

Bitfarms Q1 2024 Prepared Remarks

May 15, 2024

Tracy Krumme

Thank you. Good morning, everyone, and welcome to Bitfarms' First Quarter 2024 Conference Call. With me on the call today is Nico Bonta, Interim Chief Executive Officer, Jeff Lucas, Chief Financial Officer and Ben Gagnon, Chief Mining Officer.

Before we begin, please note this call is being webcast with an accompanying presentation. Today's press release and our presentation can be accessed at our website, Bitfarms.com, under the Investor section.

I'll remind everyone that certain forward-looking statements will be made during the call and that future results could differ from those implied in this statement. The forward-looking information is based on certain assumptions and is subject to risks and uncertainties, and I invite you to consult Bitfarms' MD&A for a complete list.

Please note that references will be made to certain measures not recognized under IFRS and therefore may not be comparable to similar measures presented by other companies. We invite listeners to refer to today's press release and our MD&A for definitions of the aforementioned non-IFRS measures and their reconciliations to IFRS measures. Please note that all financial references are denominated in U.S. dollars, unless otherwise noted.

I would also like to add that we will be attending the following upcoming equity conferences:

- The B Riley Securities Institutional Investor Conference, in Beverly Hills, CA on May 22 & 23rd, and
- The Northland Growth Conference, which is virtual, on June 25th

If anyone is interested in meeting with us on those dates, please reach out to me or a sales representative from those firms.

And now, it is my pleasure to turn the call over to Nico Bonta, Chairman, Co-Founder, and Interim CEO.

Nico please go ahead....

Nico Bonta-

Thank you, Tracy, and thank you everyone for joining us today.

For those of you who might not know me, I founded the Company, along with Board Director Emiliano Grodzki, in 2017, and have served as Chairman of the Board since.

As you will recall, on March 25th, we announced a CEO transition whereby Geoff Morphy would remain CEO until we concluded our executive search. However, his departure has now been expedited due to a legal claim against the company brought by Geoff on Friday, May 10th. This also caused us to reschedule our earnings call in order to provide time to incorporate the required subsequent events into our filings. Geoff's claim included damages for breach of contract,

wrongful dismissal and aggravated and punitive damages in the amount of USD\$27 million. The Company believes the claims are without merit and intends to defend itself vigorously.

As a result, Geoff's termination was accelerated and I stepped in as interim CEO until the conclusion of our CEO search, which we expect to occur in the next several weeks.

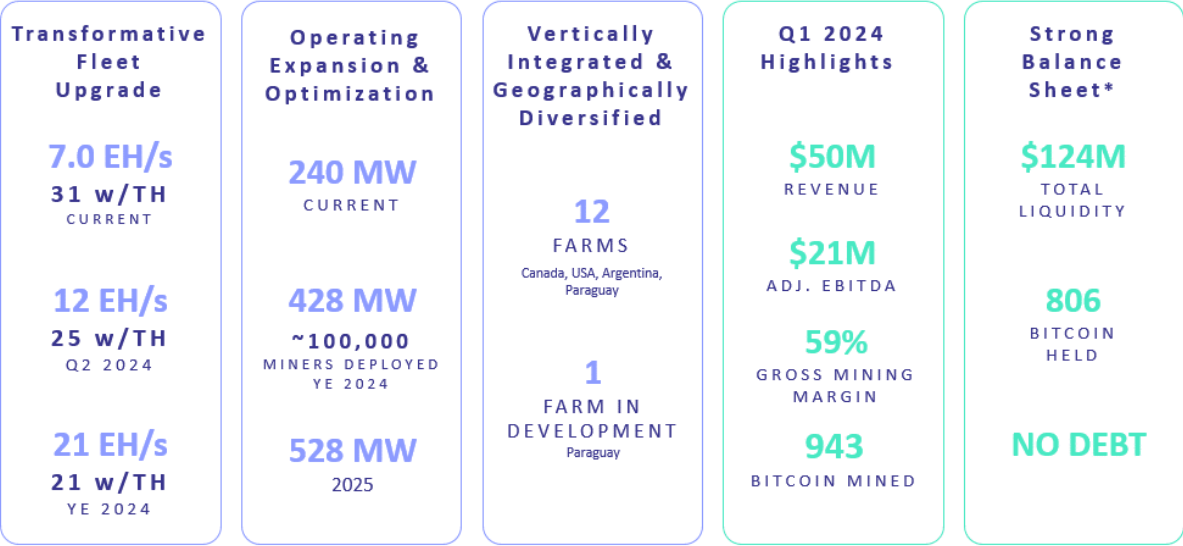
Importantly, I would like to emphasize my confidence in the strong leadership team we have built, the significant opportunities ahead of us, and the dedication of our employees to meet our growth targets this year. We expect minimal disruption from this CEO transition. Our 2024 growth plans will not be impacted – we are moving full steam ahead and expect to achieve our previously stated guidance of 12 EH/s in Q2 and 21 EH/s in Q4.

Now, turning to slide 4, I am pleased to turn the call over to Ben, our Chief Mining Officer, who will discuss our Q1 results, updates on our growth plan, and the exciting outlook for the year ahead.

Ben Gagnon:

Thanks Nico.

ON TRACK TO DELIVER RECORD HASH RATE & EFFICIENCY GROWTH



*as of 3/31/24

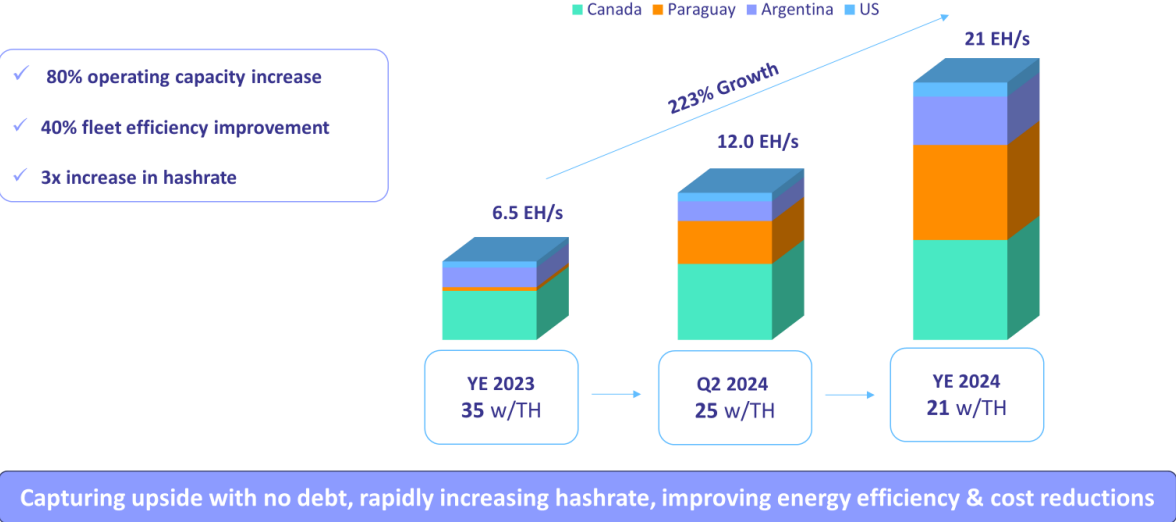


Since we announced our transformative fleet upgrade in November and additional miner purchases in March, investor interest has increased. Before we dive into our Q1 results, I would like to take a minute to provide a brief company overview for any newcomers. Bitfarms is a vertically integrated, global Bitcoin mining company that provides investors with high quality exposure to Bitcoin. We measure our success on three key performance indicators: hashrate, energy efficiency and direct cost to mine, known as hashcost.

This year Bitfarms is poised to deliver the greatest hashrate growth and cost improvements in our history, with industry leading benchmarks. We expect to reach 21 EH/s, nearly tripling our current hashrate and nearly doubling our operating capacity this year. With the development of our new Paso Pe site, we now have 12 farms spread across North and South America, with an additional farm in development in Paraguay. We will continue to opportunistically evaluate new geographies, new markets and new opportunities.

In Q1 2024, our revenue and margins continued to improve as Bitcoin prices moved upwards. Total revenue of \$50 million increased 67% year over year and 9% over Q4, and our Adjusted EBITDA increased 50% to \$21 million dollars versus Q4 last year. In addition, due to our success recouping our Canadian VAT, we will soon receive a \$24 million dollar cash refund that will be used to fund our growth.

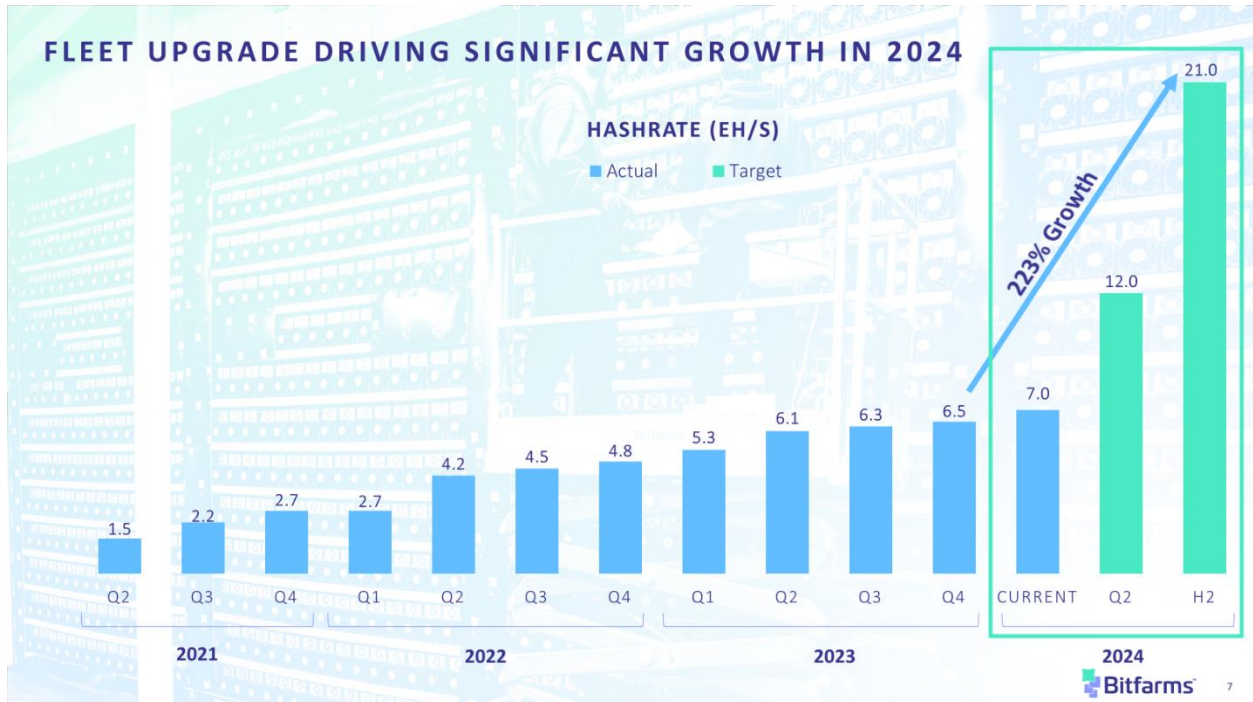
2024 GROWTH PLAN OUTPERFORMS BITCOIN MINING INDUSTRY



We are on track to achieve our 2024 guidance of 21 EH/s, a 223% increase, and 21 w/TH, a 40% improvement, while growing our operating infrastructure by 78% to 428 MW. We are frontloading the majority of energy efficiency improvements and growth in the first half of this year, with 70% of our new miners being allocated to upgrade our existing mining farms. This will ensure the fastest improvements in fleet-wide energy efficiency by replacing the least efficient miners first. The remaining 30% of miners will be energized at new locations, primarily in Paraguay.

With ‘lessons learned’ from the past Halving, over the last two years, we deliberately deleveraged our balance sheet and followed a strategy emphasizing low-cost, vertically integrated operations. Now, with no debt, a rapidly increasing hashrate, improving energy efficiency and cost reductions

on a per unit basis, we are aggressively entering this new era to capture as much upside as possible, while maximizing returns and driving long-term value for shareholders.



Our growth this year is a major inflection point for the company and represents a golden opportunity for current and prospective investors. The strategic timing of this inflection point should not be overlooked.

Why are we growing aggressively right now?

In 2023, we analyzed over 6 years of purchase history for every miner, evaluating the following:

- the price we paid,
- the time we plugged them in,
- how much revenue was generated,
- the costs and profit;
- what the payback was;
- and the cost effectiveness of each purchase.

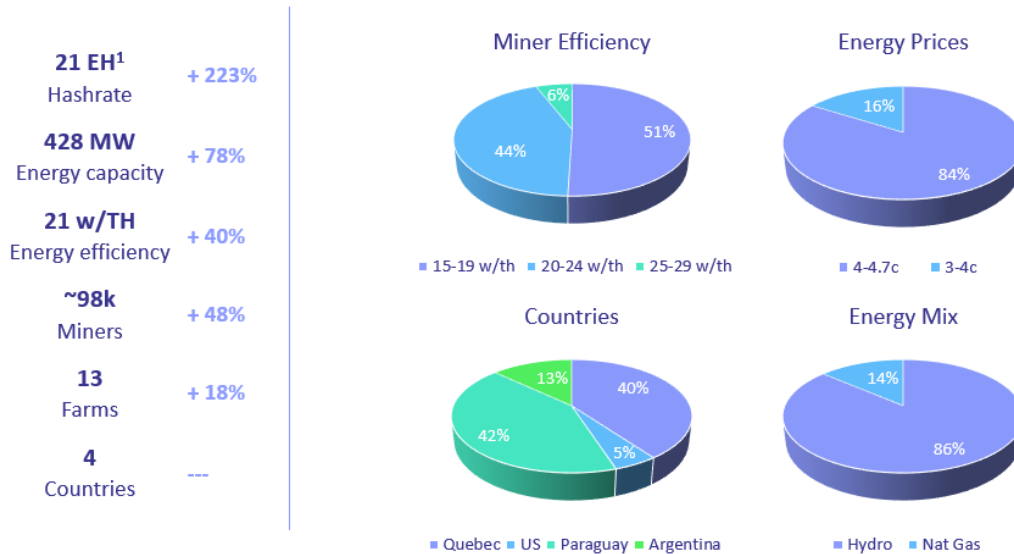
What we found is that the most important factor for determining a good miner investment was timing, as timing ultimately determined cost. The miners we purchased in the months leading into and out of the last Halving in 2020 were incredibly cost effective and paid themselves back between 5 and 8 times over, delivering by far the best returns on investments.

Emboldened by the data, we launched a transformative fleet upgrade strategically timed with these cycles in mind.

1. First, we secured low cost and stable power of 170 MW in a region where we could build out quickly, Deploying the remaining miners expeditiously and predictably.
2. Second, we created a plan to quickly and cost effectively upgrade every single one of our existing farms by upgrading our older and less efficient miners.
3. Third, In November 2023, with Bitcoin around \$37k and the halving just months away, we jumped on an announcement by Bitmain regarding a new series of more powerful and more productive miners. We secured the lowest price seen in years and negotiated a Miner Option, an industry first. We moved quickly and launched our fleet upgrade plan, and in March followed up with even more miner purchases, purchasing nearly an additional 24k of the best performing machines on the market with competitive pricing.
4. Lastly, in January 2024, we purchased land for our Yguazu, Paraguay farm. This land is strategically located across the road from a recently constructed ANDE sub-station which is fed by a 500 KV line directly from the Itaipu hydro dam and has additional acreage to accommodate further expansion.

In summary, this transformative plan speaks to our discipline, by first securing MWs with a plan for every miner purchased, and our strategically timed investments, by purchasing miners at attractive prices.

SIGNIFICANT IMPROVEMENTS ACROSS PORTFOLIO BY YE 2024



1. Further plan to 21 EH by YE24 could be met through other strategic initiatives.

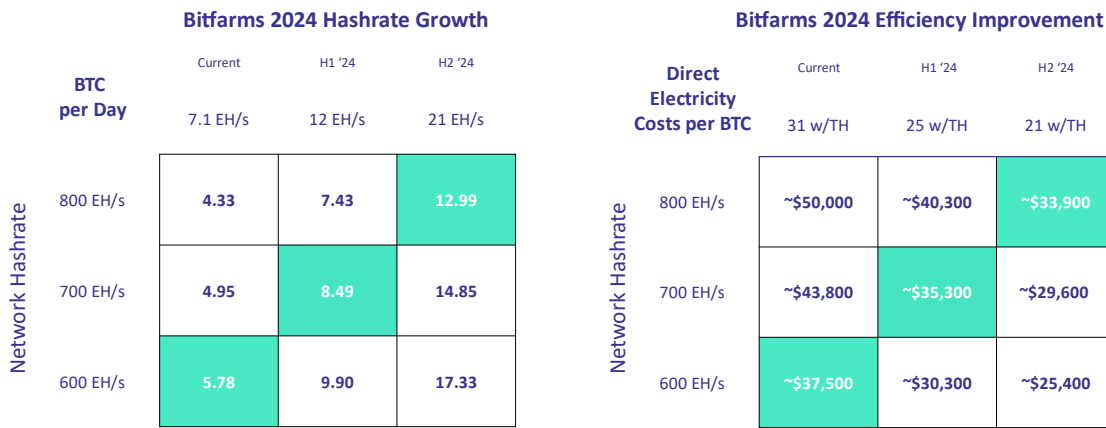
By executing on our growth plan we are well positioned to gain market share, and we believe our planned growth towards our year-end portfolio represents the best opportunity on the market. By the end of 2024, we will have:

1. Increased our hashrate 223% from 6.5 to 21 EHs
2. Expanded our energy capacity 78% from 240 to 428 MW

3. Improved our energy efficiency 40% from 35 w/TH to 21 w/TH
4. With a 48% increase in miners deployed
5. And an 18% increase in total farms under management.

Combined we believe these figures make up the most meaningful and concrete growth plan announced among the publicly traded miners. As a result, we will close the year with a geographically well-balanced portfolio of nearly 100k highly efficient and competitive miners, purchased at some of the lowest costs seen in years, operated at 13 farms spread across North and South America and primarily powered with consistent and sustainably low-cost hydropower.

2024 GROWTH PLAN DELIVERS INCREASED MARKET SHARE & LOWER DIRECT COSTS



Bitfarms improving faster than Bitcoin network and peer group

1. Assumes 0.3125 transaction fees per block
 2. Assumes 4c/KWh electricity



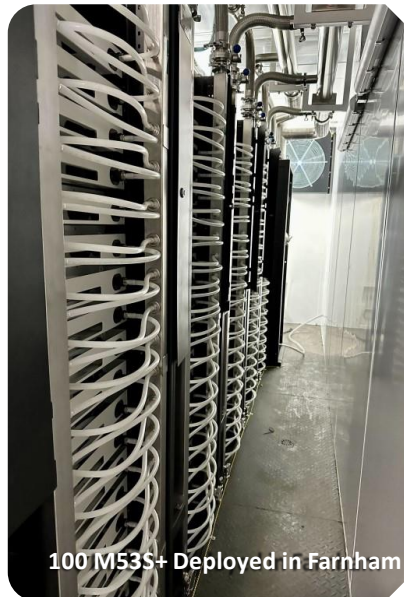
Based on our 2024 growth, we will be improving and expanding faster than the Bitcoin network, as demonstrated by these two sensitivity tables. On the left, we show our growth relative to the network hashrate. By growing faster than the network, we will capture market share and increase the number of Bitcoin earned per day. Our 223% hashrate growth to 21 EH/s will be a significant revenue driver and spread our G&A over a larger number of Bitcoin.

On the right, we show how our improvements in energy efficiency are also expected to be faster than network growth. This, combined with our largely stable and competitive energy rates- driven by approximately 80% surplus hydro power- should result in increasingly lower direct energy costs per BTC mined over the year.

It is important to note that these results are determined by our continued improvement across key performance indicators of hashrate and energy efficiency relative to network hashrate- they are not reliant on Bitcoin pricing. As the widely anticipated bull market takes off in 2024, these improvements will ensure we are well positioned to capture upside with quickly expanding mining margins. This is how we plan to outperform the industry this year.

QUEBEC

- 8 farms with 99% renewable hydro energy
- PPAs 3.9-4.2¢/kWh¹
- Curtailment capped at 400 hours per site
- Low-cost farm upgrades & skilled labor
- Improved utilization of state-of-the-art facilities
- Largest miner in the province
- Securing \$23.7M VAT refund; Reduces Canadian electricity costs by 15% with future VAT recovery



1. Based on LG power tariff, the inclusion of Economic Development Tariffs at some sites, current FX rates and before inclusion of VAT

In Quebec we are executing our transformative fleet upgrade, generating a low-risk and stable growth pathway. Quebec boasts competitive rates on hydro power and cost-effective growth as we upgrade our state-of-the-art facilities with our new T21 miners. We have already completed two farm upgrades, generating a remarkable 51% improvement in energy efficiency and illustrating the transformative impact of our fleet upgrade. With three more farm upgrades underway, our total hashrate and energy efficiency in Quebec will improve dramatically throughout Q2.

Additionally, we have begun testing recycled heat from hydro mining technology with the deployment of 100 M53S+ hydro miners. We are incredibly excited about the potential of this technology for heat recapture and reuse. The province of Quebec has tremendous demands for residential, commercial and industrial heat, and we believe the hydro miners are potentially the best technology available to both expand our business in the province, drive down costs and help achieve the province's climate goals by recycling our primary waste product, heat.

ARGENTINA

- Well positioned with **low-cost electricity**
- Operating at 54 MW and 1.6 EH/s
- Up to 210 MW contracted*
- Private power company, natural gas



*The current permits in place allow up to 100 MW of power capacity

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Argentina remains a low-cost jurisdiction with significant expansion possibilities. In September, we will be deploying up to 6,400 new T21 miners that will improve our site's energy efficiency from 32w/TH to 23w/TH, while increasing the site hashrate by approximately 850 PH/s.

WASHINGTON, USA

- 99% **renewable** hydro energy
- Operating 17 MW
- Generating ~ 500 PH/s
- Not subject to curtailment providing potential for high uptime
- U.S. represents smallest region in our portfolio; Looking for potential to increase North American exposure



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Now let's turn our attention to Washington, currently our only site in the U.S. With no curtailment and incredibly high uptimes, it is also one of our most productive sites. We are currently expanding and doing site modifications to accommodate additional T21 miners, to be deployed in October

this year. This deployment will improve site efficiency approximately 27% from 30w/TH to 22w/TH and increase total hashrate approximately 46% to 910 PH.

Notably, the US represents the smallest region in our portfolio, and we are actively looking at numerous opportunities to increase our exposure in the US in 2024 and 2025.

PARAGUAY

- Emerging as BTC mining hub with strong economics & regulatory support
- **2024 growth of 170 MW & 9.2 EH for total of 180 MW & 9.5 EH**
- **Paso Pe & Yguazu on track to be fully energized in 2024**, making BITF the largest miner in the region
- **Doubled Yguaza contracted power capacity, from 100 to 200 MW** of stable, low-cost, sustainable hydropower, **for a total of 280 MW in 2025**
- Fully committed to growth & investment, capitalizing on:
 - Favorable fixed power contracts of 3.6-3.9¢/kWh¹
 - 100% renewable, abundant hydropower
 - Unparalleled uptime
 - Low-cost construction & skilled labor



Yguazu near Itaipu Dam



PASO PE – T21 Racks



PASO PE- Installing 1,920 M53S+



M53S+ Cooling Towers Installation

¹ Before inclusion of VAT

Let's talk about our expansion in **Paraguay, which represents the largest growth in our plan this year, with MW expansion of 170MW and 9.2 EH/s growth from our 2 new farms.** We have already installed thousands of miners in Paso Pe and are finalizing work on the substation. When complete, Paso Pe will add over 3 EH/s and 70 MW to our portfolio, growing our MW under management 29% to 310. Construction at our third site in Paraguay, Yguazu, is well under way and on track to be energized in Q4, contributing approximately 5 EH/s and 100 MW with energy efficiency of 20 w/TH in 2024.

Paraguay's economic and political landscapes make it highly attractive. The majority of its political leaders and senior leadership of ANDE, the state-owned power distribution company, recognize the tremendous economic benefits Bitcoin mining operations bring and are very supportive of legal Bitcoin mining ventures. Numerous senators and public officials signed letters and commented publicly about the positive outcomes of Bitcoin mining. These include:

- increased employment opportunities,
- capital spending,
- higher revenues from energy sales for legal Bitcoin mining operations, and
- increased electrical infrastructure investments.

Importantly, Paraguay boasts a massive surplus of energy relative to local demand. Over 50% of its power is exported to neighboring countries for a fraction of the price legal Bitcoin mining operations pay. Bitcoin mining represents a meaningful conduit to sell excess renewable energy to a global

marketplace and drive significant economic growth. In turn, we benefit from access to low-cost, reliable, sustainable green power with almost no curtailment, a skilled and cost-effective labor pool, expedited construction schedules, and a business-friendly environment supportive of our industry.

Building upon our success in Paraguay, we recently signed an agreement with the state-owned utility, Ande, doubling the energy capacity of our Yguazu site with an additional 100MW in 2025. Growing Yguazu to 200 MWs increases our 2025 Megawatts Under management 23% from 428 MW to 528 MW. Importantly, this expansion takes advantage of our existing construction plan, amortizing costs over and a great amount of infrastructure and driving down overall costs per MW. Changes to construction plans and equipment orders are already in progress, and we are currently analyzing potential deployment plans.

To contextualize the impact of this: Assuming a similar miner model and the same 20 w/TH efficiency, already planned for Yguazu, this additional 100 MW could support an additional 5 EH/s in 2025.

Turning to slide 14, I'll now hand the call over to Jeff Lucas to talk about our financial performance.

Jeff Lucas

Thank you, Ben.

Q1 2024 FINANCIAL PERFORMANCE



This is a great time for the industry, and we have been preparing for the post-halving world with a strategic growth plan, an accretive financing strategy and a debt-free balance sheet. With our funds from operations along with a substantial tax refund and the judicious use of our ATM financing

facility, we are well positioned to grow our capacity from 240 MW to 428 MW this year and hit our year-end 21 EH/s target.

Here are a few Q1 highlights, largely in comparison to Q4 2023.

Revenue of \$50 million was up 9% over Q4 and up 67% Y/Y. The quarter over quarter comparison reflects a 44% higher average Bitcoin price offset by 24% fewer Bitcoin earned during Q1. We earned 943 Bitcoin in Q1 compared to 1,236 in prior quarter, primarily the result of an increase in average network difficulty of 21%.

Mining revenue was \$49 million compared to \$45 million in the prior quarter. Gross mining profit was \$29 million dollars, or 59% of mining revenue, compared to \$23 million dollars, or 52% of mining revenue, in Q4.

G&A expense was \$13.2 million, including \$3.1 million of non-cash compensation expense and approximately \$1.6 million of non-recurring severance charges associated with the management change announced in March. Net of these items, cash G&A expense in the first quarter was \$8.5 million, down 11% from the previous quarter.

Our operating loss was \$24 million, in comparison to a \$13 million loss in the fourth quarter. The first quarter operating loss included \$39 million depreciation expense in comparison to \$22 million in the prior quarter. Q1 depreciation included \$18.5 million of accelerated depreciation expense associated with the older miners replaced by the new T-21 miners in Quebec. Under the upgrade program, the existing miners are being depreciated on an accelerated basis over the remainder of their expected operating life. As such, a higher level of depreciation is expected over the remaining quarters of 2024 as the new miners are brought online.

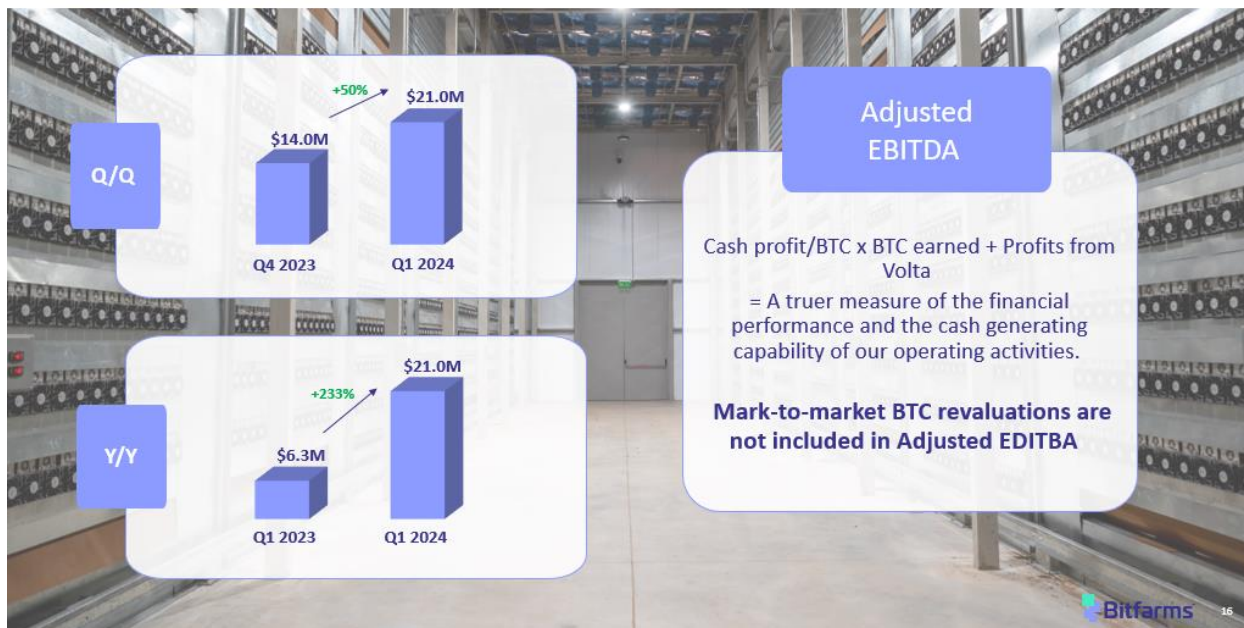
In Q1 2024, we recorded a \$9-million dollar non-cash gain for the revaluation of financial liability for warrants issued in earlier financings, compared to \$38 million non-cash charge for the revaluation of this financial liability in Q4 2023. Under IFRS, we are required to recognize a liability for these warrants, even though they cannot be settled for cash. Q1 2024 net loss was \$6.0 million, or a loss of \$0.02 per share, in comparison to a net loss in the fourth quarter 2023 of \$57.2 million, or a loss per share of \$0.19.

Now let's turn our attention to operating performance and per-bitcoin metrics. Our corporate cost of electricity during the quarter was 4.1 cents per kWh, substantially unchanged from the prior quarter. Due to Canadian tax legislation proposed in February 2022, our direct cost of production since that date has included a 15% Value Added Tax, or VAT, on Canadian energy costs. While this continued to impact our direct cost through the first quarter, I'm delighted to report we succeeded in obtaining approval from the Canadian tax authority against the VAT regulations. Going forward, we will be able to recover the VAT and not have to reflect the tax in our electricity costs. **This is a significant reduction in our operating costs. Were we not to have included the VAT in our 1Q electricity rate, our corporate cost of electricity would have been 3.7 cents per kWh.**

Furthermore, this VAT recovery will entitle us to a \$24 million refund for the tax amounts paid since February 2022 which can be applied towards funding our 2024 growth initiatives.

In Q1, our direct cost of production per bitcoin was \$20,500 dollars. Overall, excluding the Canadian VAT, our corporate direct cost would have been \$18,400, \$2,100 lower than our actual corporate direct cost.

ADJUSTED EBITDA



Adjusted EBITDA increased to \$21 million, up 50% from Q4. This equates to cash profitability per bitcoin of \$22,700, or about double the \$11,200 per bitcoin in Q4. Adjusted EBITDA margin increased to 42% from 30% in the previous quarter.

I want to point out that our Adjusted EBITDA is a very straightforward measure, comprised simply of cash profit per bitcoin times the number of bitcoin mined plus the profit earned on our Volta subsidiary. As an IFRS filer, **we do not mark-to-market** our Bitcoin holdings and do not include this, or any other balance sheet account valuation changes, in our Adjusted EBITDA. It's purely a measure of the cash profitability of our mining operations and the modest profit contribution of our Volta electric subsidiary.

ROBUST LIQUIDITY FUNDING GROWTH



At March 31st, we held cash of \$66 million dollars and Bitcoin valued at \$58 million dollars for total liquidity of \$124 million dollars. This compares to \$118 million dollars of total liquidity at December 31st, 2023.

On March 11th, we commenced our ATM program and raised \$38 million dollars in net proceeds during the quarter which are earmarked to fund our growth initiatives and fleet upgrade. In addition, we received \$1.7 million in net proceeds from the sale leaseback of our Garlock facility. From March 31 to May 14, we raised an additional \$83 million under the ATM program to further fund our growth.

During the quarter, we paid off the remaining equipment financing debt, leaving us debt free at March 31st. I'll point out, however, that we show \$1.6 million of long-term debt on our March 31 balance sheet to reflect the IFRS accounting associated with the Garlock sale leaseback.

Importantly, I want to underscore that we have sufficient liquidity to pay for all of the miners needed to reach 21 EH/s this year.

WELL POSITIONED FOR CONTINUED GROWTH IN 2024 & BEYOND



High quality leveraged exposure to bitcoin through high beta assets- bitcoin mining



Leverage low cost power, efficient hardware, operational excellence & strong financial positioning to generate **industry-leading yield-per-exahash & margin performance**



Robust balance sheet & strong liquidity to support future growth



Strong leadership team with a **6-yr track record**, including navigating a Halving



Commitment to ESG >75% hydro-power & climbing



Before we open the call for questions, I'd like to summarize.

We are dramatically altering our operating profile via our ongoing upgrade and expansion plan.

Recent miner upgrades are already delivering major efficiency gains, and further gains throughout the year should contribute to post-halving margin improvements. Driving growth and improving our portfolio, we are on track to achieve 21 EH/s and 21 w/TH efficiency in 2024.

With an industry-leading Bitcoin mined per exahash, Bitfarms distinguishes itself through exceptional margin performance, demonstrating operational efficiency and profitability in a highly competitive industry. This preparation is underpinned by our robust balance sheet and strong liquidity, which are crucial for sustaining growth and capitalizing on new opportunities.

With a strong leadership team, with a proven track record of driving profitable growth, our **operational excellence and strategic vision** have been instrumental in our success over the past six years, including 2 Halving events.

Furthermore, Bitfarms' commitment to ESG reflects our dedication to sustainable and responsible mining practices. It's gratifying that our largest projects, now under development, will draw power from the Itaipu Dam, the 3rd largest hydro-power facility in the world.

Overall, we are well positioned for continued growth and success in 2024 and beyond.

With that, I'd like to turn the call back to the operator to open the call for questions.