March 30, 2017

Marathon Patent Group Reports 2016 Financial Results

LOS ANGELES, CA -- (Marketwired) -- 03/30/17 -- Marathon Patent Group, Inc. (NASDAQ: MARA) ("Marathon" or the "Company"), an IP licensing and commercialization company, announced today its 2016 year-end financial results. Highlights included:

- 2016 revenue up 93% to $36.6 million
- Non-GAAP earnings of $8 million or $0.53 per weighted average basic share
- Approximately $5 million in cash as of December 31, 2016
- Reduced outstanding debt by $4.8 million since December 31, 2015
- 19 portfolios totaling 12,000 plus patents covering distinct technology areas; five portfolios in active licensing campaigns
- 14 portfolios have generated revenue to date
- Ten portfolios have generated a net positive cash flow in excess of their cost to acquire and enforce the portfolio

Commenting on the Company's 2016 financial results, Doug Croxall, Founder & Chief Executive Officer of Marathon, stated, "Marathon saw annual revenues almost double in 2016 compared to 2015 as a result of our continuing focus and discipline regarding appropriate license agreements versus the need to meet quarterly expectations."

"We remain optimistic with regard to the fundamental opportunity ahead of us. Currently, we manage a collective pool of quality assets that far surpasses any other time in our history, consisting of over 12,000 assets compared to just 330 this time last year," Croxall concluded.

2016 Year-End Results

Revenue increased approximately 93%, to $36.6 million for the year ended December 31, 2016 ("FY 2016"), compared to $19.0 million of revenue for the year ended December 31, 2015 ("FY 2015"). The increase in revenue in 2016 resulted primarily from licenses issued by our Dynamic Advances and Orthophoenix subsidiaries, with the Dynamic Advances settlement occurring shortly before commencement of the scheduled trial.

Revenues from the five largest licenses in 2016 accounted for approximately 97% of the Company's revenue for the year ended December 31, 2016 and revenues from the five largest licenses in 2015 accounted for approximately 62% of the Company's revenue for the year ended December 31, 2015.

Direct costs of revenues for the years ended December 31, 2016 and December 31, 2015 were approximately $19.1 million and $16.6 million, respectively. For the year ended

December 31, 2016, this represented an increase of approximately $2.5 million, or 15%. Direct costs of revenue include contingent payments related to patent enforcement legal costs, patent enforcement advisors and inventors. Direct costs of revenue also includes 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. Such costs include other legal fees and expenses, consulting fees, data management costs and other costs. Direct costs of revenues for 2016 were higher than in 2015 due to higher revenues in 2016. Direct costs of revenues in 2015 were a higher percentage of revenue than in 2016 based on a fixed fee engagement agreement with a law firm that represented one of the Company's subsidiaries in two United States trials during the year, an increase in enforcement activity in Germany and to a lesser extent France and preparation for a significant number of trials in both the United States and Germany in 2015 in the Company's Dynamic Advances, Signal IP and TLI subsidiaries.

Other operating expenses increased 18% to approximately $33.1 million in FY 2016 as compared to approximately $28.1 million in FY 2015. This increase in other operating expenses in 2016 compared to 2015 resulted from an increase in patent impairment expenses in the amount of approximately $6.2 million in 2016 compared to 2015 and goodwill impairment expenses in 2016 of approximately $4.3 million compared to no goodwill impairment expenses in 2015. These increases were partially offset by a decrease in patent amortization expenses of $3.3 million, a decrease of consulting and professional fees of $1.8 million and a decline of $0.3 million in other general and administrative expenses.

Operating expenses for the years ended December 31, 2016 and December 31, 2015 include non-cash operating expenses totaling approximately $25.8 million and $20.8 million, respectively. The results for the year ended December 31, 2016 represent an increase in non-cash operating expenses in the amount of approximately $5.0 million or 24%, compared to the non-cash operating expenses for the year ended December 31, 2015. When the Company acquires patents and patent rights, the Company capitalizes those assets and amortizes the costs over the remaining useful lives of the assets. All patent amortization expenses are non-cash expenses.

For the year ended December 31, 2016, net income on a Non-GAAP basis was $0.53 per basic common share compared to net loss per basic common share on a Non-GAAP basis of $(0.48) for the year ended December 31, 2015. On a diluted common share basis, net income on a Non-GAAP basis for the year ended December 31, 2016 was $0.49 per diluted common share compared to a net loss on a Non-GAAP basis of $(0.48) per diluted common share for the year ended December 31, 2015.

Investor Conference Call

Marathon will host a corresponding conference call to discuss the results with Chief Executive Officer Doug Croxall and Chief Financial Officer Frank Knuettel II on Thursday, March 30, 2017 at 4:30 PM ET/1:30 PM PT. To participate in the conference call, investors from the U.S. and Canada should dial (877) 407-0792 ten minutes prior to the scheduled start time. International calls should dial (201) 689-8263.

In addition, the call will be broadcast live over the Internet and can be accessed through the Investor Relations section of the Company's website at www.marathonpg.com. The broadcast will be archived online upon completion of the conference call. A telephonic replay of the conference call will also be available until 11:59 p.m. ET on Thursday, April 13, 2017 by dialing (844) 512-2921 in the U.S. and Canada and (412) 317-6671 internationally and entering the pin number: 13658360.

About Marathon Patent Group, Inc.

Marathon is an IP licensing and commercialization company. The Company acquires and manages IP rights from a variety of sources, including large and small corporations, universities and other IP owners. Marathon has a global focus on IP acquisition and management. The Company's commercialization division is focused on the full commercialization lifecycle which includes discovering opportunities, performing due diligence, providing capital, managing development, protecting and developing IP, assisting in execution of the business plan, and realizing shareholder value.

Safe Harbor Statement

This news release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are based upon our current expectations and speak only as of the date hereof. Our actual results may differ materially and adversely from those expressed in any forward-looking statements as a result of various factors and uncertainties, including the effect of the global economic downturn on technology companies, the ability to successfully develop licensing programs and attract new business, rapid technological change in relevant markets, changes in demand for current and future intellectual property rights, legislative, regulatory and competitive developments addressing licensing and enforcement of patents and/or intellectual property in general and general economic conditions. Our Annual Report on Form 10-K, recent and forthcoming Quarterly Reports on Form 10-Q, recent Current Reports on Forms 8-K and 8-K/A, and other filings with the Securities and Exchange Commission (the "SEC") discuss some of the important risk factors that may affect our business, results of operations and financial condition. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

The results achieved in the most recent quarter are not necessarily indicative of the results to be achieved by us in any subsequent quarters, as it is currently anticipated that Marathon Patent Group's financial results will vary, and may vary significantly, from quarter to quarter. This variance is expected to result from a number of factors, including risk factors affecting our results of operations and financial condition referenced above, and the particular structure of our licensing transactions, which may impact the amount of inventor royalties and contingent legal fees expenses we incur period to period.

Certain statements in this press release constitute "forward-looking statements" within the meaning of the federal securities laws. Words such as "may," "might," "will," "should," "believe," "expect," "anticipate," "estimate," "continue," "predict," "forecast," "project," "plan," "intend" or similar expressions, or statements regarding intent, belief, or current expectations, are forward-looking statements. While the Company believes these forward-looking statements are reasonable, undue reliance should not be placed on any such forward-looking statements, which are based on information available to us on the date of this release. These forward looking statements are based upon current estimates and assumptions and are subject to various risks and uncertainties, including without limitation those set forth in the Company's filings with the SEC, not limited to Risk Factors relating to its patent business contained therein. Thus, actual results could be materially different. The Company expressly disclaims any obligation to update or alter statements whether as a result of new information, future events or otherwise, except as required by law.

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

		December 31, 2016		***December 31, 2015***
ASSETS				
Current assets:				
Cash	$	4,998,314	$	2,555,151
Accounts receivable - net of allowance for bad debt of $387,976 and $375,750 for December 31, 2016 and December 31, 2015		95,069		136,842
Bonds posted with courts		-		1,748,311
Prepaid expenses and other current assets, net of discounts of $3,724 for December 31, 2016 and $3,414 for December 31, 2015		428,049		338,598
Total current assets		5,521,432		4,778,902
Other assets:				
Property and equipment, net of accumulated depreciation of $108,407 and $67,052 for December 31, 2016 and December 31, 2015		28,329		61,297
Intangible assets, net		12,314,628		25,457,639
Deferred tax assets		-		12,437,741
Other non current assets, net of discounts of $797 and $4,831 for December 31, 2016 and December 31, 2015		201,203		9,169
Goodwill		222,843		4,482,845
Total other assets		12,767,003		42,448,691
Total Assets	$	18,288,435	$	47,227,593
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable and accrued expenses	$	7,217,078	$	6,534,825
Clouding IP earn out - current portion		81,930		33,646
Notes payable, net of discounts of $852,404 and $730,945 for December 31, 2016 and December 31, 2015		13,162,007		10,383,177

	December 31, 2016	December 31, 2015
	20,461,015	16,951,648
Long-term liabilities		
Notes Payable, net of discount of $572,763 and $1,425,167 for December 31, 2016 and December 31, 2015	4,670,502	12,223,884
Clouding IP earn out	1,400,082	3,281,238
Deferred tax liability	-	1,044,997
Revenue share liability	1,000,000	1,000,000
Other long term liability	43,978	50,084
Total long-term liabilities	7,114,562	17,600,203
Total liabilities	27,575,577	34,551,851
Stockholders' Equity (Deficit):		
Preferred stock Series B, $.0001 par value, 100,000,000 shares authorized: 782,004 issued and outstanding at December 31, 2016 and December 31, 2015	78	78
Common stock, $.0001 par value; 200,000,000 shares authorized; 18,552,472 and 14,867,141 at December 31, 2016 and December 31, 2015	1,877	1,487
Additional paid-in capital	49,877,689	43,217,513
Accumulated other comprehensive loss	(1,060,390)	(1,265,812)
Accumulated deficit	(57,942,548)	(29,277,524)
Total Marathon Patent Group stockholders' equity (deficit)	(9,123,294)	12,675,742
Non-controlling Interests	(163,848)	-
Total Equity (Deficit)	(9,287,142)	12,675,742
Total liabilities and stockholders' equity (deficit)	$ 18,288,435	$ 47,227,593

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

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For The Year Ended December 31, 2016	*For The Year Ended December 31, 2015*

Revenues	$ 36,629,276	$ 18,977,794
Expenses		
Cost of revenues	19,064,473	16,603,792
Amortization of patents and website	7,453,004	10,825,164
Compensation and related taxes	5,483,031	5,419,252
Consulting fees	1,279,092	2,324,248
Professional fees	1,797,922	2,548,492
General and administrative	840,179	1,143,869
Goodwill impairment	4,336,307	-
Patent impairment	11,958,882	5,793,409
Total operarating expenses	52,212,890	44,658,226
Operating loss from continuing operations	(15,583,614)	(25,680,432)
Other income (expenses)		
Other income (expense)	(57,454)	170,706
Foreign exchange gain (loss)	(367,847)	(61,868)
Change in fair value adjustment of Clouding IP earn out	1,832,872	6,137,116
Interest income	4,353	1,068
Interest expense	(3,140,375)	(4,245,982)
Loss on debt extinguishment	-	(1,416,915)
Total other income (expenses)	(1,728,451)	584,125
Loss before benefit for income taxes	(17,312,065)	(25,096,307)
Income tax benefit (expense)	(11,516,807)	8,156,448
Net loss	(28,828,872)	(16,939,859)
Net income (loss) attributable to non-controlling interests	163,848	-
Net loss attributable to common shareholders	$ (28,665,024)	$ (16,939,859)
Loss per common share:		
Basic and fully diluted	$ (1.89)	$ (1.19)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic and fully diluted	15,178,056	14,208,787

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

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	For The	***For The***

	Year Ended December 31, 2016	Year Ended December 31, 2015
Net loss attributable to Marathon Patent Group, Inc.	$ (28,828,872)	$ (16,939,859)
Other Comprehensive Loss:		
Unrealized gain (loss) on foreign currency translation	205,422	(877,455)
Comprehensive loss attributable to Marathon Patent Group, Inc.	$ (28,623,450)	$ (17,817,314)

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MARATHON PATENT GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	Preferred Stock/Units		Common Stock		Add'l Paid in		Accum Otl Compre Inco
	Shares	Par Value	Shares	Par Value	Capital	Accumulated Deficit	(Lo
BALANCE - December 31, 2014	***932,000***	***$ 93***	***13,791,460***	***$ 1,379***	***$ 36,977,169***	***$ (12,337,665)***	***$ (***
Equity compensation expense	-	-	-	-	2,490,175	-	
Issue common stock for services	-	-	210,000	21	900,479	-	
Exercise stock options and warrants	-	-	31,276	4	18,745	-	
Warrant issued in conjunction with debt financing	-	-	-	-	318,679	-	
Common stock issud in conjunction with debt restructuring	-	-	200,000	20	653,980	-	

Common stock issued in conjunction with debt financing	-	-	134,409	13	999,987	-	
Conversion of series B Preferred Stock	(199,996)	(20)	199,996	20	-	-	
Series B Preferred Stock compensation expense	50,000	5	-	-	345,329	-	
Issue common stock in litigation settlement	-	-	300,000	30	512,970	-	
Currency translation loss	-	-	-	-	-	-	(
Net Loss	-	-	-	-	-	(16,939,859)	
BALANCE - December 31, 2015	***782,004***	***78***	***14,867,141***	***1,487***	***43,217,513***	***(29,277,524)***	***(1,***
Equity compensation expense	-	-	-	-	1,817,344	-	
Common stock issued for services	-	-	180,000	18	135,982	-	
Issue common stock	-	-	3,481,997	349	4,653,731	-	
Issue warrants			-	-	50	-	
Warrant exercise to purchase common stock	-	-	23,334	23	46,644	-	
Convertible debt warrant repricing	-	-	-	-	6,425	-	

Currency translation loss	-	-	-	-	-	-	
Net Loss	-	-	-	-	-	(28,665,024)	
BALANCE - December 31, 2016	***782,004***	***$ 78***	***18,552,472***	***$ 1,877***	***$ 49,877,689***	***$ (57,942,548)***	***$ (1,***

The accompanying notes are an integral part of these audited consolidated financial statements.

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Year Ended December 31, 2016	***For The Year Ended December 31, 2015***
Cash flows from operating activities:		
Net loss	$ (28,828,872)	$ (16,939,859)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	4,262	7,578
Amortization of patents and website	7,453,004	10,825,164
Provision for allowance for doubtul accounts	12,226	375,750
Deferred tax asset	12,437,741	(7,618,580)
Deferred tax liability	(1,044,998)	(660,455)
Impairment of intangible assets	11,958,882	5,793,409
Impairment of goodwill	4,336,307	-
Stock based compensation	1,817,344	2,490,175
Stock issued for services	136,000	1,245,834
Loss on debt extinguishment	-	1,416,915
Non-cash interest, discount, and financing costs	1,223,341	2,220,992
Change in fair value of Clouding earnout	(1,832,872)	(6,137,116)
Other non-cash adjustments	121,617	260,938
Changes in operating assets and liabilities		
Accounts receivable	29,547	(295,608)
Prepaid expenses and other assets	(81,486)	(116,791)
Bonds posted with courts	1,748,311	(45,915)
Accounts payable and accrued expenses	682,253	4,216,331

Net cash provided by (used in) operating activities	10,172,607	(2,961,238)
Cash flows from investing activities:		
Acquisition of patents	(3,681,358)	-
Purchase of property, equipment, and other intangible assets	(8,388)	(58,386)
Net cash used in investing activities	(3,689,746)	(58,386)
Cash flows from financing activities:		
Payment on note payable in connection with the acquisition of Medtech and Orthophoenix	(2,953,779)	(4,318,287)
Payment on note payable in connection with the acquisition of Orthophoenix	-	(5,500,000)
Payment on note payable in connection with the acquisition of Sarif	-	(276,250)
Payment on note payable in connection with the acquisition of IP Liquidity	-	(1,109,375)
Payment on note payable in connection with the acquisition of Dynamic Advances	-	(2,624,375)
Payment on MdR Escrow TLI	-	(50,000)
Cash received upon issuance of notes payable (net of issuance costs)	-	19,600,000
Cash received upon issuance of common stock (net of issuance costs)	4,654,130	-
Repayment of notes payable	(5,379,103)	-
Cash received upon exercise of warrants	46,667	18,751
Repayment of convertible notes payable	-	(5,050,000)
Payments on notes payable, net	(375,805)	(181,626)
Net cash provided (used in) by financing activities	(4,007,890)	508,838
Effect of exchange rate changes on cash	(31,808)	(16,632)
Net increase (decrease) in cash	2,443,163	(2,527,418)
Cash at beginning of period	2,555,151	5,082,569
Cash at end of period	$ 4,998,314	$ 2,555,151
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest expense	$ 1,917,034	$ 1,982,140
Taxes paid	$ 43,052	$ 168,378
Loan fees	$ -	$ 400,000

Cash invested in 3DNano	$ 788,097	$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued in conjunction with note payable	$ -	$ 1,000,000
Warrant issued in conjunction with note payable	$ -	$ 318,679
Revenue share liability incurred in conjunction with note payable	$ -	$ 1,000,000
Note payable issuance in conjunction with the acquisition of GE patent	$ 944,296	$ -
Non-cash interest increase in debt assumed in the Orthophoenix acquisition	$ -	$ 750,000
Common stock issued in conjunction with debt exstinguishment	$ -	$ 654,000
Note payable issuance in conjunction with the acquisition of Seimens patent	$ 1,672,924	$ -
Note payable issuance in conjunction with the acquisition of 3D Nano License	$ 100,000	$ -
Conversion of AP to notes payable	$ -	$ 705,093

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

	Non-GAAP Reconciliation	
	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015
Net income (loss) attributable to Marathon Patent Group, Inc. common shareholders	(28,665,024)	(16,939,859)
Non-GAAP		
Amortization of intangible assets	7,453,004	10,825,164
Equity-based compensation	1,953,343	3,801,166
Impairment of Intellectual Property	11,958,882	5,793,409
Impairment of Goodwill	4,336,307	-
Change in Earn Out Liability	(1,832,872)	(6,137,116)
Non-cash interest expense	1,223,341	2,220,992
Deferred tax (benefit) / Tax expense	11,516,807	(8,156,448)
Loss on debt restructuring and exstinguishment	-	1,416,915
Other	60,816	383,328
Non-GAAP net income (loss)	8,004,604	(6,792,449)

Weighted average common shares outstanding:		
Basic	15,178,056	14,208,787
Fully diluted	16,289,903	14,208,787
Non-GAAP net income (loss) per common share - basic and diluted		
Basic	0.53	(0.48)
Fully diluted	0.49	(0.48)

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Source: Marathon Patent Group