private board member, and more than a dozen angel investments, managing and growing leading technology businesses. He served in senior executive positions with Verizon, Cisco Systems, Ericsson, Redback Networks, Wang Laboratories and Unisys Corporation.

On January 25, 2021, the Company announced that it has purchased 4,812.66 BTC in an aggregate purchase price of \$150 million through an investment fund of one managed by NYDIG as the general partner, while the Company retains 100% of the limited partner interests. We expect to purchase additional bitcoin held by the investment fund in future periods, though we may also sell bitcoin in future periods as needed to generate Cash Assets for treasury management purposes.

On February 11, 2021, the Company issued 4,701,442 shares of common stock pursuant to the 2018 Equity Incentive Plan.

Effective March 1, 2021, the Company changed its name to Marathon Digital Holdings, Inc.

On March 7, 2021, the Company entered into a termination agreement with the 9349-0001 Quebec Inc., to agree to terminate the outstanding lease. As of that date, the Company was fully released and discharged from any and all obligations under the Lease Agreement. In November 2017, the Company assumed a lease in connection with the mining operations in Quebec, Canada.

On April 26, 2021, the Company appointed Fred Thiel as its new chief executive officer. Mr. Thiel will succeed Merrick Okamoto, who has served as the Company's chief executive officer since 2018, and who will serve as executive chairman of the board of directors following the transition.

Liquidity and Financial Condition

The Company's consolidated condensed financial statements have been prepared assuming that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business. As of March 31, 2021, the Company had approximately \$212,000,000 in cash on hand.

At March 31, 2021, we carried \$292.6 million of digital assets on our balance sheet as digital currencies and investment fund, which include cumulative impairments of \$662k, consisting of the approximately 5,130 bitcoins, and held \$211.9 million in cash and cash equivalents, compared to \$2.3 million of digital assets and \$141.3 million in cash and cash equivalents at December 31, 2020, reflecting the shift in our liquid assets. As of May 10, 2021, we held approximately 5,290 bitcoins, of which, 4,812.66 bitcoins were

acquired at an aggregate purchase price of \$150 million at an average purchase price of approximately \$31,137 per bitcoin, inclusive of fees and expenses. These purchased bitcoins are held in an investment fund of one where the Company is the sole limited partner. We expect to purchase additional bitcoin held by the investment fund in future periods, though we may also sell bitcoin in future periods as needed to generate Cash Assets for treasury management purposes.

On January 12, 2021, the Company, entered into a Securities Purchase Agreement (the “Purchase Agreement”) with certain purchasers named therein (the “Purchasers”), pursuant to which the Company agreed to issue and sell, in a registered direct offering (the “Offering”), 12,500,000 shares of its common stock (the “Securities”) at an offering price of \$20.00 per share. The closing of the Offering occurred on January 15, 2021. The Company received gross proceeds of \$250,000,000 in connection with the Offering, before deducting placement agent fees and related offering expenses.

The impact of the worldwide spread of a novel strain of coronavirus (“COVID 19”) has been and continues to be unprecedented and unpredictable, but based on the Company’s current assessment, the Company does not expect any material impact on its long-term strategic plans, operations and its liquidity due to the worldwide spread of COVID-19. However, the Company is continuing to assess the effect on its operations by monitoring the spread of COVID-19 and the actions implemented to combat the virus throughout the world and its assessment of the impact of COVID-19 may change.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying unaudited consolidated condensed financial statements, including the accounts of the Company's subsidiaries, Marathon Crypto Mining, Inc., Crypto Currency Patent Holding Company and Soems Acquisition Corp., have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been condensed or omitted pursuant to such rules and regulations. These consolidated condensed financial statements reflect all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the financial position, the results of operations and cash flows of the Company for the periods presented. It is suggested that these consolidated condensed financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's most recent Annual Report on Form 10-K. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year ended December 31, 2021.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management include, but are not limited to, estimating the useful lives of patent assets and fixed assets, the assumptions used to calculate fair value of warrants and options granted, realization of long-lived assets, deferred income taxes, unrealized tax positions and the realization of digital currencies.

Significant Accounting Policies

There have been no material changes to the Company's significant accounting policies to those previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Digital Currencies

Digital currencies are included in current assets in the consolidated balance sheets. Digital currencies are recorded at cost less impairment.

An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value. In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted.

Halving – The bitcoin blockchain and the cryptocurrency reward for solving a block is subject to periodic incremental halving. Halving is a process designed to control the overall supply and reduce the risk of inflation in cryptocurrencies using a Proof-of-Work consensus algorithm. At a predetermined block, the mining reward is cut in half, hence the term "Halving". The last halving for bitcoin occurred on May 12, 2020. Many factors influence the price of bitcoin and potential increases or decreases in prices in advance of or following a future halving is unknown.

The following table presents the activities of the digital currencies for the three months ended March 31, 2021:

Digital currencies at December 31, 2020	\$ 2,271,656
Additions of digital currencies	9,152,816
Realized gain on sale of digital currencies	(54)
Impairment of cryptocurrencies	(662,199)
Sale of digital currencies	(16,000)
Digital currencies at March 31, 2021	\$ 10,746,219

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Investment Fund

In 2016, the FASB issued Accounting Standards Update (ASU) 2016-01, *Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, that requires entities to generally measure investments in equity securities at fair value and recognize changes in fair value in net income.

On January 25, 2021, the Company entered into a limited partnership agreement with NYDIG Digital Assets Fund III, LP (“fund”) whereas the fund purchased 4,812.66 BTC in an aggregate purchase price of \$150 million. The Company owns 100% of the limited partnership interest. The investment fund is included in current assets in the consolidated balance sheets.

Each Fund qualifies and operates as an investment company for accounting purposes pursuant to the accounting and reporting guidance under ASC 946, Financial Services – Investment Companies, which requires fair value measurement of the Fund’s investments in digital assets. The digital assets held by each Fund are traded on a number of active markets globally, including the over-the-counter (“OTC”) market and digital asset exchanges. A fair value measurement under ASC 820 for an asset assumes that the asset is exchanged in an orderly transaction between market participants either in the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset (ASC 820-10-35-5). An entity must have access to the principal (or most advantageous) market at the measurement date (ASC 820-10-35-6A).

Fair Value of Financial Instruments

The Company measures at fair value certain of its financial and non-financial assets and liabilities by using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, essentially an exit price, based on the highest and best use of the asset or liability. The levels of the fair value hierarchy are:

- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity’s own assumptions.

The carrying amounts reported in the consolidated balance sheet for cash, accounts receivable, accounts payable, and accrued expenses, approximate their estimated fair market value based on the short-term maturity of these instruments. The carrying value of notes payable and other long-term liabilities approximate fair value as the related interest rates approximate rates currently available to the Company.

Financial assets and liabilities are classified in their entirety within the fair value hierarchy based on the lowest level of input that is significant to their fair value measurement. The Company measures the fair value of its marketable securities and investments by taking into consideration valuations obtained from third-party pricing sources. The pricing services utilize industry standard valuation models, including both income and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs included reported trades of and broker-dealer quotes on the same or similar securities, issuer credit spreads, benchmark securities and other observable inputs.

The following tables present information about the Company’s assets and liabilities measured at fair value on a recurring basis and the Company’s estimated level within the fair value hierarchy of those assets and liabilities as of March 31, 2021 and December 31, 2020, respectively:

	Fair value measured at March 31, 2021			
	Total carrying value at March 31, 2021	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Investment Fund	\$ 281,822,950	\$ 281,822,950		
Liabilities				
Warrant liability	\$ 1,914,333	\$ -	\$ -	\$ 1,914,333
	Fair value measured at December 31, 2020			
	Total carrying value at December 31, 2020	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities				
Warrant liability	\$ 322,437	\$ -	\$ -	\$ 322,437

There were no transfers between Level 1, 2 or 3 during the three months ended March 31, 2021.

Fair value of warrant liabilities

At March 31, 2021, the Company had an outstanding warrant liability in the amount of \$1,914,332 associated with warrants that were issued in January 2017 and January 2021 and warrants issued related to the Convertible Notes issued in August and September of 2017. The following table rolls forward the fair value of the Company’s warrant liability, the fair value of which is determined by Level 3 inputs for the three months ended March 31, 2021.

	Fair value
Outstanding as of December 31, 2020	\$ 322,437
Change in fair value of warrants	1,591,896
Outstanding as of March 31, 2021	\$ 1,914,333

Net Income and Basic and Diluted Net Income per Share

Net income for the three months ended March 31, 2021 is \$83,356,742, however approximately \$132 million of that income was generated as an unrealized gain from the change in value of our “fund of one” investment. In addition, the Company had previously generated NOL carry-forwards for federal and state purposes of approximately \$45.6 million and \$27.2 million, respectively. As such, the Company would not owe corporate income taxes as of March 31, 2021. Net income per common share is calculated in accordance with ASC Topic 260: Earnings Per Share (“ASC 260”). Basic income per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. The computation of diluted net incomes per share does not include dilutive common stock equivalents in the weighted average shares outstanding, as they would be anti-dilutive.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
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Computation of potential shares for the diluted earning (loss) per share calculation at March 31, 2021 and 2020 are as follows:

	As of March 31,	
	2021	2020
Warrants to purchase common stock	448,790	164,222
Options to purchase common stock	81,120	1,727,682
Convertible notes to exchange common stock	-	1,248,883
Total	529,910	3,140,787

The following table sets forth the computation of basic and diluted loss per share:

	For the Three Months Ended March 31,	
	2021	2020
Net income (loss) attributable to common shareholders	\$ 83,356,742	\$ (1,057,931)
Denominator:		
Weighted average common shares - basic	94,350,216	8,655,525
Weighted average common shares - diluted	96,251,240	8,655,525
Income (loss) per common share - basic	\$ 0.88	\$ (0.12)
Income (loss) per common share - diluted	\$ 0.87	\$ (0.12)

Sequencing

In connection with August 14, 2017 Convertible Note financing, the Company adopted a sequencing policy whereby all future instruments may be classified as a derivative liability with the exception of instruments related to share-based compensation issued to employees or directors. This convertible note was satisfied in full during the second quarter of 2020, therefore as of March 31, 2021, no future instruments are subject to the Company sequencing policy.

Recent Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2019-12, “*Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (“ASU 2019-12”)*”, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

Any new accounting standards, not disclosed above, that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

NOTE 3 – DEPOSIT, PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

On May 11, 2020, the Company signed a Contract Addendum with Compute North, to pause and suspend services under its Colocation Agreement. This suspended all production of Bitcoin using our S-9 miners.

Halving – The bitcoin blockchain and the cryptocurrency reward for solving a block is subject to periodic incremental halving. Halving is a process designed to control the overall supply and reduce the risk of inflation in cryptocurrencies using a Proof-of-Work consensus algorithm. At a predetermined block, the mining reward is cut in half, hence the term “Halving”. The last halving for bitcoin occurred on May 12, 2020. Many factors influence the price of bitcoin and potential increases or decreases in prices in advance of or following a future halving is unknown.

On May 11, 2020, the Company purchased 700 new generation M305+ASIC Miners from MicroBT for approximately \$1.3 million. The 700 miners produce 80/Th and will generate 56 PH/s (petahash) of hashing power, compared to the Company’s current S-9 production of 46 PH/s. These next generation MicroBT ASIC miners are markedly more energy efficient than our existing Bitmain models. These miners were delivered to the Company’s Hosting Facility in June 2020 and are producing Bitcoins.

The Company purchased 660 latest generation Bitmain S19 Pro Miners on May 12, 2020, 500 units on May 18, 2020 and an additional 500 units on June 11, 2020. These miners produce 110 TH/s and will generate 73 PH/s (petahash) of hashing power, compared to the Company’s S-9 production of 46 PH/s. The Company made the payments of approximately \$4.2 million in the second quarter of 2020 and received 660 of the 1,660 units at its Hosting Facility in August, and its hosting partner, Compute North, had installed them upon their arrival. Of the 1,000 remaining S-19 Pro Miners due to arrive in the 4th quarter, 500 were received in November and installed in the Company’s Hosting Facility in Montana, while 500 are anticipated to be received and installed during the remainder of the 4th quarter. These miners will produce an additional 110 PH/s increasing the Company to an aggregate Hashpower of 294 PH/s.

On July 29, 2020, the Company announced the purchase of 700 next generation M31S+ASIC Miners from MicroBT. The miners arrived mid-August.

On August 13, 2020, the Company entered into a Long Term Purchase Contract with Bitmaintech PTE., LTD (“Bitmain”) for the purchase of 10,500 next generation Antminer S-19 Pro ASIC Miners.

The purchase price per unit is \$2,362 (\$2,206 with a 6.62% discount) for a total purchase price of \$24,801,000 (with a 6.62% discount for a discounted price of \$23,159,174). The parties confirm that the total hashrate of the Antminers under this agreement shall not be less than 1,155,000 TH/s.

The Company shall pay for the Antminers as follows:

- (1) Twenty percent (20%) of the total purchase price shall be paid as a non-refundable down payment within forty-eight (48) hours of execution of the agreement.
- (2) The Company shall pay the twenty percent (20%) of the total purchase price prior to September 20, 2020.
- (3) The Company shall pay the ten percent (10%) of the total purchase price prior to October 10, 2020.
- (4) The Company shall pay the remaining fifty percent (50%) of the total purchase price in equal monthly installments due not less than fifty-five (55) days prior to the scheduled delivery of the Product(s) as follows:
 - a) eight-point thirty-three percent (8.33%) no later than 55 days prior to each scheduled delivery period as to the first installment of products to be shipped to the Company in January 2021.
 - b) eight-point thirty-three percent (8.33%) no later than 55 days prior to each scheduled delivery period as to the second installment of the products to be shipped to the Company in February 2021.
 - c) eight-point thirty-three percent (8.33%) no later than 55 days prior to each scheduled delivery period as to the third installment of the products to be shipped to the Company in March 2021.
 - d) eight-point thirty-three percent (8.33%) no later than 55 days prior to each scheduled delivery period as to the fourth installment of the products to be shipped to the Company in April 2021.
 - e) eight-point thirty-three percent (8.33%) no later than 55 days prior to each scheduled delivery period as to the fifth installment of the products to be shipped to the Company in May 2021.
 - f) eight-point thirty-three percent (8.33%) no later than 55 days prior to each scheduled delivery period as to the sixth installment of the products to be shipped to the Company in June 2021.

Subject to the timely payment of the purchase price, Bitmain is and has been scheduled deliver products according to the following schedule: 1,500 Units on or before January 31, 2021; and 1,800 units on or before each of February 28, 2021; March 31, 2021; April 30, 2021, May 31, 2021 and June 30, 2021. As of March 31, 2021, the Company has paid \$22,660,679 of the total balance of \$22,660,679.

On October 23, 2020, the Company executed a contract with Bitmain to purchase an additional 10,000 next generation Antminer S-19 Pro ASIC Miners. The 2021 delivery schedule will be 2,500 Units in January, 4,500 Units in February and the final 3,000 Units in March 2021. The gross purchase price is \$23,620,000 with 30% due upon the execution of the contract and the balance paid over the next 4 months. Subsequent to executing this agreement, due to the additional executed contracts, Bitmain applied a discount of 8.63% to the purchase price adjusting the amount due to \$21,581,594. As of March 31, 2021, the Company has paid \$21,581,594 of the total balance of \$21,581,594.

On December 8, 2020, the Company executed a contract with Bitmain to purchase an additional 10,000 next generation Antminer S-19j Pro ASIC Miners, with 6,000 units to be delivered in August 2021, and the remaining 4,000 units to be delivered in September 2021. The gross purchase price is \$23,770,000 with 10% of the purchase price due within 48 hours of execution of the contract, 30% due on January 14, 2021, 10% due on February 15, 2021, 30% due on June 15, 2021 and 20% due on July 15, 2021. Subsequent to executing this agreement, due to the additional executed contracts, Bitmain applied a discount of 8.63% to the purchase price adjusting the amount due to \$21,718,649. As of March 31, 2021, the Company has paid \$10,859,330 of the total balance of \$21,718,649.

On December 23, 2020, the Company executed a contract with Bitmain to purchase an additional 70,000 next generation Antminer S-19 ASIC Miners, with 7,000 units to be delivered in July 2021, and the remaining 63,000 units to be delivered in December 2021. The purchase price is \$167,763,451. The purchase price for the miners shall be paid as follows: 20% within 48 hours of signing of contract; 30% on or before March 1, 2021; 4.75% on June 15, 2021; 1.76% on July 15, 2021; 4.58% on August 15, 2021; 10.19%

on September 15, 2021; 17.63% on October 15, 2021 and 11.55% on November 15, 2021. As of March 31, 2021, the Company has paid \$83,881,726 of the total balance of \$167,763,451.

On February 1, 2021, Marathon announced that Bitmain had shipped approximately 4,000 S-19 Pro ASIC miners to the Company's mining facility in Hardin, MT, all of which were delivered as scheduled.

In addition to the initial 4,000 miners delivered to the Hardin facility in February, Bitmain recently shipped another 6,300 miners to Hardin. Marathon has received over 13,000 miners as of March 31, 2021 and subsequent to quarter end increased its active mining fleet to approximately 12,084 miners, generating approximately 1.29 EH/s.

As of March 31, 2021, approximately \$128.4 million cash paid for Miners was recorded as a deposit on the balance sheet.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

The components of property, equipment and intangible assets as of March 31, 2021 and December 31, 2020 are:

	Useful life (Years)	March 31, 2021	December 31, 2020
Website	7	\$ 121,787	\$ 121,787
Mining equipment	5	30,974,689	12,989,318
Construction in Progress	N/A	18,064,918	10,593,575
Mining patent	17	1,210,000	1,210,000
Gross property, equipment and intangible assets		50,371,394	24,914,680
Less: Accumulated depreciation and amortization		(7,425,893)	(6,687,957)
Property, equipment and intangible assets, net		\$ 42,945,501	\$ 18,226,723

The Company's depreciation expense for the three months ended March 31, 2021 and 2020 were \$720,142 and \$510,781, and amortization expense were \$17,794 and \$17,794 for the three months ended March 31, 2021 and 2020, respectively.

NOTE 4 - STOCKHOLDERS' EQUITY

Common Stock

Follow On Offering

On July 23, 2020, the Company entered into an underwriting agreement with H.C. Wainwright. The Company agreed to sell H.C. Wainwright 7,666,666 shares of its common stock, including the exercise in full by H.C. Wainwright of the option to purchase an additional 999,999 shares of common stock, at a public offering price of \$0.90 per share. The gross proceeds of this offering, which closed on July 28, 2020, were approximately \$6.9 million, and proceeds, net of underwriting discount and expenses of \$0.6 million, were \$6.3 million. Additionally, representative's warrant to purchase 536,667 shares of our common stock with a five year term and an exercise price of \$1.125 per share were issued.

Shelf Registration Statements on Form S-3 and At The Market Offering Agreements

On August 13, 2020, the Company's Shelf Registration Statement on Form S-3, filed on August 6, 2020, was declared effective by the SEC, along with the Company's At The Market Offering Agreement, entered into by the Company and H.C. Wainwright & Co., LLC, as Exhibit 1.1 to the Form S-3 (the "2020 At The Market Agreement"). This 2020 At the Market Agreement establishes an at-the-market equity program pursuant to which the Company may offer and sell shares of its common stock, par value \$0.0001 per share, with an aggregate offering price of up to \$100 million, from time to time as set forth in the agreement.

On December 22, 2020, the Company's Shelf Registration Statement on Form S-3, filed on December 11, 2020, was declared effective by the SEC, along with the Company's At The Market Offering Agreement, entered into by the Company and H.C. Wainwright & Co., LLC, as Exhibit 1.1 to the Form S-3 (the "2020 At The Market Agreement"). This 2020 At the Market Agreement establishes an at-the-market equity program pursuant to which the Company may offer and sell shares of its common stock, par value \$0.0001 per share, with an aggregate offering price of up to \$200 million, from time to time as set forth in the agreement.

During the year ended December 31, 2020, 54,301,698 shares of common stock were issued under the Company's 2020 At The Market Agreements for total proceeds of approximately \$307.1 million, net of offering costs, of \$9.4 million, and the Company has sold all shares possible under the Agreements.

During the year ended December 31, 2019, 172,126 of common stock were issued under the Company's 2019 At The Market Agreements for total proceeds of approximately \$0.3 million, net of offering costs, of \$0.01 million, and the Company has sold all shares possible under the Agreements.

Registered Direct Offering

On January 12, 2021, the Company, entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain purchasers named therein (the "Purchasers"), pursuant to which the Company agreed to issue and sell, in a registered direct offering (the "Offering"), 12,500,000 shares of its common stock (the "Securities") at an offering price of \$20.00 per share.

The Purchase Agreement contains customary representations and warranties and agreements of the Company and the Purchasers and customary indemnification rights and obligations of the parties. The closing of the Offering occurred on January 15, 2021. The Company received gross proceeds of \$250,000,000 in connection with the Offering, before deducting placement agent fees and related offering expenses.

Pursuant to a letter agreement, dated August 2020 (the "Engagement Letter"), the Company engaged H.C. Wainwright & Co., LLC (the "Placement Agent") as placement agent in connection with the Offering. The Placement Agent agreed to use its reasonable best efforts to arrange for the sale of the Securities. The Company agreed to pay to the Placement Agent a cash fee of 5.0% of the aggregate gross proceeds raised in the Offering. The Company also issued to designees of the Placement Agent warrants to purchase up to 3.0% of the aggregate number of shares of Common Stock sold in the transactions, or warrants to purchase up to 375,000 shares of Common Stock (the "Placement Agent Warrants"). The Placement Agent Warrants have an exercise price equal to 125% of the offering price per share (or \$25.00 per share). The Company also agreed to pay the Placement Agent \$50,000 for accountable expenses, to reimburse an investor's legal fees in an amount up to \$7,500 and to pay \$12,900 for the Placement Agent's clearing fees. Pursuant to the terms of the Engagement Letter, the Placement Agent has the right, for a period of twelve months following the closing of the Offerings, to act (i) as financial advisor in connection with any merger, consolidation or similar business combination by the Company and (ii) as sole book-running manager, sole underwriter or sole placement agent in connection with certain debt and equity financing transactions by the Company.

Series B Convertible Preferred Stock

As of March 31, 2021, there were no shares of Series B Convertible Preferred Stock outstanding.

Series E Preferred Stock

There was no Series E Convertible Preferred Stock outstanding as of March 31, 2021.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Common Stock Warrants

A summary of the status of the Company's outstanding stock warrants and changes during the three months ended March 31, 2021 is as follows :

	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (in years)</u>
Outstanding as of December 31, 2020	287,656	\$ 12.64	2.7
Issued	375,000	25.00	4.8
Expired	-	-	-
Exercised	(213,866)	7.49	3.1
Outstanding as of March 31, 2021	<u>448,790</u>	<u>\$ 25.42</u>	<u>4.1</u>
Warrants exercisable as of March 31, 2021	448,790	\$ 25.42	4.1

The aggregate intrinsic value of warrants outstanding and exercisable at March 31, 2021 was \$ 10,151,602

Common Stock Options

A summary of the stock options as of March 31, 2021 and changes during the period are presented below:

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (in years)</u>
Outstanding as of December 31, 2020	106,120	\$ 44.32	4.28
Exercised	(25,000)	2.04	-
Outstanding as of March 31, 2021	<u>81,120</u>	<u>\$ 57.35</u>	<u>4.25</u>
Options vested and expected to vest as of March 31, 2021	81,120	\$ 57.35	4.25
Options vested and exercisable as of March 31, 2021	81,120	\$ 57.35	4.25

The aggregate intrinsic value of options outstanding and exercisable at March 31, 2021 was \$ 701,466

Restricted Stock

A summary of the restricted stock award activity for the three months ended March 31, 2021 as follows :

	<u>Number of Units</u>	<u>Weighted Average Grant Date Fair Value</u>
Nonvested at December 31, 2020	566,279	\$ 0.43
Granted	4,999,999	\$ 10.44
Vested	(5,289,594)	\$ 9.37
Nonvested at March 31, 2021	<u>276,684</u>	<u>\$ 10.44</u>

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 5 - DEBT, COMMITMENTS AND CONTINGENCIES

Leases

Effective June 1, 2018, the Company rented its corporate office at 1180 North Town Center Drive, Suite 100, Las Vegas, Nevada 89144, on a month to month basis. The monthly rent is \$1,997. A security deposit of \$3,815 has been paid.

The Company also assumed a lease in connection with the mining operations in Quebec, Canada. Operating leases are included in operating lease right-of-use assets, operating lease liabilities, and noncurrent operating lease liabilities on the balance sheets. On March 7, 2021, the Company entered into a termination agreement with the 9349-0001 Quebec Inc., to agree to terminate the outstanding lease. As of that date, the Company was fully released and discharged from any and all obligations under the Lease Agreement. Due to the lease termination, the Company incurred a loss on cancellation in an amount of approximately \$81,000.

Operation lease costs are recorded on a straight-line basis within operating expenses. The Company's total lease expense is comprised of the following:

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

	For the Three Months Ended	
	March 31, 2021	March 31, 2020
Operating leases		
Operating lease cost	\$ 18,701	\$ 26,789
Operating lease expense	18,701	26,789
Short-term lease rent expense	6,687	5,992
Total rent expense	<u>\$ 25,388</u>	<u>\$ 32,781</u>

Additional information regarding the Company's leasing activities as a lessee is as follow:

	For the Three Months Ended	
	March 31, 2021	March 31, 2020
Operating cash flows from operating leases	\$ -	\$ 26,823
Weighted-average remaining lease term – operating leases	-	1.5
Weighted-average discount rate – operating leases	0.0%	6.5%

As of March 31, 2021, contractual minimal lease payments are nil.

Legal Proceedings

Feinberg Litigation

On March 27, 2018, Jeffrey Feinberg, purportedly joined by the Jeffrey L. Feinberg Personal Trust and the Jeffrey L. Feinberg Family Trust, filed a complaint against the Company and certain of its former officers and directors. The complaint was filed in the Supreme Court of the State of New York, County of New York. The plaintiffs purported to state claims under Sections 11, 12(a)(2) and 15 of the federal Securities Act of 1933 and common law claims for “actual fraud and fraudulent concealment,” constructive fraud, and negligent misrepresentation, seeking unspecified money damages (including punitive damages), as well as costs and attorneys’ fees, and equitable or injunctive relief. On June 15, 2018, the defendants filed a motion to dismiss all claims asserted in the complaint and, on July 27, 2018, the plaintiffs filed an opposition to that motion. The court heard argument on the motion and, on January 15, 2019, the court granted the motion to dismiss, allowing 30 days for the filing of an amended complaint. On February 15, 2019, Jeffrey Feinberg, individually and as trustee of the Jeffrey L. Feinberg Personal Trust, and Terrence K. Ankner, as trustee of the Jeffrey L. Feinberg Family Trust, filed an amended complaint that purports to state the same claims and seeks the same relief sought in the original complaint. On March 7 and 22, 2019, defendants filed motions to dismiss the amended complaint and on April 5, 2019, plaintiffs filed an opposition to those motions. The court heard oral argument on the motions to dismiss on July 9, 2019, and at the conclusion of the argument the court took the motions under submission. On April 22, 2021, the Company was notified the appellate court affirmed the decision to dismiss the case in its entirety.

Ho Matter

On January 14, 2021, Plaintiff Michael Ho (“Plaintiff” or “Ho”) filed a Civil Complaint for Damages and Restitution (“Complaint”) against Marathon Digital Holdings, Inc. (the “Company”) and 10 Doe Defendants. The Complaint alleges six causes of action against the Company, (1) Breach of Written Contract; (2) Breach of Implied Contract; (3) Quasi-Contract; (4) Services Rendered; (5) Intentional Interference with Prospective Economic Relations; and (6) Negligent Interference with Prospective Economic Relations, which is the one plead against “all Defendants” and is most likely to involve later named defendants. The claims arise from the same set of facts, Ho alleges that the Company profited from commercially-sensitive information he shared with the Company and then it refused to compensate him for his role in securing the acquisition of a supplier of energy for the Company. On February 22, 2021, the Company responded to Mr. Ho’s Complaint with a general denial and the assertion of applicable affirmative defenses. Then, on February 25, 2021, the Company removed the matter to federal court. The parties are currently engaged in discovery, including written discovery and depositions. Due to outstanding issues of fact and law, it is impossible to predict the outcome at this time; however, the Company is confident that it will prevail in this litigation since it did not have a contract with Mr. Ho and he did not disclose any commercially-sensitive information that was used to structure any joint venture with energy providers.

NOTE 6 – Subsequent Events

The Company has evaluated subsequent events through the date the consolidated financial statements were available to be issued and has concluded that no such events or transactions took place that would require disclosure herein except as stated directly below.

On April 1, 2021, the Company issued 665,349 shares of common stock related to the quarterly vesting of restricted stock units (“RSUs”) to executives and management. Of which, 565,829 related to restricted stock units granted on May 5, 2020 and 99,520 related to restricted stock units granted on February 5, 2021 pursuant to the 2018 Equity Incentive Plan.

On April 7, 2021, the Company issued 2,044 shares of common stock related to the exercise of a warrant issued on December 8, 2017.

On April 27, 2021, the Company received written notification from their banking partner that the U.S. Small Business Administration (“SBA”) has forgiven the loan payable that was classified and held as a long-term liability in full.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This report on Form 10-Q ("Report") and other written and oral statements made from time to time by us may contain so-called "forward-looking statements," all of which are subject to risks and uncertainties. Forward-looking statements can be identified by the use of words such as "expects," "plans," "will," "forecasts," "projects," "intends," "estimates," and other words of similar meaning. One can identify them by the fact that they do not relate strictly to historical or current facts. These statements are likely to address our growth strategy, financial results and product and development programs. One must carefully consider any such statement and should understand that many factors could cause actual results to differ from our forward-looking statements. These factors may include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially.

Information regarding market and industry statistics contained in this Report is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. We have not reviewed or included data from all sources, and cannot assure investors of the accuracy or completeness of the data included in this Report. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not assume any obligation to update any forward-looking statement. As a result, investors should not place undue reliance on these forward-looking statements.

The following discussion and analysis is intended as a review of significant factors affecting our financial condition and results of operations for the periods indicated. The discussion should be read in conjunction with our consolidated financial statements and the notes presented herein. In addition to historical information, the following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results could differ significantly from those expressed, implied or anticipated in these forward-looking statements as a result of certain factors discussed herein and any other periodic reports filed and to be filed with the Securities and Exchange Commission.

Cautionary Note Regarding Forward-Looking Statements

This report and other documents that we file with the Securities and Exchange Commission contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about our future performance, our business, our beliefs and our management's assumptions. Statements that are not historical facts are forward-looking statements. Words such as "expect," "outlook," "forecast," "would," "could," "should," "project," "intend," "plan," "continue," "sustain", "on track", "believe," "seek," "estimate," "anticipate," "may," "assume," and variations of such words and similar expressions are often used to identify such forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guarantees of future performance and involve risks, assumptions and uncertainties, including, but not limited to, those described in our reports that we file or furnish with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Except to the extent required by law, we undertake no obligation to update publicly any forward-looking statements after the date they are made, whether as a result of new information, future events, changes in assumptions or otherwise.

Business of the Company

We were incorporated in the State of Nevada on February 23, 2010 under the name Verve Ventures, Inc. As of the date of this filing, our name has been changed to Marathon Digital Holdings, Inc. On December 7, 2011, we changed our name to American Strategic Minerals Corporation and were engaged in exploration and potential development of uranium and vanadium minerals business. In June 2012, we discontinued our minerals business and began to invest in real estate properties in Southern California. In October 2012, we discontinued our real estate business when our former CEO joined the firm and we commenced our IP licensing operations, at which time the Company's name was changed to Marathon Patent Group, Inc. On November 1, 2017, we entered into a merger agreement with Global Bit Ventures, Inc. ("GBV"), which is focused on mining digital assets. We have since purchased our cryptocurrency mining machines and established a data center in Canada to mine digital assets. Following the merger, we intended to add GBV's existing technical capabilities and digital asset miners and expand our activities in the mining of new digital assets, while at the same time harvesting the value of our remaining IP assets. On June 28, 2018, the board has determined that it is in the best interests of the Company and its shareholders to allow the Amended Merger Agreement to expire on its current termination date of June 28, 2018 without further negotiation or extension. The Board approved to issue 750,000 shares of our common stock to GBV as a termination fee for canceling the proposed merger between the two companies. The fair value of the common stocks was \$2,850,000.

As of March 31, 2021

	Existing Operations	Purchase Agreements	Cumulative Fleet
Total miners ordered	2,060	100,500	102,560
Total miners shipped	2,060	14,521	16,581
Total miners installed	2,060	5,057	7,117
Total produced hashrate to date	185 PH/s	556 PH/s	741 PH/s

Recent Developments

On January 6, 2021, the Company issued 566,279 shares pursuant to the 2018 Equity Incentive Plan for shares that vested as of December 31, 2020. Subsequent to year end, the Company issued 170,904 and 23,500 shares of common stock pursuant to warrant and option exercises, respectively.

On January 12, 2021, the Company also announced that it had successfully completed its previously announced \$200 million shelf offering by utilizing its at-the-market (ATM) facility. Pursuant to the terms of the offering 12,500,000 shares of common stock were issued at a value of \$20 per share. As a result, the Company ended the 2020 fiscal year with \$141.3 million in cash and 81,974,619 shares outstanding.

On January 12, 2021, the Company, entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain purchasers named therein (the "Purchasers"), pursuant to which the Company agreed to issue and sell, in a registered direct offering (the "Offering"), 12,500,000 shares of its common stock (the "Securities") at an offering price of \$20.00 per share.

The Purchase Agreement contains customary representations and warranties and agreements of the Company and the Purchasers and customary indemnification rights and obligations of the parties. The closing of the Offering occurred on January 15, 2021. The Company received gross proceeds of \$250,000,000 in connection with the Offering, before deducting placement agent fees and related offering expenses.

Pursuant to a letter agreement, dated August 2020 (the “Engagement Letter”), the Company engaged H.C. Wainwright & Co., LLC (the “Placement Agent”) as placement agent in connection with the Offering. The Placement Agent agreed to use its reasonable best efforts to arrange for the sale of the Securities. The Company agreed to pay to the Placement Agent a cash fee of 5.0% of the aggregate gross proceeds raised in the Offering. The Company also issued to designees of the Placement Agent warrants to purchase up to 3.0% of the aggregate number of shares of Common Stock sold in the transactions, or warrants to purchase up to 375,000 shares of Common Stock (the “Placement Agent Warrants”). The Placement Agent Warrants have an exercise price equal to 125% of the offering price per share (or \$25.00 per share). The Company also agreed to pay the Placement Agent \$50,000 for accountable expenses, to reimburse an investor’s legal fees in an amount up to \$7,500 and to pay \$12,900 for the Placement Agent’s clearing fees. Pursuant to the terms of the Engagement Letter, the Placement Agent has the right, for a period of twelve months following the closing of the Offerings, to act (i) as financial advisor in connection with any merger, consolidation or similar business combination by the Company and (ii) as sole book-running manager, sole underwriter or sole placement agent in connection with certain debt and equity financing transactions by the Company.

Effective January 19, 2021, David Lieberman resigned as a director of the Company. On the same date, the Company’s Board appointed Kevin DeNuccio as a director to fill the vacancy created by Mr. Lieberman’s resignation.

Mr. DeNuccio is the Founder and General Partner of Wild West Capital LLC since 2012 where he focused on angel investments, primarily in SAAS software start-ups.

He brings to Marathon more than 25 years of experience as a chief executive, global sales leader, public and private board member, and more than a dozen angel investments, managing and growing leading technology businesses. He served in senior executive positions with Verizon, Cisco Systems, Ericsson, Redback Networks, Wang Laboratories and Unisys Corporation.

On January 25, 2021, the Company announced that it has purchased 4,812.66 BTC in an aggregate purchase price of \$150 million.

On February 11, 2021, the Company issued 4,701,442 shares of common stock pursuant to the 2018 Equity Incentive Plan.

Effective March 1, 2021, the Company changed its name to Marathon Digital Holdings, Inc.

On March 7, 2021, the Company entered into a termination agreement with the 9349-0001 Quebec Inc., to agree to terminate the outstanding lease. As of that date, the Company was fully released and discharged from any and all obligations under the Lease Agreement. In November 2017, the Company assumed a lease in connection with the mining operations in Quebec, Canada.

On March 25, 2021, Marathon Digital Holdings, Inc. (the “Company”) entered into a licensing agreement with DMG Blockchain Solutions, Inc. to license DMG’s proprietary Blockseer pool technology for use in its new Marathon OFAC Pool . Pursuant to the terms and conditions of the Agreement, the Company will be granted an exclusive and irrevocable license to use the technology in the U.S., and DMG will receive: \$500,000 in restricted common stock of the Company (stock to be issued in a transaction exempt from registration under Section 4(a)(2) under the Securities Act of 1933, as amended); a monthly license fee with a sliding scale based on the DCMNA’s block rewards and transaction fees received by the pool; and technical support services to be provided on an as-needed basis with payment in US dollars.

Critical Accounting Policies and Estimates

We believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating this management discussion and analysis:

Digital Currencies

Digital currencies are included in current assets in the consolidated balance sheets as intangible assets with indefinite useful lives. Digital currencies are recorded at cost less impairment.

An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value, which is measured using the quoted price of the digital currency at the time its fair value is being measured. In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted.

At March 31, 2021, we carried \$292.6 million of digital assets on our balance sheet, which include cumulative impairments of \$662k, consisting of the approximately 5,130 bitcoins, and held \$211.9 million in cash and cash equivalents, compared to \$2.3 million of digital assets and \$141.3 million in cash and cash equivalents at December 31, 2020, reflecting the shift in our liquid assets. As of May 10, 2021, we held approximately 5,290 bitcoins, of which, 4,812.66 bitcoins were acquired at an aggregate purchase price of \$150 million at an average purchase price of approximately \$31,137 per bitcoin, inclusive of fees and expenses. These purchased bitcoins are held in an investment fund of one where the Company is the sole limited partner. We expect to purchase additional bitcoin held by the investment fund in future periods, though we may also sell bitcoin in future periods as needed to generate Cash Assets for treasury management purposes.

EBITDA for the Three Months Ended March 31, 2021 and 2020

The following table shows the Company's EBITDA as of March 31, 2021 and 2020, with adjustments from GAAP measures:

	<u>For the Three Months Ended March 31, 2021</u>	<u>For the Three Months Ended March 31, 2020</u>
Revenues		
Cryptocurrency mining revenue	\$ 9,152,815	\$ 592,487
Total revenues	<u>9,152,815</u>	<u>592,487</u>
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 cryptocurrencies	662,199	-
Total operating expenses	<u>56,208,229</u>	<u>1,684,289</u>
Operating loss	<u>(47,055,414)</u>	<u>(1,091,802)</u>
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	<u>130,412,156</u>	<u>33,870</u>
Income (loss) before income taxes	<u>\$ 83,356,742</u>	<u>\$ (1,057,932)</u>
Income tax expense	-	-
Net income (loss)	<u>\$ 83,356,742</u>	<u>\$ (1,057,932)</u>
Non-cash adjustments to Net Income (loss)		
Depreciation and Amortization of Fixed Assets	720,142	528,575
Impairment of cryptocurrencies	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)	<u>\$ 54,030,652</u>	<u>\$ 578,638</u>
Adjusted EBITDA	<u>\$ 137,387,394</u>	<u>\$ (479,294)</u>

Recent Issued Accounting Standards

See Note 2 to our consolidated financial statements for a discussion of recent accounting standards and pronouncements.

Results of Operations

For the Three Months Ended March 31, 2021 and 2020

We generated revenues of \$9.2 million during the three months ended March 31, 2021 as compared to \$0.6 million during the three months ended March 31, 2020. For the three months ended March 31, 2021, this represented an increase of \$8.6 million or 1,445% over the same period in 2020. Revenue for the three months ended March 31, 2021 and 2020 were derived primarily from cryptocurrency mining.

Direct cost of revenues during the three months ended March 31, 2021 amounted to \$2.4 million and for the three months ended March 31, 2020, the direct cost of revenues amounted to \$1.2 million. For the three months ended March 31, 2021, this represented an increase of \$1.2 million or 109% over the same period in 2020. Direct costs of revenue include depreciation and amortization expenses of the cryptocurrency mining machines and patents, contingent payments to patent enforcement legal costs, patent enforcement advisors and inventors as well as various non-contingent costs associated with enforcing the Company's patent rights and otherwise in developing and entering into settlement and licensing agreements that generate the Company's revenue.

We incurred other operating expenses of \$53.8 million for the three months ended March 31, 2021 and \$0.5 million for the three months ended March 31, 2020. For the three months ended March 31, 2021, this represented an increase of \$53.3 million or 10,031%. These expenses primarily consisted of stock-based compensation, compensation to our officers, directors and employees, impairment of cryptocurrencies, professional fees and consulting incurred in connection with the day-to-day operation of our business.

The operating expenses consisted of the following:

	Total Other Operating Expenses	
	For the Three Months Ended	
	March 31, 2021	March 31, 2020
Compensation and related taxes	\$ 52,405,786	\$ 233,657
Consulting fees	113,606	41,812
Professional fees	313,032	146,642
Other general and administrative	307,191	108,937
Impairment of cryptocurrencies	662,199	-
Total	<u>\$ 53,801,814</u>	<u>\$ 531,048</u>

Non-cash operating expenses consisted of the following:

	Non-Cash Other Operating Expenses	
	For the Three Months Ended	
	March 31, 2021	March 31, 2020
Compensation and related taxes	\$ 52,087,311	\$ 23,238
Impairment of cryptocurrencies	662,199	-
Total	<u>\$ 52,749,510</u>	<u>\$ 23,238</u>

Operating Loss

We reported operating loss from continuing operations of \$46.4 million for the three months ended March 31, 2021 and operating loss of \$1.1 million for the three months ended March 31, 2020.

Other Income

Total other income was \$130.4 million for the three months ended March 31, 2021 and \$0.03 million for the three months ended March 31, 2020, respectively.

Net Income (Loss) Available to Common Shareholders

We reported net income of \$84.0 million for the three months ended March 31, 2021 and net loss of \$1.1 million for the three months ended March 31, 2020.

Liquidity and Capital Resources

The Company's condensed consolidated financial statements have been prepared assuming that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the condensed consolidated financial statements, the Company had an accumulated deficit of approximately \$32.6 million at March 31, 2021, net income of approximately \$83.4 million and \$3.1 million net cash used by operating activities for the three months ended March 31, 2021.

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. At March 31, 2021, the Company's cash and cash equivalents balances totaled \$211.9 million compared to \$141.3 at December 31, 2020. During the three month period ending March 31, 2021 and March 31, 2020, the Company mined approximately 192 and 71 bitcoin, respectively. An increase of 121 bitcoin or 172%. The average price of a bitcoin during Q1 2020 was \$8,293. The average price of a bitcoin during Q1 2021 was \$45,265. An increase of \$36,972 or 446%.

At March 31, 2021, we carried \$292.6 million of digital assets on our balance sheet, which include cumulative impairments of \$662k, consisting of the approximately 5,130 bitcoins, and held \$211.9 million in cash and cash equivalents, compared to \$2.3 million of digital assets and \$141.3 million in cash and cash equivalents at December 31, 2020, reflecting the shift in our liquid assets. As of May 10, 2021, we held approximately 5,290 bitcoins, of which, 4,812.66 bitcoins were acquired at an aggregate purchase price of \$150 million at an average purchase price of approximately \$31,137 per bitcoin, inclusive of fees and expenses. These purchased bitcoins are held in an investment fund of one where the Company is the sole limited partner. We expect to purchase additional bitcoin held by the investment fund in future periods, though we may also sell bitcoin in future periods as needed to generate Cash Assets for treasury management purposes.

Net working capital increased by \$348 million, to working capital of \$633 million at March 31, 2021 from working capital of \$285 million at December 31, 2020.

Cash used by operating activities was \$3.1 million during the three months ended March 31, 2021 compared to cash used in operating activities of \$1.1 million during the three months ended March 31, 2020.

Cash used in investing activities was \$238.7 million during the three months ended March 31, 2021 compared to cash provided by investing activities of \$0.5 for the three months ended March 31, 2020.

Cash provided by financing activities was \$312.4 million during the three months ended March 31, 2021 compared to cash provided by financing activities of \$0.4 for the three months ended March 31, 2020.

Based on our current revenue and profit projections, we believe that our existing cash will be sufficient to fund our operations through at least the next twelve months

Off-balance Sheet Arrangements

We have not entered into any other financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as stockholder's equity or that are not reflected in our consolidated condensed financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required for smaller reporting companies.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management is also required to assess and report on the effectiveness of our internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 (“Section 404”). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States. Management assessed the effectiveness of our internal control over financial reporting as of March 31, 2021. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework in the 2013 COSO framework. Based on this assessment, management concluded that our disclosure controls and procedures were effective.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of our ongoing program to implement changes and further improve our internal controls and in conjunction with our Code of Ethics, our independent directors have been working with management to include protocols and measures aimed at ensuring quality of our internal controls. Among those measures is the implementation of a whistleblower hotline, which allows third parties to anonymously report noncompliant activity. The hotline may be accessed as follows:

To file a report, use the Client Code “MarathonPG” and pick one of the following options:

- Call: 1-877-647-3335
- Click: <http://www.RedFlagReporting.com>

Changes in Internal Controls.

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Feinberg Litigation

On March 27, 2018, Jeffrey Feinberg, purportedly joined by the Jeffrey L. Feinberg Personal Trust and the Jeffrey L. Feinberg Family Trust, filed a complaint against the Company and certain of its former officers and directors. The complaint was filed in the Supreme Court of the State of New York, County of New York. The plaintiffs purported to state claims under Sections 11, 12(a)(2) and 15 of the federal Securities Act of 1933 and common law claims for “actual fraud and fraudulent concealment,” constructive fraud, and negligent misrepresentation, seeking unspecified money damages (including punitive damages), as well as costs and attorneys’ fees, and equitable or injunctive relief. On June 15, 2018, the defendants filed a motion to dismiss all claims asserted in the complaint and, on July 27, 2018, the plaintiffs filed an opposition to that motion. The court heard argument on the motion and, on January 15, 2019, the court granted the motion to dismiss, allowing 30 days for the filing of an amended complaint. On February 15, 2019, Jeffrey Feinberg, individually and as trustee of the Jeffrey L. Feinberg Personal Trust, and Terrence K. Ankner, as trustee of the Jeffrey L. Feinberg Family Trust, filed an amended complaint that purports to state the same claims and seeks the same relief sought in the original complaint. On March 7 and 22, 2019, defendants filed motions to dismiss the amended complaint and on April 5, 2019, plaintiffs filed an opposition to those motions. The court heard oral argument on the motions to dismiss on July 9, 2019, and at the conclusion of the argument the court took the motions under submission. On April 22, 2021, the Company was notified the appellate court affirmed the decision to dismiss the case in its entirety.

Ho Matter

On January 14, 2021, Plaintiff Michael Ho (“Plaintiff” or “Ho”) filed a Civil Complaint for Damages and Restitution (“Complaint”) against Marathon Digital Holdings, Inc. (the “Company”) and 10 Doe Defendants. The Complaint alleges six causes of action against the Company, (1) Breach of Written Contract; (2) Breach of Implied Contract; (3) Quasi-Contract; (4) Services Rendered; (5) Intentional Interference with Prospective Economic Relations; and (6) Negligent Interference with Prospective Economic Relations, which is the one plead against “all Defendants” and is most likely to involve later named defendants. The claims arise from the same set of facts, Ho alleges that the Company profited from commercially-sensitive information he shared with the Company and then it refused to compensate him for his role in securing the acquisition of a supplier of energy for the Company. On February 22, 2021, the Company responded to Mr. Ho’s Complaint with a general denial and the assertion of applicable affirmative defenses. Then, on February 25, 2021, the Company removed the matter to federal court. The parties are currently engaged in discovery, including written discovery and depositions. Due to outstanding issues of fact and law, it is impossible to predict the outcome at this time; however, the Company is confident that it will prevail in this litigation since it did not have a contract with Mr. Ho and he did not disclose any commercially-sensitive information that was used to structure any joint venture with energy providers.

Other than as disclosed herein, we know of no other material, active or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceedings or pending litigation other than in the normal course of business.

Item 1A. Risk Factors.

Not required for smaller reporting companies.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

10.1	DCMNA Agreements**
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.ins	XBRL Instance Document**
101.sch	XBRL Taxonomy Schema Document**
101.cal	XBRL Taxonomy Calculation Document**
101.def	XBRL Taxonomy Linkbase Document**
101.lab	XBRL Taxonomy Label Linkbase Document**
101.pre	XBRL Taxonomy Presentation Linkbase Document**

* Furnished herewith

** Filed herein

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 10, 2021

MARATHON DIGITAL HOLDINGS, INC.

By: /s/ Fred Thiel

Name: Fred Thiel

Title: Chief Executive Officer
(Principal Executive Officer)

By: /s/ Simeon Salzman

Name: Simeon Salzman

Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND
PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Fred Thiel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marathon Digital Holdings, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly for the period in which this quarterly report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: May 10, 2021

By: /s/ Fred Thiel

Fred Thiel
Chief Executive Officer (Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND
PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Simeon Salzman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marathon Digital Holdings, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly for the period in which this quarterly report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: May 10, 2021

By: /s/ Simeon Salzman

Simeon Salzman
Chief Financial Officer (Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

About the Quarterly Report of Marathon Digital Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Fred Thiel, Chief Executive Officer (Principal Executive Officer) of the Company, certifies, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2021

By: /s/ Fred Thiel

Fred Thiel

Chief Executive Officer (Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Marathon Digital Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Simeon Salzman, Chief Financial Officer, Secretary and Director (Principal Financial and Accounting Officer) of the Company, certifies, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2021

By: /s/ Simeon Salzman

Simeon Salzman

Chief Financial Officer (Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
