Bitfarms Q2 2025 Earnings Call Script

Laine Yonker

Thank you, and welcome to Bitfarms' Second Quarter 2025 Conference Call. With me on the call today are Ben Gagnon, Chief Executive Officer and Director, and Jeff Lucas, Chief Financial Officer.

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

Turning to slide 2 – I'd like to 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.

And now, turning to slide 3, it is my pleasure to turn the call over to Ben Gagnon, Chief Executive Officer & Director.

Ben, please go ahead....

Ben Gagnon

Good morning everyone, and welcome to Bitfarms' Second Quarter 2025 Earnings Call.

We made strong, steady progress in Q2 with several key developments that advanced both our Bitcoin mining and HPC/AI businesses. Today, I'll walk you through these developments, and how they position Bitfarms to execute on our HPC/AI growth strategy, through which we believe we will be able to maximize the value and potential of our energy portfolio.

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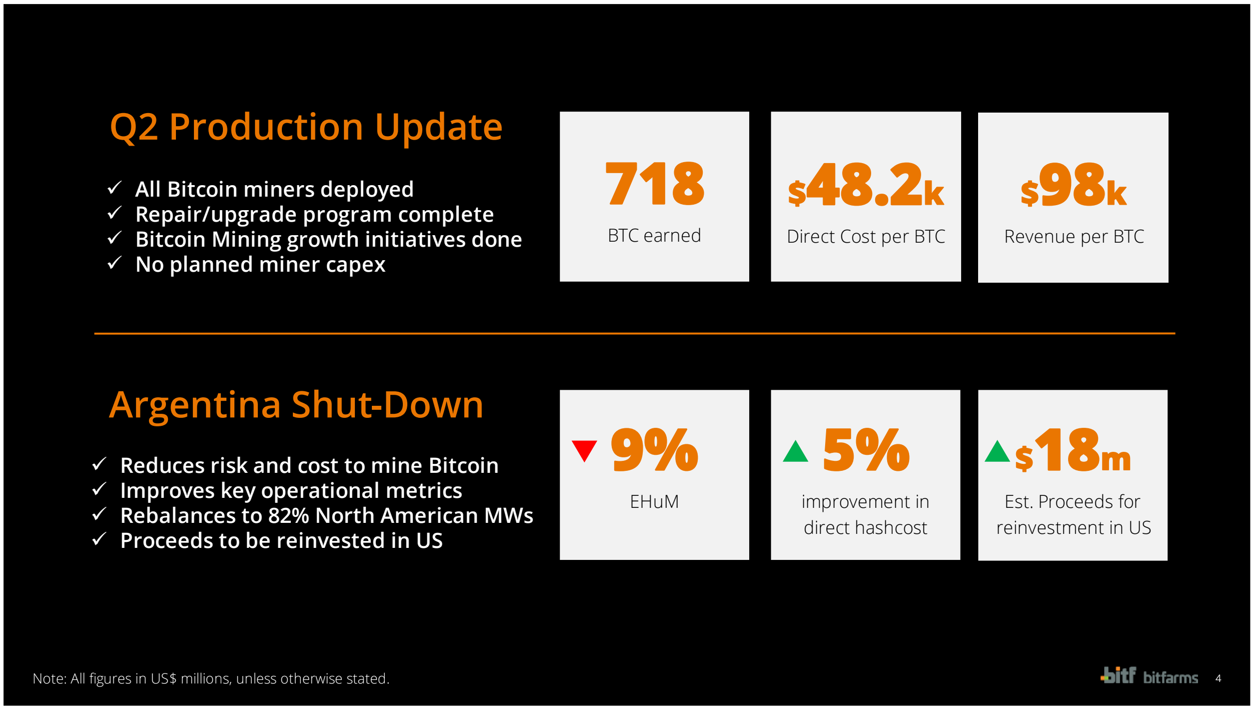

I would like to start with an update on the low-capex Bitcoin mining foundation that is underpinning our transition to an HPC/AI infrastructure company.

In the second quarter we installed more than 12 thousand miners, completing all of our Bitcoin mining growth plans and initiatives across all of our facilities, where we mined 718 Bitcoin for a direct cost of $48,200 and achieved revenues of $98,000 per Bitcoin.

During the quarter, on May 12th, we also received notice that our electricity provider in Argentina would be halting service immediately pending negotiations with its creditors. We've spent the last 3 months working through the various options available to profitably resume operations at our Argentina facility. These negotiations are moving slowly with no visible pathway to reenergization. So, with rising costs in the country following the Argentina IMF deal in April and no electricity supply, the company has made the difficult decision to shut down our mining operation in Argentina by November 11th, 2025.

Notably: Argentina had our least efficient mining fleet, rising energy costs and our least reliable electricity supply, so while our hashrate is down as a result, the impact on free cash flow is partially offset by the improvement of other fleet-wide key performance indicators which have improved from the shutdown.

- Energy efficiency improved 1%
- Average electricity price improved 2%
- Direct hashcost improved 5%, and
- Uptime improved 2%.

These improvements help to offset the impact on free cash flow and further derisks our mining operations through more competitive performance.

In early July, we also completed the bitcoin miner repair and upgrade program with one final transaction upgrading more than 10,000 T21 miners for approximately 8,500 S21+miners under the same terms and conditions as previous upgrades.

This last round of miner upgrades included all of our new T21 miners from Argentina as well as T21 miners from other facilities. All of the new S21+miners were imported into the US in advance of the Aug 1 Tariff rate hike and are actively being marketed for sale. Our older M50 and S19 miners as well as various mining equipment from Argentina have either already been sold or are actively being marketed for sale. We expect estimated proceeds from Argentina shut down of $18 million through the elimination of site remediation liabilities, recovery of prepaid deposits, reduction in lease expenses, a free termination option and equipment sales. This is equivalent to over 2 years of free cash flow from Argentina mining operations with current economics. This plan is expected to reduce risk and our cost to mine Bitcoin through the improvement of operational efficiencies, while improving financial liquidity to support our U.S. HPC/AI growth initiatives in the near term.

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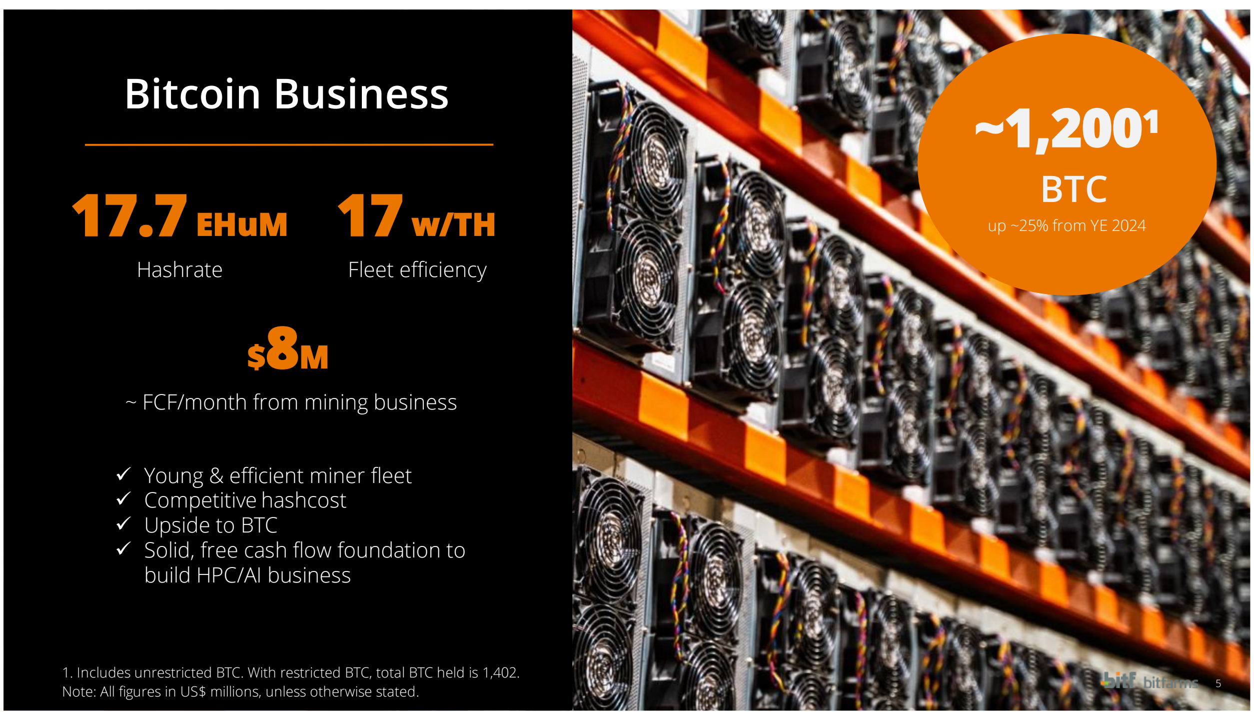

With all mining growth initiatives complete and the Argentina shutdown underway, I would like to provide a snapshot of where we are today.

We are currently operating 17.7 EH/s @ 17 w/TH across our 14 data centers, which is generating FCF from mining operations of approximately ~$8 million a month.

We continue to sell Bitcoin from our mining operations to fund opex, overhead and capex but we have also increased BTC holdings to approximately 1,200, up 25% from year-end 2024 representing a value of approximately $145 Million with a Bitcoin price of approximately $119,000.

So, while EH/s has pulled back with the Argentina shutdown, our Bitcoin mining business remains a low-risk, cash-flow foundation with minimal capex needs for the foreseeable future and considerable upside to rising BTC prices, enabling us to invest all our time and capital into developing our HPC/AI business.

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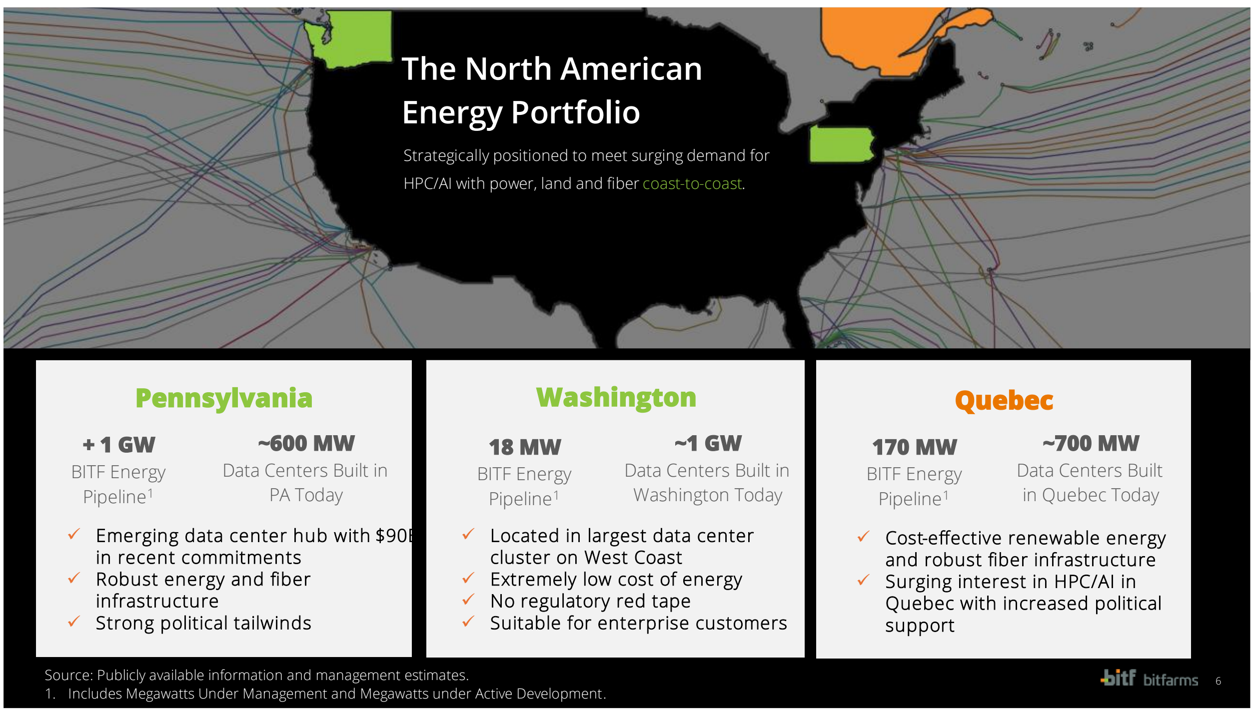

I would now like to provide an update on our North American energy portfolio and it's HPC/AI potential. Bitfarms stands out from other public mining companies with a unique energy portfolio built over many years of operation. In North America, we believe we're the largest public miner in Quebec and Canada, have the biggest footprint in Pennsylvania/PJM, and have the largest footprint in Central Washington. The geographic diversification across data center hotspots gives us a serious advantage in the HPC/AI race, which is still in the early innings.

Here's the portfolio:

- With over one GW in the pipeline, our Pennsylvania portfolio is comprised of three sites, Panther Creek, Scrubgrass, and Sharon, and is where the bulk of our U.S. portfolio lives. Amazon has recently committed to investing over $20 Billion in their data center campuses less than 40 miles to the northeast and southeast of Panther Creek, and Coreweave has recently committed to investing over $6 Billion in their campus 30 miles to the southwest of Panther Creek - leaving Panther Creek in the center of it all. With robust energy, fiber infrastructure and recent strong political tailwinds for data centers, which I will speak to more in a second, Pennsylvania is well-positioned for massive strategic wins with large hyperscale clients.
- On the opposite side of the US, our Washington portfolio is much smaller at 18 MW, but is strategically located in the largest data center cluster on the West Coast. With approximately 1 GW of data centers in the region, including Microsoft and CyrusOne within a 30-mile radius, and some of the lowest cost energy for data centers in the US, Washington is well-positioned to service prospective HPC/AI enterprise clients and generate attractive margins.
- North of the border, in Quebec, our 170 MW of reliable and cost-effective hydropower makes us the largest Bitcoin miner in Quebec and in Canada overall. The province's robust supply of cost-effective renewable electricity and extensive fiber infrastructure to Toronto, the East cost of the U.S., and Europe has attracted the development of approximately 700 MW of traditional data centers in Quebec, representing over 50% of all data centers in Canada. Major players including Microsoft, Google, Amazon and Vantage are all present and looking to expand in the area. With recent pushes by federal and provincial governments on data sovereignty and privacy, the development of data centers in Canada has emerged as a rare non-partisan objective that has strong support throughout federal and provincial governments. If Bitfarms converted all of our Canadian Bitcoin mining MWs to HPC, it would represent up to a 24% increase in data center MWs in the province and make us one of the largest HPC data center operators in Quebec and Canada. In order for us to capitalize on this opportunity it will require regulatory approval for converting our crypto mining MWs to traditional Data Center MWs. While this has broad political support and we have received initial indications of support at various levels for such a conversion, it will take some time to run its course. In the meantime, our mining operations in the province continue to be profitable, and we

are tentatively planning conversion of the portfolio in 2027 and 2028 in advance of the next halving event. We will provide further updates on Quebec as they materialize.

This unique portfolio is attracting huge interest from counterparties, and our scale and positioning are unmatched. As we replicate the lessons from Panther Creek across our North American sites, we are well positioned to capture meaningful market share in these high demand HPC markets.

Turning to slide 7.

In recent weeks, there has been a surge of new data center announcements in Pennsylvania. Big names like Google, Meta, Blackstone, Brookfield, and CoreWeave have committed over $90 Billion in investments, citing robust energy and fiber infrastructure and close proximity to the largest data center cluster in the US, data center alley, and major East Coast metropolitan centers.

The robust investments into these data centers and the meaningful job growth that accompanies them will be transformational for many towns and counties across the state, and, as a result, they are receiving robust political support and attention from the local level all the way up to the oval office.

As the only public Bitcoin miner with a big Pennsylvania footprint, we're perfectly positioned in what is emerging as the new AI hub. This isn't just luck; it's vision.

We have been evaluating Pennsylvania for years, focusing on the same opportunity that is currently taking the industry by storm. With surging demand for power, record capacity auctions, and a renewed interest in traditional thermal generating assets, the powerplants we acquired in the Stronghold acquisition are worth significantly more now than when we bought them just a few months ago.

Turning to slide 8.

Our flagship campus in Pennsylvania, Panther Creek, is advancing rapidly. In the past few weeks, the electric utility, PPL has given us the green light for expanding our grid connection: confirming firm service of 50 MW by year-end 2026 and an additional 300 MW as early as 2027. That means more power, on a faster schedule, confirmed. To support the development, we've also executed binding purchases and sales agreements that more than double the acreage of the site, paving the way for a contiguous and marquee 350 MW HPC campus in eastern PA.

The conceptual master site plan that you are looking at on screen now is based on the new power schedule and expanded acreage. This master site plan is finished and has been submitted to Macquarie. It is important to remind everyone that the master site plan may be modified based on the multiple conversations we currently have going with potential customers, but it's a rock-solid base to develop the site and customer conversations expeditiously.

Phase 1 hits 50 MW by the end of 2026; Phase 2 adds 300 MW as early as 2027. The plan includes the development of four buildings, housing 350 MW in total, with room for additional expansion in a Phase 3 with a fifth building once the ongoing FERC/Talen/Amazon issue is settled or we have confirmed an alternative arrangement that permits us to use our existing grid connection and powerplant for the HPC data center campus.

Finally: our new partnership with T5—a top-tier data center developer who's worked with every major hyperscaler to build and operate data centers—is a big deal. T5 will be responsible for managing the development of our Panther Creek Campus and is yet another proof point to investors and prospective customers that validates the development potential.

Next steps for Panther Creek include fast tracking permits, locking in long-lead items like transformers and generators, and breaking ground as originally planned in Q4 this year. Capex-wise, the Macquarie facility will be sufficient for Phase 1, and with just $10 million of planned capex for the remainder of this year, the majority of capex will fall into 2026.

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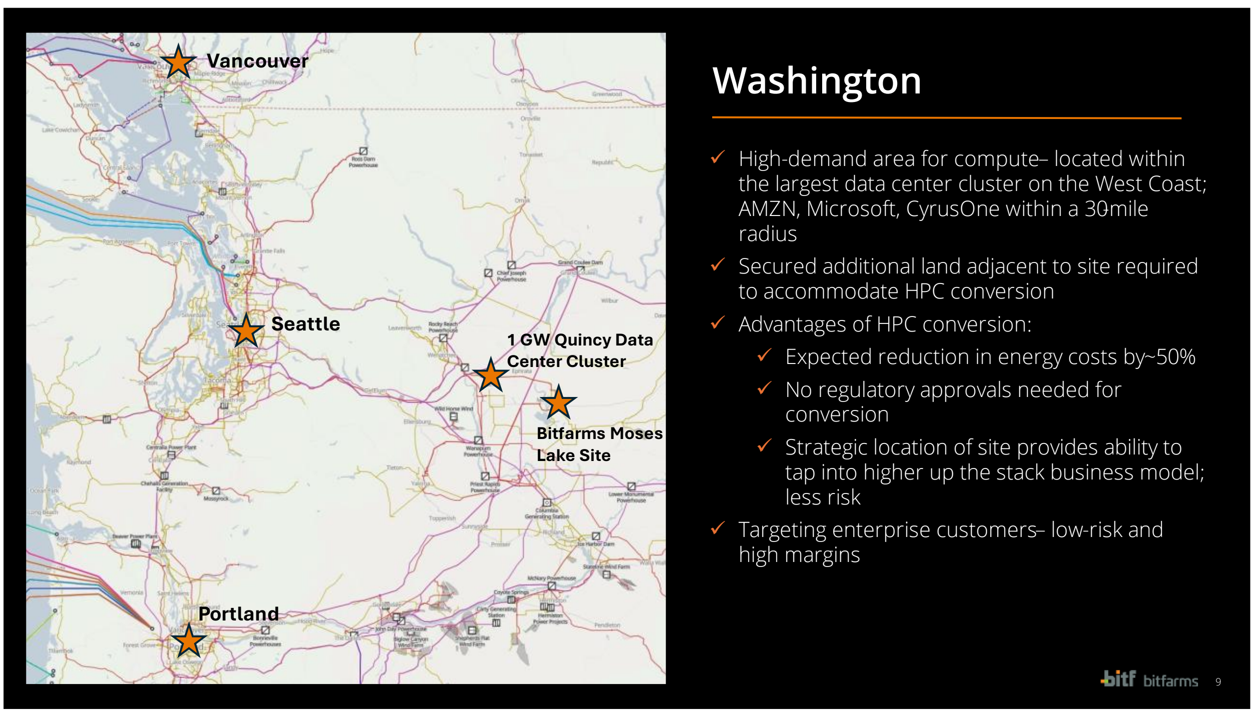

While Washington is much smaller than Pennsylvania, this site is a gem: it's positioned in the West Coast's 'data center alley,' and the utility has confirmed that all of our Bitcoin mining MWs can be converted to HPC with no regulatory red tape. Better yet, converting our MWs would cut our energy costs per MWh by almost 50% below $30 per MWh and make it some of the cheapest power for data centers in the U.S. To help us further advance customer conversations, we have executed a binding PSA for adjacent land that will more than double our acreage and is expected to give us all the space we need to develop a state-of-the-art HPC facility.

In Washington, we're eyeing enterprise customers where the smaller site can be used to greater effect - generating incredibly healthy margins and providing portfolio diversification.

Turning to slide 10.

Following the successful rebalancing of our portfolio earlier this year and the Argentina shutdown, our current operational MWs are now over 80% North American, and with the majority of our growth pipeline in the US, our pivot to the US is in full swing.

Our actions are not limited to the expansion of energy and the development of HPC infrastructure in the US. Recently we've announced the opening of our second principal executive office in NYC and our planned transition to U.S. GAAP accounting for full-year 2025 results. These actions are expected to simplify our reporting processes, reduce administrative and legal costs, broaden our U.S. investor base, and improve our eligibility for inclusion in certain stock indices, among other potential benefits.

These are important steps on our journey to becoming a U.S. domiciled entity, which we plan to achieve in 2026. We strongly believe this strategic transition will better position Bitfarms to execute our HPC/AI growth strategy, driving improved operational efficiencies and maximizing shareholder value.

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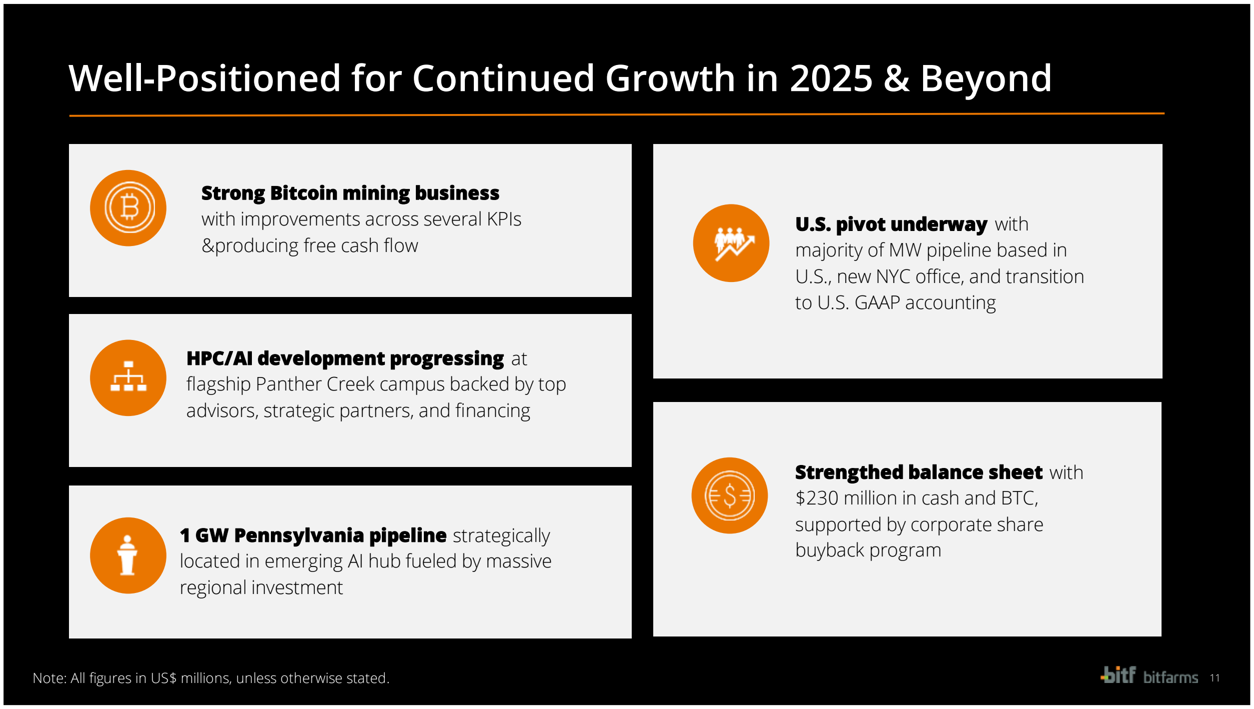


While we have accomplished a lot in the last year, I am particularly proud of our accomplishments over the last four months:

- Our Bitcoin mining business is locked in—projected to produce strong free cash flows of approximately 8 million per month, with minimal capex and numerous improvements across key performance indicators.
- With more than 1 GW our Pennsylvania pipeline is a goldmine in what is quickly emerging as a major AI hub, fueled by massive regional investment.
- HPC/AI development is taking off with rapid progress at our flagship campus, Panther Creek, backed by top advisors, strategic partners and financing.
- We've taken key steps toward a planned 2026 U.S. redomicile which will drive index inclusion and expand our access to US investors and capital.
- Our portfolio has rebalanced to 80% North American, with all U.S. sites well positioned for conversion to HPC, and

- We have dramatically strengthened the balance sheet with approximately $230 million in cash and BTC as of August 11th, and access to up to an additional 250M in the Macquarie facility for our Panther Creek development.

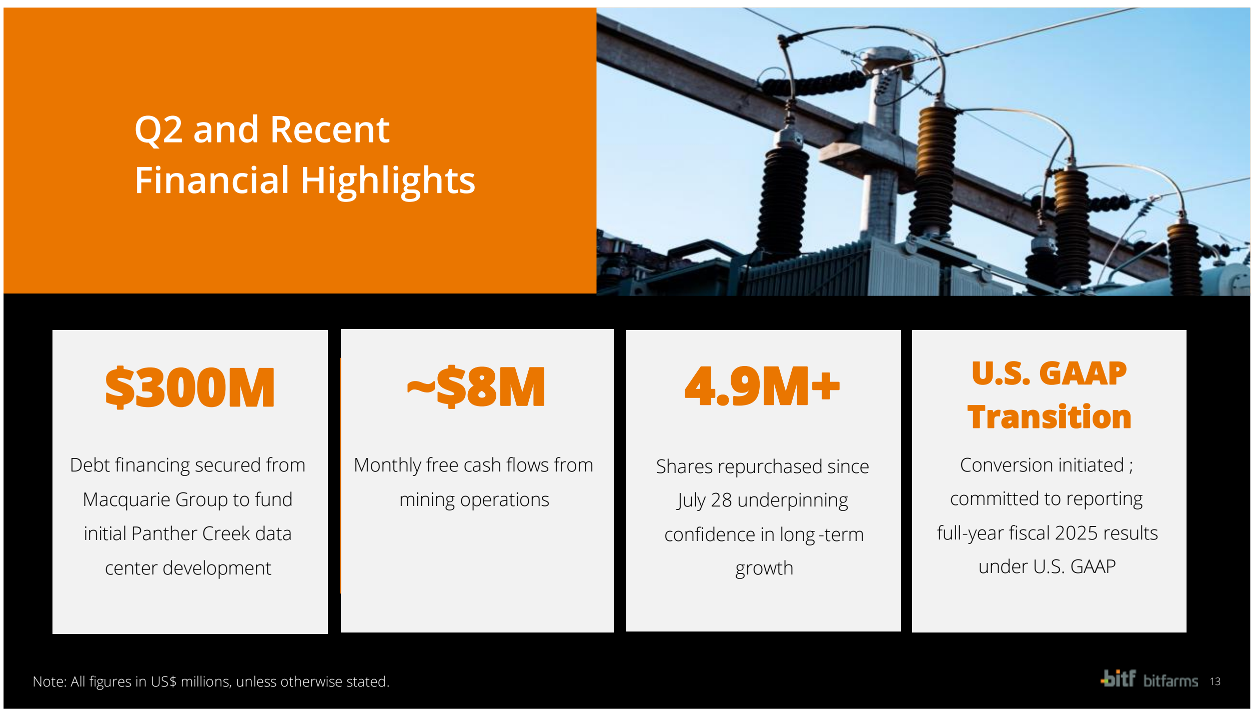
Our confidence in our business and ability to both execute and create long-term value in this transition has never been stronger. Despite our strong performance we believe that the market is undervaluing both our Bitcoin business and HPC potential.

Accordingly, we have recently launched the company's first ever stock buyback program for up to 49.9M shares or about 9% of outstanding shares. I am proud to say that in the first two weeks we have already purchased roughly 5M shares equivalent to 10% of the total share buyback program. With strong cashflows, ample liquidity and financing we plan to continue buying back our shares under this program for the foreseeable future.

Now, **turning to slide 12**, I'll turn the call over to Jeff for the financials.

<u>Jeff Lucas</u>

Thanks, Ben, and good morning, everyone. **Turning to slide 13.**



Before I dive into the Q2 results, I'd like to highlight the key financial achievements from the quarter:

First, the Macquarie Financing: At the beginning of the quarter, we entered into a financing agreement with Macquarie to fund the development and buildout of our Panther Creek, Pennsylvania HPC data center project. The facility provides up to $300 million towards the design, development and initial phase of construction of the **project**. The initial $50 million tranche was drawn at closing to fund the soft costs associated with the design of the Panther Creek data centers, land acquisition and other initial steps. The $250 million project finance tranche is drawable upon meeting certain conditions including achieving specific development milestones. With just $10 million of planned capex for Panther Creek for the remainder of this year, there is no anticipated need to draw down the additional tranche until 2026. We are excited to join forces with Macquarie, an established leader in HPC data center financing. They are truly a partner in our HPC expansion, bringing financial and development expertise to supplement our other partners and advisors. This financing is emblematic of our financing strategy for our total portfolio as we use cost-effective debt to fund our growth. Our highly valued and appreciating North American assets, combined with the higher-margin and predictable earnings streams characteristic of HPC and AI, make our HPC properties attractive to debt financing.

Second, the cash generation of our Bitcoin mining operations. As we've noted previously, during the development and buildout phase of our HPC program, our Bitcoin mining operation funds our G&A and corporate expenses and the debt service requirements associated with our HPC buildout. We are achieving steady mining margins, and, as Ben noted, generating about $8 million of free cash flow from operations per month in excess of our corporate administrative costs, to fund our initial capital requirements, debt service as well as for our stock buyback program. With our miner upgrade program behind us and having among the most efficient fleet in the business at an average efficiency of 17 watts/TH, our mining operation is benefitting from the current high Bitcoin price to generate strong cash flows —a solid base for HPC expansion.

Third, our stock buyback program launched in the last week of July. As announced a few weeks ago, our Board of Directors has authorized Bitfarms to repurchase up to about 9% of our outstanding shares over the coming year. Our share repurchase program calls for the buyback to be funded by excess cash flow from our mining operations. As Ben noted, we have repurchased over 4.9 million shares to date and, since the inception of the buyback program, our purchases have been at daily volumes that approximate the daily allowable limit for the exchange on which the shares were repurchased.

We believe we're undervalued versus peers, and we're using mining FCF—not our Bitcoin treasury or funds from our debt financing—to prove it. With our shares neither reflecting the cash generation potential of our mining activities nor the value of our HPC properties, utilizing our excess cash flow from operations is an effective way to bring value to our shareholders. I'll add that we have not issued shares under our ATM since January and the shares we have repurchased to date under our buyback program are well below the prices at which we issued shares last year.

And lastly, our U.S. GAAP Transition: As Ben noted, this transition is vitally important as we continue to shift our operations towards the U.S. We expect to report our full fiscal year 2025 results under U.S. GAAP. We believe this will simplify our financial reporting process, further align us with our U.S. HPC/AI and mining peers, and serve as an important stepping stone towards a potential redomicile in 2026. The benefits of a redomicile to the U.S. are plentiful: Bitfarms would have access to a broader pool of U.S. capital and investors, potential inclusion in major U.S. stock indices, and more favorable regulatory and tax environments, among other benefits. Building off the successful rebalancing of our energy portfolio to ~80% North American MWs in 2025, these initiatives further advance our U.S. pivot and align with our HPC/AI growth strategy.

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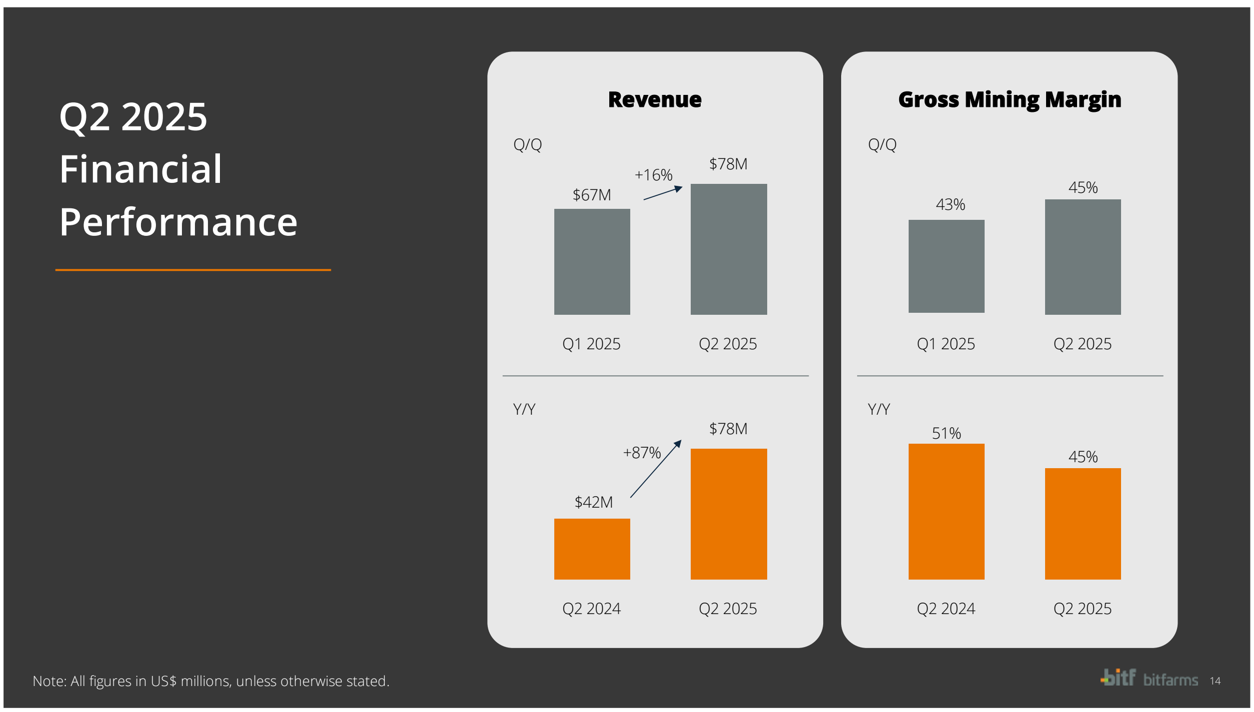

Let's focus now on our second quarter financial performance. In Q2 2025, we earned 718 Bitcoin and achieved total revenue of $78 million, up 87% year over year. Revenue from our mining activities was $71 million, with the balance of $7 million from hosting and electricity generation businesses following our acquisition of Stronghold and from our Volta electrical services subsidiary.

Our gross mining profit was $32 million, representing a direct mining margin of 45% and an average direct cost of $48,200 per Bitcoin mined.

Cash General and Administrative expense, or G&A, was $18 million, an increase of about $2MM over Q1 reflecting Stronghold G&A of approximately $3M for the second quarter versus approximately $400k for the two weeks in which Bitfarms owned Stronghold in the first quarter. Excluding Stronghold G&A, our Q2 cash G&A would have been roughly 3% lower than Q1.

Operating loss was $40 million in the quarter and included $15 million of impairment charges attributable to our Argentina operation.

As a result, net loss for Q2 was $29 million, or $0.05 cents per share.

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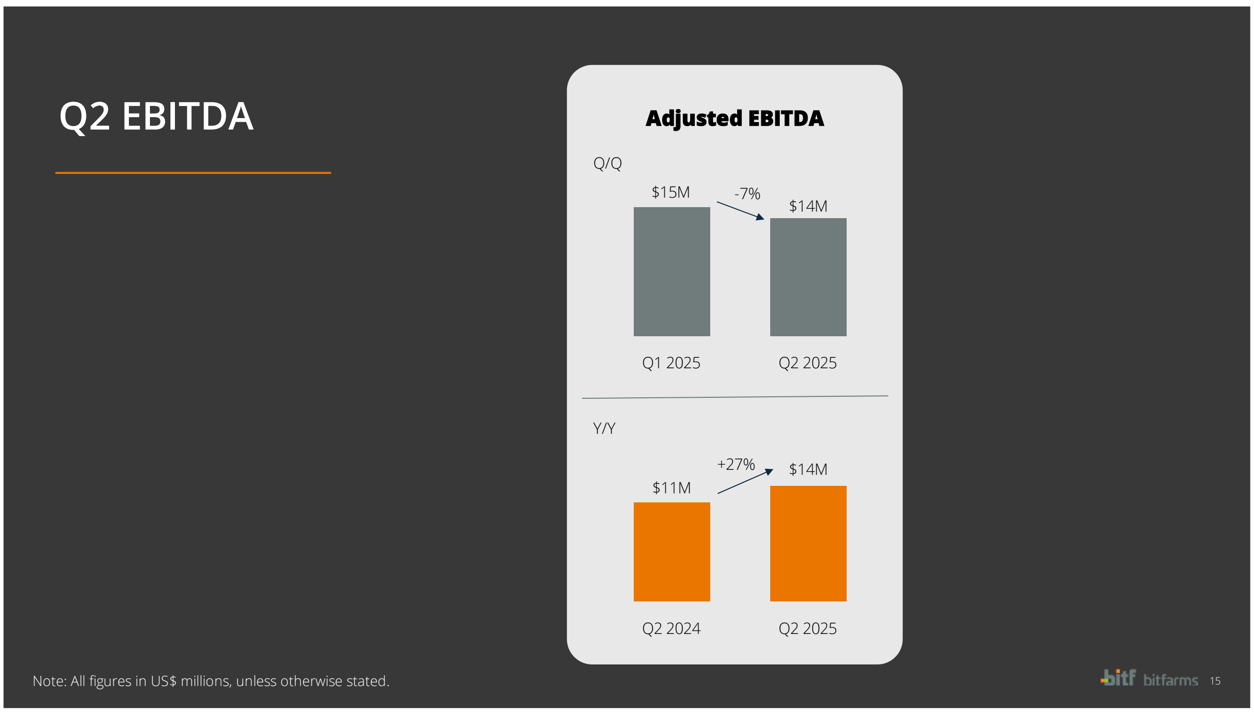

For the second quarter, our Adjusted EBITDA was $14 million, or 18% of revenue. This encompasses primarily our self-mining revenue.

Our direct mining cost per Bitcoin in the second quarter was $48,200 with our all-in cash cost to mine a Bitcoin at $77,100 compared to revenue per Bitcoin earned during the quarter of $98,000 resulting in profit per Bitcoin of $20,900, for a profit contribution from our mining activities of about $15 million.

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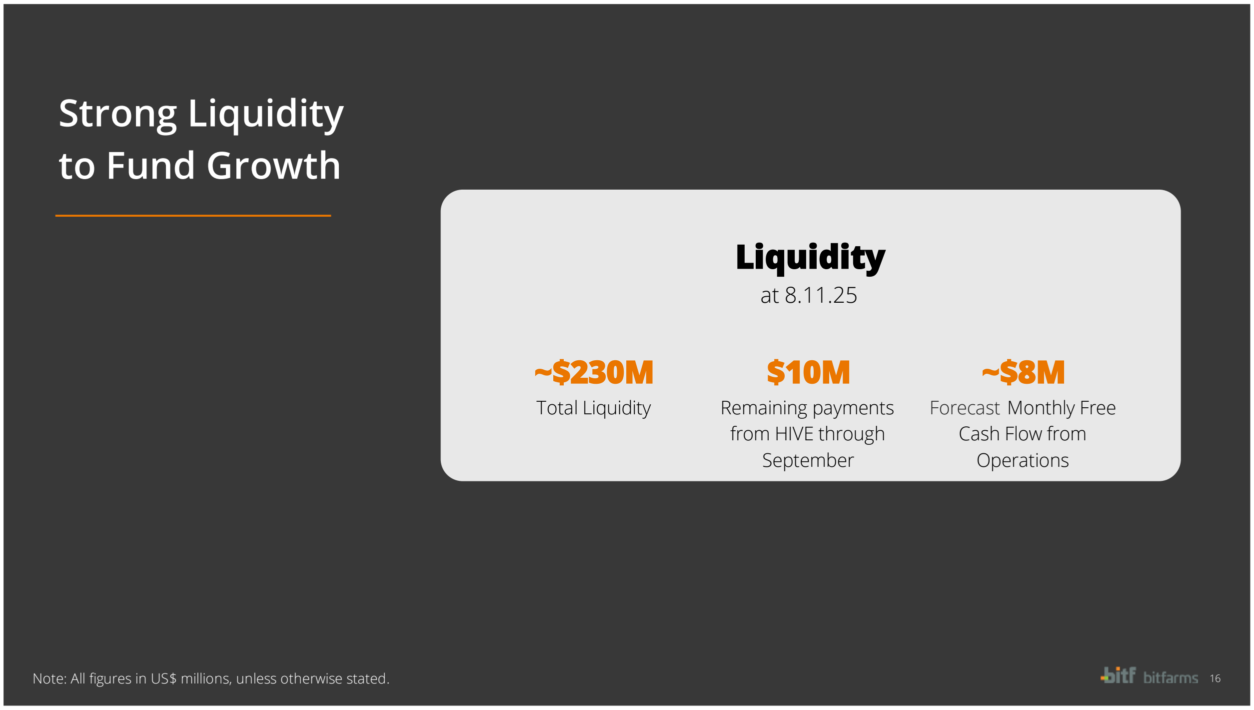

As of August 11, 2025, we had total liquidity of approximately $230 million comprised of cash and unencumbered BTC. In addition, under the Yguazu sale agreement we expect to receive the remaining $10 million from Hive by the end of September, marking the completion of the sale announced earlier this year. As was mentioned earlier, we project to generate on average about $8MM per month of free cash flow from our mining operations which we expect to be more than sufficient to fund for the remainder of 2025 our capex and working capital requirements, debt service and share buyback program.

Regarding our Bitcoin One program, we've realized $11M in profits since the program's inception in February 2025. This follows the success of our Synthetic HODL program, under which we realized $18 million of profits between October 2023 and January 2025, for total net profits since the inception of our market operations activities in October 2023 of over $28 million. We are conducting a strategic review of the program as we further shift our focus and operations towards HPC/AI.

In closing, we believe our financial position provides a solid foundation to execute on the HPC/AI initiatives that Ben laid out today, and we look forward to keeping you updated as we continue to develop our U.S. operation.

With that, I'll turn the call back to the operator for Q&A.