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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of May 2023

Commission File Number: 333-258788

BITFARMS LTD.
(Exact Name of Registrant as Specified in Its Charter)

18 King Street East, Suite 902, Toronto, Ontario, Canada M5C 1C4
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☐ Form 40-F ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

INCORPORATION BY REFERENCE

This report on Form 6-K, including the interim condensed consolidated financial statements for the three months ended March 31, 2023 and management's discussion and analysis for the three months ended March 31, 2023, shall be deemed to be incorporated by reference as exhibits to the Registration Statement of Bitfarms Ltd. on Form F-10 (File No. 333-258788) and to be a part thereof from the date on which this report was furnished, to the extent not superseded by documents or reports subsequently filed or furnished.

Exhibits

Exhibit No.	Description
99.1	Interim Condensed Consolidated Financial Statements for the three months ended March 31, 2023.
99.2	Management's Discussion & Analysis for the three months ended March 31, 2023.
99.3	CEO Certification of Interim Filings - Interim Certificate dated May 15, 2023.
99.4	CFO Certification of Interim Filings - Interim Certificate dated May 15, 2023.
99.5	Press Release dated May 15, 2023

SIGNATURE

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.

BITFARMS LTD.

By: /s/ L. Geoffrey Morphy

Name: L. Geoffrey Morphy

Title: President and Chief Executive Officer

Date: May 15, 2023

Exhibit 99.1

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Expressed in thousands of U.S. dollars - unaudited)

BITFARMS LTD.

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BITFARMS LTD.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in thousands of U.S. dollars - unaudited)

	Notes	As of March 31, 2023	As of December 31, 2022
Assets			
Current			
Cash		**29,378**	30,887
Trade receivables		**374**	701
Other assets	**5**	**4,388**	4,512
Short-term prepaid expenses		**13,409**	12,921
Taxes receivable		**12,331**	12,142
Digital assets	**6**	**10,257**	4,635
Digital assets - pledged as collateral	**6, 10**	**2,122**	2,070
Assets held for sale		**1,654**	1,220
		73,913	69,088
Non-current			
Property, plant and equipment	**7, 20**	**210,990**	219,428
Right-of-use assets	**11**	**15,419**	16,364
Long-term deposits, equipment prepayments and other	**8**	**31,634**	38,185
Intangible assets		**26**	33
Total assets		**331,982**	343,098
Liabilities			
Current			
Trade payables and accrued liabilities	**9**	**19,586**	20,541
Current portion of long-term debt	**10**	**21,026**	43,054
Current portion of lease liabilities	**11**	**2,888**	3,649
		43,500	67,244
Non-current			
Long-term debt	**10**	**67**	4,093
Lease liabilities	**11**	**13,536**	14,215
Asset retirement provision	**13**	**2,219**	1,979
Total liabilities		**59,322**	87,531
Shareholders' equity			
Share capital		**444,960**	429,120
Contributed surplus		**68,019**	65,512
Revaluation surplus		**1,225**	—
Accumulated deficit		**(241,544)**	(239,065)
Total equity		**272,660**	255,567
Total liabilities and equity		**331,982**	343,098

Should be read in conjunction with the notes to the interim condensed consolidated financial statements

May 12, 2023	***/s/ Nicolas Bonta***	***/s/ Geoffrey Morphy***	***/s/ Jeffrey Lucas***
Date of approval of the financial statements	**Chairman of the Board of Directors**	**President & Chief Executive Officer**	**Chief Financial Officer**

BITFARMS LTD.
INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE PROFIT OR LOSS
(Expressed in thousands of U.S. dollars, except per share amounts - unaudited)

		Three months ended March 31,	
	Notes	**2023**	2022
Revenues	**6, 20**	**30,050**	40,329
Cost of revenues	**19**	**38,403**	23,292
Gross (loss) profit		**(8,353)**	17,037
Operating expenses			
General and administrative expenses	**19**	**8,360**	13,843
Realized (gain) loss on disposition of digital assets	**6**	**(587)**	34
Reversal of revaluation loss on digital assets	**6**	**(2,695)**	(3,702)
Loss (gain) on disposition of property, plant and equipment		**1,566**	(12)
Operating (loss) income		**(14,997)**	6,874
Net financial income	**19**	**(12,188)**	(4,083)
Net (loss) income before income taxes		**(2,809)**	10,957
Income tax (recovery) expense	**12**	**(330)**	6,438
Net (loss) income		**(2,479)**	4,519
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Change in revaluation surplus - digital assets, net of tax	**6**	**1,225**	—
Total comprehensive (loss) income, net of tax		**(1,254)**	4,519
Earnings (loss) per share	**17**		
Basic		**(0.01)**	0.02
Diluted		**(0.01)**	0.02
Weighted average number of common shares outstanding	**17**		
Basic		**232,541,000**	197,505,000
Diluted		**232,541,000**	201,269,000

Should be read in conjunction with the notes to the interim condensed consolidated financial statements

BITFARMS LTD.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of U.S. dollars, except number of shares - unaudited)

	Notes	Number of shares	Share capital	Contributed surplus	Retained earnings (accumulated deficit)	Revaluation surplus	Total equity
Balance as of January 1, 2023		**224,200,000**	**429,120**	**65,512**	**(239,065)**	**—**	**255,567**
Net loss		**—**	**—**	**—**	**(2,479)**	**—**	**(2,479)**
Change in revaluation surplus - digital assets, net of tax		**—**	**—**	**—**	**—**	**1,225**	**1,225**
Total comprehensive (loss) income, net of tax		**—**	**—**	**—**	**(2,479)**	**1,225**	**(1,254)**
Share-based payment	**18**	**—**	**—**	**2,536**	**—**	**—**	**2,536**
Issuance of common shares	**14**	**15,940,000**	**15,764**	**—**	**—**	**—**	**15,764**
Exercise of stock options	**18**	**122,000**	**76**	**(29)**	**—**	**—**	**47**
Balance as of March 31, 2023		**240,262,000**	**444,960**	**68,019**	**(241,544)**	**1,225**	**272,660**
Balance as of January 1, 2022		194,806,000	378,893	43,704	(15)	—	422,582
Net income		—	—	—	4,519	—	4,519
Share-based payment	18	—	—	6,105	—	—	6,105
Issuance of common shares and warrants	14	6,821,000	26,289	35	—	—	26,324
Deferred tax recovery related to equity issuance costs	12	—	227	—	—	—	227
Balance as of March 31, 2022		201,627,000	405,409	49,844	4,504	—	459,757

Should be read in conjunction with the notes to the interim condensed consolidated financial statements

BITFARMS LTD.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of U.S. dollars, except number of shares - unaudited)

		Three months ended March 31,	
	Notes	**2023**	2022
			(Revised - Note 3d)
Cash flows from (used in) operating activities			
Net income (loss)		**(2,479)**	4,519
Adjustments for:			
Depreciation and amortization	**19**	**20,700**	13,066
Net financial income	**19**	**(12,188)**	(4,083)
Digital assets mined	**6**	**(29,208)**	(39,725)
Proceeds from sale of digital assets mined	**6**	**28,483**	694
Realized (gain) loss on disposition of digital assets	**6**	**(587)**	34
Reversal of revaluation loss on digital assets	**6**	**(2,695)**	(3,702)
Share-based payment	**18**	**2,536**	6,105
Income tax expense (recovery)	**12**	**(330)**	6,438
Loss (gain) on disposition of property, plant and equipment		**1,566**	(12)
Interest and financial expenses paid		**(2,099)**	(3,074)
Income taxes paid		**—**	(11,994)
Changes in non-cash working capital components	**21**	**(2,670)**	(8,435)
Net change in cash related to operating activities		**1,029**	(40,169)
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(8,104)**	(22,671)
Proceeds from sale of property, plant and equipment		**2,405**	35
Purchase of marketable securities	**19**	**(7,163)**	(11,974)
Proceeds from disposition of marketable securities	**19**	**9,334**	22,911
Purchase of digital assets	**6**	**—**	(43,237)
Equipment and construction prepayments and other		**—**	(45,137)
Net change in cash related to investing activities		**(3,528)**	(100,073)
Cash flows from financing activities			
Issuance of common shares and warrants	**14**	**15,764**	26,289
Exercise of stock options	**14, 18**	**47**	—
Repayment of lease liabilities	**11**	**(1,394)**	(1,049)
Repayment of long-term debt	**10**	**(13,474)**	(4,294)
Proceeds from long-term debt	**10**	**—**	30,994
Proceeds from credit facility		**—**	40,000
Net change in cash related to financing activities		**943**	91,940
Net increase (decrease) in cash		**(1,556)**	(48,302)
Cash, beginning of the period		**30,887**	125,595
Exchange rate differences on currency translation		**47**	1
Cash, end of the period		**29,378**	77,294

Should be read in conjunction with the notes to the interim condensed consolidated financial statements

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 1: NATURE OF OPERATIONS

Bitfarms Ltd. was incorporated under the Canada Business Corporations Act on October 11, 2018 and continued under the Business Corporations Act (Ontario) on August 27, 2021. The interim condensed consolidated financial statements of the corporation comprise the accounts of Bitfarms Ltd. and its wholly owned subsidiaries (together referred to as the “Company” or “Bitfarms”). The activities of the Company mainly consist of cryptocurrency mining in multiple jurisdictions, as described in Note 20 “Geographical Information”. The Company’s operations are currently located in Canada, the United States, Paraguay and Argentina. 9159-9290 Quebec Inc. (“Volta”), a wholly owned subsidiary, assists the Company in building and maintaining its server farms and provides electrician services to both commercial and residential customers in Quebec. Bitfarms owns and operates server farms comprised of computers (referred to as “Miners”) designed for the purpose of validating transactions on the BTC Blockchain (referred to as “Mining”). Bitfarms generally operates Miners 24 hours a day producing computational power (measured by hashrate) which it sells to Mining Pools under a formula driven rate commonly known in the industry as Full Pay Per Share (“FPPS”). Under FPPS, pools compensate Mining companies for their hashrate based on what the pool would expect to generate in revenue for a given time period if there was no randomness involved. The fee paid by a Mining Pool to Bitfarms for its hashrate may be in cryptocurrency, U.S. dollars, or other currency. Bitfarms accumulates the cryptocurrency fees it receives or exchanges them for U.S. dollars, as determined to be needed, through reputable and established cryptocurrency trading platforms. Mining Pools generate revenue by Mining with purchased hashrate through the accumulation of Block Rewards and transaction fees issued by the BTC network. Mining pools purchase hashrate and accept the risk with the aim to mine more blocks than they should in a given time period in seek of profit. The common shares of the Company are listed under the trading symbol BITF on the Nasdaq and Toronto Stock Exchange exchanges.

Terms and definitions

In these financial statements, the following terms shall have the following definitions:

	Term	Definition
1	Backbone	Backbone Hosting Solutions Inc.
2	Volta	9159-9290 Quebec Inc.
3	Backbone Argentina	Backbone Hosting Solutions SAU
4	Backbone Paraguay	Backbone Hosting Solutions Paraguay SA
5	Backbone Mining	Backbone Mining Solutions LLC
6	BTC	Bitcoin
7	BVVE	Blockchain Verification and Validation Equipment
8	CAD	Canadian Dollars
9	USD	U.S. Dollars
10	ARS	Argentine Pesos

NOTE 2: LIQUIDITY

Bitfarms is primarily engaged in the cryptocurrency mining industry, a highly volatile market with significant inherent risk. Declines in the market prices of cryptocurrencies, an increase in the difficulty of BTC mining, delays in the delivery of mining equipment, changes in the regulatory environment and adverse changes in other inherent risks can significantly and negatively impact the Company's operations and cash flows and its ability to maintain sufficient liquidity to meet its financial obligations. Adverse changes to the factors mentioned above have impacted the recoverability of the Company's digital assets and property, plant and equipment, resulting in impairment losses being recorded.

The Company's current operating budget and future estimated cash flows based on BTC market factors including price, difficulty and network hashrate, for the twelve-month period following the date of these interim condensed consolidated financial statements were authorized for issuance, indicate that it will generate positive cash flow in excess of required interest and principal payments on its long-term debt due within the twelve-month period.

At current BTC prices, the Company's existing cash resources and the proceeds from any sale of its treasury and mined BTC may not be sufficient to fund its capital investments to support its growth objectives. If the BTC proceeds are not sufficient, the Company would be required to raise additional funds from external sources to meet these requirements. There is no assurance that the Company will be able to raise such additional funds on acceptable terms, if at all.

If the Company raises additional funds by issuing securities, existing shareholders may be diluted. If the Company was unable to obtain such financing, or if funds from operations and proceeds from any sale of the Company's BTC holdings were negatively impacted by the BTC price, the Company may have difficulty meeting its payment obligations.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation and measurement

These interim condensed consolidated financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. These Financial Statements were approved by the Board of Directors on May 12, 2023.

These Financial Statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2022.

The Financial Statements have been prepared following the same accounting policies used in the audited annual consolidated financial statements for year ended December 31, 2022, except for new accounting standards issued and adopted by the Company which are described below. The accounting policies have been applied consistently by the Company's entities and to all periods presented in these Financial Statements, unless otherwise indicated.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and digital assets recorded at fair value.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. New accounting amendments issued and adopted by the Company

The following amendments to existing standards were adopted by the Company as of January 1, 2023:

Amendments to IAS 1, Presentation of Financial Statements ("IAS 1")
Amendments to IAS 1 change the requirements in IAS 1 with regard to disclosure of accounting policies. Applying the amendments, an entity discloses its material accounting policies instead of its significant accounting policies. Further amendments to IAS 1 explain how an entity can identify a material accounting policy.

Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8")
Amendments to IAS 8 replace the definition of a change in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty."

The adoption of the amendments listed above did not have a significant impact on the Company's Financial Statements.

c. New accounting amendments issued to be adopted at a later date

The following amendments to existing standards have been issued and are applicable to the Company for its annual period beginning on January 1, 2024 and thereafter, with an earlier application permitted:

Amendments to IAS 1
Amendments to IAS 1 clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the interim consolidated statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.

Amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require information about these covenants to be disclosed in the notes to the financial statements.

The Company is currently evaluating the impact of adopting the amendments on the Company's Financial Statements.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Comparative figures revised

Certain figures in the comparative period of the Financial Statements have been revised to conform to the current presentation. Specifically, within the interim consolidated statements of cash flow, cash flows related to the purchase and disposal of marketable securities were amended to be presented on a gross basis within investing activities, and as such, the financial statement line items “Purchase of marketable securities” and “Proceeds from disposition of marketable securities” were added in the current and comparative period, all within investing activities. Previously, such amounts were classified as a net cash flow within “Net financial income” under operating activities. The revision between operating and investing activities was $10,937.

NOTE 4: SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Financial Statements requires management to undertake several judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. These estimates and judgments are based on management’s best knowledge of the events or circumstances and actions the Company may take in the future. The actual results may differ from these assumptions and estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to assumptions and estimates are recognized in the period in which the assumption or estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the audited annual consolidated financial statements for year ended December 31, 2022.

NOTE 5: OTHER ASSETS

	As of March 31, 2023	As of December 31, 2022
Electrical component inventory	**593**	588
Sales taxes receivable*	**3,218**	3,816
Other receivables	**346**	108
Derivative assets**	**231**	—
	4,388	4,512

* Refer to Note 19c for more details about the provision applied to the Argentine value-added tax (VAT) receivable included in sales taxes receivable.

** Refer to Notes 15 and 19 for more details about the derivative assets and the related realized and unrealized gain.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 6: DIGITAL ASSETS

BTC transactions and the corresponding values for the three months ended March 31, 2023 and 2022 were as follows:

	Three months ended March 31,			
		2023		2022
	Quantity	**Value**	Quantity	Value
Balance of digital assets including digital assets pledged as collateral as of January 1,	**405**	**6,705**	3,301	152,856
BTC mined*	**1,297**	**29,208**	961	39,725
BTC purchased	**—**	**—**	1,000	43,237
BTC exchanged for cash and services	**(1,267)**	**(28,483)**	(18)	(694)
Realized gain (loss) on disposition of digital assets	**—**	**587**	—	(34)
Change in unrealized gain on revaluation of digital assets**	**—**	**4,362**	—	3,702
Balance of digital assets as of March 31,	**435**	**12,379**	5,244	238,792
Less digital assets pledged as collateral as of March 31,***	**(74)**	**(2,122)**	(3,064)	(139,534)
Balance of digital assets excluding digital assets pledged as collateral as of March 31,	**361**	**10,257**	2,180	99,258

* Management estimates the fair value of BTC mined on a daily basis as the quantity of cryptocurrency received multiplied by the price quoted on Coinmarketcap on the day it was received. Management considers the prices quoted on Coinmarketcap to be a level 2 input under IFRS 13, *Fair Value Measurement*.

** A portion of the change in unrealized gain on revaluation of digital assets for the three months ended March 31, 2023, is presented in other comprehensive income after reversing previously recorded revaluation loss on digital assets in the statement of profit or loss, totaling $1,225, net of $442 of deferred income tax (three months ended March 31, 2022: nil).

*** Refer to Note 10 for details of the Company’s long-term debt and BTC pledged as collateral.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

As of March 31, 2023 and December 31, 2022, property, plant and equipment ("PPE") consisted of the following:

	BVVE and electrical components	Mineral assets	Land and buildings	Leasehold improvements	Vehicles	Total
Cost						
Balance as of January 1, 2023	**308,205**	**9,000**	**4,392**	**45,278**	**1,082**	**367,957**
Additions	**18,626**	**—**	**162**	**1,796**	**4**	**20,588**
Dispositions	**(5,875)**	**—**	**—**	**(5)**	**(57)**	**(5,937)**
Transfer to assets held for sale	**(5,695)**	**—**	**—**	**—**	**—**	**(5,695)**
Balance as of March 31, 2023	**315,261**	**9,000**	**4,554**	**47,069**	**1,029**	**376,913**
Accumulated Depreciation						
Balance as of January 1, 2023	**120,097**	**6,000**	**270**	**21,636**	**526**	**148,529**
Depreciation	**19,288**	**—**	**36**	**551**	**42**	**19,917**
Dispositions	**(4,854)**	**—**	**—**	**(5)**	**(42)**	**(4,901)**
Transfer to assets held for sale	**(4,933)**	**—**	**—**	**—**	**—**	**(4,933)**
Impairment on deposits transferred to PPE	**7,311**	**—**	**—**	**—**	**—**	**7,311**
Balance as of March 31, 2023	**136,909**	**6,000**	**306**	**22,182**	**526**	**165,923**
Net book value as of March 31, 2023	**178,352**	**3,000**	**4,248**	**24,887**	**503**	**210,990**

	BVVE and electrical components	Mineral assets	Land and buildings	Leasehold improvements	Vehicles	Total
Cost						
Balance as of January 1, 2022	156,647	9,000	4,549	5,783	547	176,526
Measurement period adjustment to business combination	(1,127)	—	(18)	—	—	(1,145)
Additions	164,437	—	3,239	39,495	552	207,723
Dispositions	(3,609)	—	(3,378)	—	(17)	(7,004)
Transfer to assets held for sale	(8,143)	—	—	—	—	(8,143)
Balance as of December 31, 2022	308,205	9,000	4,392	45,278	1,082	367,957
Accumulated Depreciation						
Balance as of January 1, 2022	35,766	1,800	286	1,560	264	39,676
Depreciation	66,319	—	193	1,703	124	68,339
Dispositions	(2,562)	—	(366)	—	(13)	(2,941)
Transfer to assets held for sale	(6,040)	—	—	—	—	(6,040)
Impairment	24,820	4,200	157	13,107	151	42,435
Impairment on deposits transferred to PPE	1,794	—	—	5,266	—	7,060
Balance as of December 31, 2022	120,097	6,000	270	21,636	526	148,529
Net book value as of December 31, 2022	188,108	3,000	4,122	23,642	556	219,428

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 7: PROPERTY, PLANT AND EQUIPMENT (Continued)

BVVE

Further details of the quantity and models of BTC BVVE held by the Company are as follows :

	MicroBT Whatsminer*	Bitmain S19j Pro	Innosilicon T3 & T2T**	Bitmain S19XP	Total
Quantity as of January 1, 2023	**45,375**	**7,172**	**5,711**	**—**	**58,258**
Additions	**2,826**	**—**	**—**	**409**	**3,235**
Dispositions	**(300)**	**—**	**(2,591)**	**(409)**	**(3,300)**
Quantity as of March 31, 2023	**47,901**	**7,172**	**3,120**	**—**	**58,193**
Classified as assets held for sale	**(2,212)**	**—**	**(3,120)**	**—**	**(5,332)**
Presented as property, plant and equipment	**45,689**	**7,172**	**—**	**—**	**52,861**

* Includes 2,212 M20S classified as assets held for sale, 33,036 M30S and 12,653 M31S Miners.

** Includes 1,848 T3 and 1,272 T2T Miners classified as assets held for sale.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 8: LONG-TERM DEPOSITS, EQUIPMENT PREPAYMENTS, OTHER AND COMMITMENTS

		As of March 31, 2023	As of December 31, 2022
VAT receivable	a	**1,811**	2,083
Security deposits for energy, insurance and rent		**4,211**	3,872
Equipment and construction prepayments	b	**25,612**	32,230
		31,634	38,185

a. Refundable Argentine value-added tax ("VAT")
Refer to Note 19 for details about the discount expense applied to the Argentine VAT receivable.

b. Equipment and construction prepayments
As of March 31, 2023, the Company has deposits on BVVE and electrical components in the amount of $20,745, which includes the $22,376 credit for future purchase agreements, as described below, with a book value of $14,464, net of previously recorded impairment. In addition, the Company has deposits for construction work and materials in the amount of $4,867, mainly for the Argentina expansion.

In December 2022, the Company renegotiated its 48,000 unit purchase agreements by extinguishing the outstanding commitments of $45,350 without penalty and establishing a $22,376 credit for deposits previously made which will be applied against future purchase agreements before October 1, 2023.

Commitments
As of March 31, 2023, the Company had no commitments.

NOTE 9: TRADE PAYABLES AND ACCRUED LIABILITIES

	As of March 31, 2023	As of December 31, 2022
Trade accounts payable and accrued liabilities	**11,921**	12,897
Government remittances	**7,665**	7,644
	19,586	20,541

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 10: LONG-TERM DEBT

	As of March 31, 2023	As of December 31, 2022
Equipment financing	**20,979**	47,020
Volta note payable	**114**	127
Total long-term debt	**21,093**	47,147
Less current portion of long-term debt	**(21,026)**	(43,054)
Non-current portion of long-term debt	**67**	4,093

Movement in long-term debt is as follows:

	As of March 31, 2023	As of December 31 2022
	three-month period	twelve-month period
Balance as of January 1,	**47,147**	11,167
Issuance of long-term debt	**—**	67,201
Payments	**(14,725)**	(38,532)
Gain on extinguishment of long-term debt	**(12,580)**	—
Interest on long-term debt	**1,251**	7,311
Balance as of period end	**21,093**	47,147

a. Equipment financing activity

Repayment of Foundry Loans #2, #3 and #4

In April and May 2021, the Company entered into four loan agreements for the acquisition of 2,465 Whatsminer Miners referred to as “Foundry Loans #1, #2, #3 and #4.” During 2022, Foundry Loan #1 matured and was fully repaid. In January 2023, the principal amounts of the remaining Foundry Loans #2, #3 and #4 were fully repaid before their maturity date with forgiveness of prepayment penalties totaling $829.

Settlement of the BlockFi Loan

In February 2022, the Company entered into an equipment financing agreement for gross proceeds of $32,000 collateralized by 6,100 Bitmain S19j Pro Miners referred to as the “BlockFi Loan”. The net proceeds received by the Company were $30,994 after capitalizing origination, closing and other transaction fees of $1,006.

In December 2022, the Company ceased making installment payments, which constituted a default under the loan agreement and the loan was classified as current.

On February 8, 2023, BlockFi and the Company negotiated a settlement of the loan in its entirety with a then outstanding debt balance of $20,330 for cash consideration of $7,750, discharging Backbone Mining of all further obligations and resulting in a gain on extinguishment of long-term debt of $12,580 recognized in net financial income in the consolidated statements of profit or loss and comprehensive profit and loss during the three months ended March 31, 2023. Upon settlement, all of Backbone Mining’s assets, including the 6,100 Miners collateralizing the loan, were unencumbered.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 10: LONG-TERM DEBT (continued)

a. Equipment financing activity (continued)

NYDIG Loan

In June 2022, the Company entered into an equipment financing agreement, referred to as the "NYDIG Loan", for gross proceeds of $36,860 collateralized by 10,395 Whatsminer M30S Miners. The net proceeds received by the Company were $36,123 net of origination and closing fees of $737. As part of the agreement, the Company must maintain in an identified wallet an approximate quantity of BTC whose value equates to one month of interest and principal payments on the outstanding loan. The Company pledged 74 BTC as collateral with a fair market value of $2,122 as of March 31, 2023. The pledged BTC is held in a segregated Coinbase Custody account, which BTC is owned by the Company unless there is an event of default under the NYDIG Loan.

b. Summary of equipment financing

As of March 31, 2023, the Company's equipment financing consisted only of the NYDIG Loan. The NYDIG Loan balance and the net book value ("NBV") of its related collateral, as of March 31, 2023, are as follows:

	Maturity date	Stated rate	Effective rate*	Monthly repayment ($)	Long-term debt balance ($)	NBV of Collateral ($)	Collateral**
NYDIG Loan	February 2024	12.0%	14.4%	**2,043**	**20,979**	**31,134**	**10,395**

* Represents the implied interest rate after capitalizing financing and origination fees.

** Represents the quantity of Whatsminers received in connection with the equipment financing and pledged as collateral for the related loan.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 11: LEASES

Set out below are the carrying amounts of the Company's right-of-use ("ROU") assets and lease liabilities and their activity during the three months ended March 31, 2023 and the year ended December 31, 2022:

	Leased premises	Vehicles	Other equipment	Total ROU assets	Lease liabilities
As of January 1, 2023	**15,694**	**265**	**405**	**16,364**	**17,864**
Additions and extensions to ROU assets	**—**	**215**	**—**	**215**	**215**
Reclass to property, plant and equipment	**—**	**—**	**(364)**	**(364)**	**—**
Depreciation	**(718)**	**(42)**	**(9)**	**(769)**	**—**
Lease termination	**—**	**(27)**	**—**	**(27)**	**(12)**
Payments	**—**	**—**	**—**	**—**	**(1,763)**
Gain on extinguishment of lease liabilities	**—**	**—**	**—**	**—**	**(255)**
Interest	**—**	**—**	**—**	**—**	**369**
Foreign exchange	**—**	**—**	**—**	**—**	**6**
As of March 31, 2023	**14,976**	**411**	**32**	**15,419**	**16,424**
Less current portion of lease liabilities					**(2,888)**
Non-current portion of lease liabilities					**13,536**

	Leased premises	Vehicles	Other equipment	Total ROU assets	Lease liabilities
As of January 1, 2022	9,038	283	76	9,397	13,573
Additions and extensions to ROU assets	9,526	118	1,693	11,337	11,354
Depreciation	(1,975)	(129)	(121)	(2,225)	—
Lease termination	(104)	(7)	—	(111)	(112)
Impairment	(791)	—	(1,243)	(2,034)	—
Payments	—	—	—	—	(7,528)
Interest	—	—	—	—	1,451
Foreign exchange	—	—	—	—	(874)
As of December 31, 2022	15,694	265	405	16,364	17,864
Less current portion of lease liabilities					(3,649)
Non-current portion of lease liabilities					14,215

Reliz Lease
In February 2023, the Company negotiated a modification to its lease agreement with Reliz Ltd. (where BlockFi was the lender to Reliz Ltd.) in order to settle its outstanding lease liability of $373 for a payment of $118. Refer to Note 19 for more details.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 12: INCOME TAXES

Deferred taxes

Deferred taxes are computed at a tax rate of 26.5% based on tax rates expected to apply at the time of realization. Deferred taxes relate primarily to the timing differences on recognition of expenses relating to the depreciation of fixed assets, loss carryforwards and professional fees relating to the Company’s equity activity that are recorded as a reduction of equity.

As at March 31, 2023, the recoverability of the net deferred tax asset, due to the impact of the decrease in BTC prices as described in Note 2, was uncertain and as a result, the net deferred tax asset of $49,592 was not recognized. The Company will evaluate the likelihood of recoverability at each balance sheet date, and will recognize net deferred tax asset when and if appropriate.

Current and deferred income tax expense (recovery)

	Three months ended March 31,	
	2023	2022
Current tax (recovery) expense:		
Current year	**112**	4,065
Prior year	**—**	(146)
	112	3,919
Deferred tax (recovery) expense:		
Current year	**(442)**	2,519
Prior year	**—**	—
	(442)	2,519
	(330)	6,438

Effective tax rate

	Three months ended March 31,			
		2023		2022
Income tax recovery at statutory rate of 26.5%	**(744)**	**26.5%**	2,904	26.5%
Increase (decrease) in taxes resulting from:				
Foreign tax rate differential	**245**	**(8.7)%**	2,101	19.2%
Prior year	**—**	**—%**	(146)	(1.3)%
Non-deductible expenses and other	**85**	**(3.0)%**	86	0.8%
Deferred tax asset not recognized	**84**	**(3.0)%**	1,493	13.6%
	(330)	**11.8%**	6,438	58.8%

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 13: ASSET RETIREMENT PROVISION

	As of March 31,	As of December 31,
	2023	2022
	three-month period	twelve-month period
Balance as of January 1,	**1,979**	239
Additions during the period	**—**	1,701
Accretion expense	**48**	93
Effect of change in the foreign exchange rate	**192**	(54)
Balance as of period end	**2,219**	1,979

As of March 31, 2023, the Company estimated the costs of restoring its leased premises to their original state at the end of their respective lease terms to be $3,950 (December 31, 2022: $3,950), discounted to present value of $2,219 (December 31, 2022: $1,979) using discount rates between 7% and 10% (December 31, 2022: between 7% and 10%) over the lease periods, which were estimated to range from seven to ten years depending on the location.

NOTE 14: SHARE CAPITAL

Common shares
The Company's authorized share capital consists of an unlimited number of common shares without par value. As of March 31, 2023, the Company had 240,262,000 issued and outstanding common shares (December 31, 2022: 224,200,000).

Warrants
Details of the outstanding warrants are as follows:

	Three months ended March 31,			
		2023		2022
	Number of warrants	**Weighted average exercise price (USD)**	Number of warrants	Weighted average exercise price (USD)
Outstanding, January 1,	**19,153,000**	**4.21**	19,428,000	4.16
Granted	**—**	**—**	25,000	3.47
Outstanding, March 31,	**19,153,000**	**4.21**	19,453,000	4.16

The weighted average contractual life of the warrants as of March 31, 2023 was 1.2 years (March 31, 2022: 2.2 years).

NOTE 14: SHARE CAPITAL (Continued)

Significant transactions

i. Garlock Acquisition

During the three months ended March 31, 2022, the Company acquired a building in Quebec referred to as "Garlock" in exchange for cash consideration of $1,783 and the issuance of 25,000 warrants granted with a strike price of $3.47 that have a contractual life of 2 years.

ii. At-The-Market Equity Offering Program

Bitfarms commenced an at-the-market equity offering program on August 16, 2021, pursuant to which the Company may, at its discretion and from time-to-time, sell common shares of the Company, resulting in the Company receiving aggregate proceeds of up to $500,000.

During the three months ended March 31, 2023, the Company issued 15,940,000 common shares in exchange for gross proceeds of $16,360 at an average share price of approximately $1.03. The Company received net proceeds of $15,764 after paying commissions of $548 to the Company's agent and $47 in other transaction costs.

During the three months ended March 31, 2022, the Company issued 6,821,000 common shares in exchange for gross proceeds of $27,183 at an average share price of approximately $3.99. The Company received net proceeds of $26,289 after paying commissions of $815 to the Company's agent and $78 in other transaction costs.

iii. Stock Options

During the three months ended March 31, 2023, option holders exercised stock options to acquire 122,000 common shares (three months ended March 31, 2022: 55,000) resulting in proceeds of approximately $47 (three months ended March 31, 2022: $18) being paid to the Company.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 15: FINANCIAL INSTRUMENTS

Measurement categories and fair value

Financial assets and financial liabilities have been classified into categories that determine their basis of measurement. The following tables show the carrying values and the fair value of assets and liabilities for each of the applicable categories:

		As of March 31, 2023	As of December 31, 2022
Financial assets at amortized cost			
Cash	Level 1	**29,378**	30,887
Trade receivables	Level 2	**374**	701
Other receivables	Level 2	**346**	108
Financial assets at fair value through profit and loss			
Derivative assets	Level 2	**231**	—
Total carrying amount and fair value		**30,329**	31,696
Financial liabilities at amortized cost			
Trade accounts payable and accrued liabilities	Level 2	**11,921**	12,897
Long-term debt	Level 2	**21,093**	47,147
Total carrying amount and fair value		**33,014**	60,044
Net carrying amount and fair value		**(2,685)**	(28,348)

The carrying amounts of trade receivables, insurance refund and other receivables, trade payables and accrued liabilities and long-term debt presented in the table above are a reasonable approximation of their fair value.

Derivative assets

During the three months ended March 31, 2023, the Company entered into forward BTC option contracts to sell digital assets to reduce the risk of variability of future cash flows resulting from future sales of digital assets. The fair value of option contracts is categorized as Level 2 in the fair value hierarchy and was presented under Other assets in the consolidated statements of financial position as at March 31, 2023. Their fair values are a recurring measurement. Fair value of derivative financial instruments generally reflects the estimated amounts that the Corporation would receive or pay, and taking into consideration the counterparty credit risk or the Corporation’s credit risk, at each reporting date. The Company uses market data such as BTC option futures to estimate the fair value of option contracts at each reporting date. The Company did not apply hedge accounting on these contracts.

During the three month period ended March 31, 2023, the unrealized change in fair value of outstanding contracts and the realized gain on settled contracts amounted to a net gain of $35 recognized in net financial income included in the consolidated statements of profit or loss and comprehensive profit and loss. Refer to Note 19.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 16: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The following table details balance payable to related parties:

	As of March 31, 2023	As of December 31, 2022
Trade payables and accrued liabilities		
Directors' remuneration	**—**	1,522
Director and senior management incentive plan	**60**	95
	60	1,617

Amounts due to related parties, other than lease liabilities, are unsecured, non-interest bearing and payable on demand.

Transactions with related parties

During the three months ended March 31, 2022, the Company made rent payments totaling approximately $121 to companies controlled by certain directors. No such payments were made for the three months ended March 31, 2023. The rent payments were classified as interest included in financial expenses and principal repayment of lease liabilities. During the year ended December 31, 2022, the Company's leases with companies controlled by directors were renewed with third parties.

In December 2022, the Company's consulting agreements with two of its directors were terminated, their roles and responsibilities were reduced and termination payments totaling $1,466 were accrued and included in trade payables and accrued liabilities as at December 31, 2022 (as of March 31, 2023, balance accrued: nil). The consulting fees totaled approximately nil for the three months ended March 31, 2023 (for the three months ended March 31, 2022: $200).

The transactions described above were incurred in the normal course of operations. These transactions are included in the consolidated statements of profit or loss and comprehensive profit and loss as follows:

	Three months ended March 31,	
	2023	2022
General and administrative expenses	—	200
Net financial expenses (income)	—	27
	—	227

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 17: NET EARNINGS (LOSS) PER SHARE

Details of the number of shares and income (loss) used in the computation of net earnings (loss) per share are as follows:

	Year ended December 31,	
	2023	**2022**
Net (loss) income	**(2,479)**	4,519
Weighted average number of common shares outstanding - basic	**232,541,000**	197,505,000
The effect of dilutive potential common shares	**—**	3,764,000
Weighted average number of common shares outstanding - diluted	**232,541,000**	201,269,000
Basic (loss) earnings per share	**(0.01)**	0.02
Diluted (loss) earnings per share	**(0.01)**	0.02

For the three month period ended March 31, 2023, potentially dilutive securities have not been included in the calculation of diluted earnings (loss) per share because their effect is antidilutive. The additional potentially dilutive securities that would have been included in the calculation of diluted earnings per share had their effect not been anti-dilutive for the three month period ended March 31, 2023 would have totaled approximately 3,577,000.

NOTE 18: SHARE-BASED PAYMENT

The share-based payment expense related to stock options and restricted stock units ("RSU") for employees, directors, consultants and former employees received was as follows:

	Three months ended March 31,	
	2023	2022
Equity-settled share-based payment plans	**2,536**	6,105

Options

During the three months ended March 31, 2023, no stock options were granted. During the three months ended March 31, 2022, the Board of Directors approved stock option grants to purchase 120,000 common shares in accordance with the Long-Term Incentive Plan (the "LTIP Plan") adopted on May 18, 2021. All options issued according to the LTIP Plan become exercisable when they vest and can be exercised for a maximum period of 5 years from the date of the grant.

On March 31, 2023, upon the voluntary surrender by option holders, the Company cancelled outstanding options exercisable for 10,535,000 common shares. The Company intends, but has no obligation, to grant new options to the persons who formerly held the cancelled options no less than 90 days after the cancellation date of the original options. As the options were cancelled without the concurrent grant of a replacement award, the cancellation was treated as a settlement for no consideration, and all remaining unrecognized share-based payment expense associated with the cancelled options was accelerated for an amount of $914 during the three months ended March 31, 2023.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 18: SHARE-BASED PAYMENT (Continued)

Details of the outstanding stock options are as follows:

	Three months ended March 31,			
	2023		2022	
	Number of Options	Weighted Average Exercise Price ($CAD)	Number of Options	Weighted Average Exercise Price ($CAD)
Outstanding, January 1,	**21,804,000**	**3.47**	12,547,000	5.06
Granted	**—**	**—**	120,000	4.71
Exercised	**(122,000)**	**0.52**	(55,000)	0.42
Cancelled	**(10,535,000)**	**5.40**	—	—
Expired	**(15,000)**	**2.45**	—	—
Outstanding, March 31,	**11,132,000**	**1.68**	12,612,000	5.08
Exercisable, March 31,	**2,286,000**	**0.48**	5,876,000	4.45

The weighted average contractual life of the stock options as of March 31, 2023 was 3.9 years (March 31, 2022: 4.2 years).

Restricted Unit Shares (’‘RSU”)
Details of the RSUs are as follows:

	Three months ended March 31,			
	2023		2022	
	Number of RSUs	Weighted Average Grant Price ($CAD)	Number of RSUs	Weighted Average Grant Price ($CAD)
Outstanding, January 1,	**400,000**	**2.98**	200,000	4.05
Granted	**—**	**—**	—	—
Settled	**—**	**—**	—	—
Outstanding, March 31,	**400,000**	**2.98**	200,000	4.05

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 19: ADDITIONAL DETAILS TO THE STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE PROFIT OR LOSS

Cost of revenues

	Three months ended March 31,	
	2023	2022
Energy and infrastructure	**17,027**	9,590
Depreciation and amortization	**20,700**	13,066
Purchases of electrical components	**320**	307
Electrician salaries and payroll taxes	**356**	329
	38,403	23,292

General and administrative expenses

	Three months ended March 31,	
	2023	2022
Salaries and share based payment	**5,157**	7,660
Professional services	**1,878**	2,123
Advertising and promotion	**81**	50
Insurance, duties and other	**974**	3,565
Travel, motor vehicle and meals	**178**	315
Hosting and telecommunications	**92**	130
	8,360	13,843

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 19: ADDITIONAL DETAILS TO THE STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE PROFIT OR LOSS (Continued)

Net financial income

		Three months ended March 31,	
		2023	2022
Gain on disposition of marketable securities	a	**(2,171)**	(10,937)
Gain on extinguishment of long-term debt and lease liabilities	b	**(12,835)**	—
Loss on currency exchange		**270**	858
Interest on credit facility and long-term debt		**1,251**	2,705
Interest on lease liabilities		**369**	305
Discount expense on VAT receivable	c	**1,009**	2,919
Other financial (income) expenses		**(81)**	67
		(12,188)	(4,083)

a. Gain on disposition of marketable securities

During the three months ended March 31, 2023, the Company funded its expansion in Argentina through the acquisition of marketable securities and in-kind contribution of these securities to the Company's subsidiary in Argentina. The subsequent disposition of these marketable securities in exchange for Argentine Pesos gave rise to a gain as the amount received in ARS exceeds the amount of ARS the Company would have received from a direct foreign currency exchange.

b. Gain on extinguishment of the BlockFi Loan and Reliz lease liability

In February 2023, the Company negotiated a settlement of its loan agreement with BlockFi with a then outstanding debt balance of $20,330 for a payment of $7,750. As a result, a gain on extinguishment of long-term debt was recognized in the amount of $12,580 during the three months ended March 31, 2023.

In February 2023, the Company modified its lease agreement with Reliz Ltd. in order to settle its outstanding lease liability of $373 for a payment of $118. As a result, a gain on extinguishment of lease liabilities was recognized in the amount of $255 during the three months ended March 31, 2023.

c. Discount expense on VAT receivable

A portion of the Argentine VAT receivable is not expected to be settled within the next 12 months, and, therefore, it has been classified as a long-term receivable in Note 8 with the short-term portion being included in sales tax receivable in Note 5. The Company has discounted this VAT receivable to its present value, which is classified within Net financial income during the three months ended March 31, 2023. Historically, ARS has devalued significantly when compared to USD due to high levels of inflation in Argentina, which may result in the Company recording future foreign exchange losses on its Argentina VAT receivable.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 20: GEOGRAPHICAL INFORMATION

Reportable segment
The reporting segments are identified on the basis of information that is reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated and assess its performance. Accordingly, for management purposes, the Company is organized into operating segments based on the products and services of its business units and has one material reportable segment, cryptocurrency mining, which is the operation of server farms that support the validation and verification of transactions on the BTC blockchain, earning cryptocurrency for providing these services, as described in Note 1.

Revenues
Revenues by country are as follow:

	Three months ended March 31,	
	2023	2022
Canada	**23,489**	29,926
USA	**3,891**	9,805
Argentina	**1,296**	—
Paraguay	**1,374**	598
	30,050	40,329

Property, Plant and Equipment
The net book value of property, plant and equipment by country is as follow:

	As of March 31,	As of December 31,
	2023	2022
Canada	**129,405**	142,654
USA	**29,605**	32,664
Argentina	**39,375**	31,927
Paraguay	**12,605**	12,183
	210,990	219,428

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - unaudited)

NOTE 21: ADDITIONAL DETAILS TO THE STATEMENTS OF CASH FLOWS

	Three months ended March 31,	
	2023	**2022**
Changes in working capital components:		
Decrease in trade receivables, net	**327**	369
Decrease (increase) in other current assets	**(1,161)**	629
Increase in long-term deposits	**(1,821)**	(4,988)
Increase (decrease) in trade payables and accrued liabilities	**97**	(4,262)
Decrease in taxes payable	**(112)**	(183)
	(2,670)	(8,435)
Significant non-cash transactions:		
Addition of right-of-use assets, property, plant and equipment and related lease liabilities	**215**	1,838
Purchase of property, plant and equipment financed by short-term credit	**1,416**	3,262
Equipment prepayments realized as additions to property, plant and equipment	**4,714**	33,972
Deferred tax expense related to equity issuance costs	**—**	227

NOTE 22: SUBSEQUENT EVENTS

At-The-Market Equity Offering Program

During the period from April 1, 2023, to May 12, 2023, the Company issued 4,441,000 common shares through its at-the-market equity offering program in exchange for gross proceeds of $5,067 at an average share price of approximately $1.14. The Company received net proceeds of $4,898 after paying commissions of $168 to the Company’s agent. Refer to Note 14 for further details of the Company’s at-the-market equity offering program.

Baie-Comeau (Quebec) Acquisition

On April 10, 2023, the Company entered into agreements to acquire shares of a Company that owns the right to 22 MW of hydro-power capacity in Baie-Comeau, Quebec and lease a site to install the infrastructure to operate the acquired capacity. The consideration to be transferred at closing would total $1,800, of which $720 is expected to be paid in cash and $1,080 is expected to be paid in common shares of the Company, the latter subject to regulatory approval and customary and contractual resale restrictions. The lease agreement is for an industrialized site in Baie-Comeau for an initial term of 10 years at $15 a month. The proposed lease agreement also provides the Company with the option to purchase the site for $2,250 (CAD$3,000) throughout the lease term.

Exhibit 99.2

Managemant’s Discussion & Analysis
For the three months ended March 31, 2023

Q1
2023

TABLE OF CONTENTS

1. INTRODUCTION

The following Management's Discussion and Analysis (the "MD&A") for Bitfarms Ltd. (together with its subsidiaries, the "Company" or "Bitfarms") has been prepared as of May 14, 2023. This MD&A is intended to supplement the Company's first quarter 2023 unaudited interim condensed consolidated financial statements and its accompanying notes (the "Financial Statements"), and the Company's 2022 audited annual consolidated financial statements and its accompanying notes (the "2022 Annual Financial Statements"). This MD&A should be read in conjunction with the Company's Annual Information Form dated March 20, 2023, which is available on SEDAR at www.sedar.com and EDGAR at www.sec.gov/edgar.

The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), including IAS 34, *Interim Financial Reporting*. The Company's Financial Statements and this MD&A are reported in thousands of US dollars and US dollars, respectively, except where otherwise noted.

Bitfarms' management team ("Management") is responsible for the preparation and integrity of the Financial Statements including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the Financial Statements and MD&A, is complete and reliable.

The Company utilizes a number of non-IFRS financial measures and ratios in assessing operating performance. Non-IFRS financial measures and ratios may exclude the impact of certain items and are used internally when analyzing operating performance. Refer to Section 9 - *Non-IFRS Financial Measures and Ratios* and Section 21 - *Cautionary Note Regarding Non-IFRS Financial Measures and Ratios* of this MD&A for more information.

This MD&A contains forward-looking statements. Refer to the risk factors described in Section 17 - *Risk Factors* of this MD&A, Section 18 - Risk Factors of the Company's MD&A for the year ended December 31, 2022 dated March 20, 2023 and to Section 20 - *Cautionary Note Regarding Forward-Looking Statements* of this MD&A for more information. This MD&A contains various terms related to the Company's business and industry which are defined in Section 23 - *Glossary of Terms* of this MD&A.

In this MD&A, the following terms shall have the following definitions:

Term	Definition
Q1 2023	Three months ended March 31, 2023
Q1 2022	Three months ended March 31, 2022

(In U.S. dollars, except where otherwise indicated)

2. COMPANY OVERVIEW

Founded in 2017, Bitfarms (NASDAQ/TSX: BITF) is a global, publicly traded Bitcoin mining company. Bitfarms runs vertically integrated mining operations with in-house management and company-owned electrical engineering, installation service, and onsite technical repair. The Company's proprietary data analytics system delivers best-in-class operational performance and uptime.

Bitfarms owns and operates server farms comprised of computers (referred to as "Miners") designed for the purpose of validating transactions on the Bitcoin ("BTC") Blockchain (referred to as "Mining"). Bitfarms generally operates Miners 24 hours a day producing computational power (measured by hashrate) which it sells to Mining Pools under a formula driven rate commonly known in the industry as Full Pay Per Share ("FPPS"). Under FPPS, pools compensate Mining companies for their hashrate based on what the pool would expect to generate in revenue for a given time period if there was no randomness involved. The fee paid by a Mining Pool to Bitfarms for its hashrate may be in cryptocurrency, U.S. dollars, or other currency. Bitfarms accumulates the cryptocurrency fees it receives or exchanges them for U.S. dollars, as determined to be needed, through reputable and established cryptocurrency trading platforms. Mining Pools generate revenue by Mining with purchased hashrate through the accumulation of Block Rewards and transaction fees issued by the BTC network. Mining pools purchase hashrate and accept the risk with the aim to mine more blocks than they should in a given time period in seek of profit.

Bitfarms currently has 10 Mining facilities situated in four countries: Canada, the United States, Paraguay, and Argentina. Powered by predominately environmentally friendly hydro-electric and long-term power contracts, Bitfarms is committed to using sustainable, locally-based and often underutilized energy infrastructure.

The Company's ability to operate and secure power through its production sites is summarized as follows:

Country	Operating power as of May 14, 2023	Contracted power as of May 14, 2023
Canada	148 MW	158 MW[1]
United States	20 MW	24 MW[2]
Paraguay	10 MW	10 MW
Argentina	18 MW	210 MW[2]
	196 MW	402 MW

1 The Company has secured the rights for a total of 10 MW of hydro-electricity in the province of Quebec. Bitfarms does not currently have an expansion plan for these 10 MW of power, but is continuing its efforts to search for economically viable properties for these 10 MW of hydro-electricity.

2 Refer to section 6 - *Expansion Projects* for details on the timing of the remaining MW not yet operational.

3. FINANCIAL HIGHLIGHTS

	Three months ended March 31,	
(U.S.$ in thousands except where indicated)	**2023**	2022
Revenues	**30,050**	40,329
Gross (loss) profit	**(8,353)**	17,037
Gross margin (1)	**(28)%**	42%
Operating (loss) income	**(14,997)**	6,874
Operating margin (1)	**(50)%**	17%
Net (loss) income	**(2,479)**	4,519
Basic (loss) earnings per share	**(0.01)**	0.02
Diluted (loss) earnings per share	**(0.01)**	0.02
Gross Mining profit (1)	**12,185**	30,140
Gross Mining margin (1)	**42%**	76%
Adjusted EBITDA (1)	**6,334**	21,440
Adjusted EBITDA margin (1)	**21%**	53%

	As of March 31,	As of December 31,
	2023	2022
Total assets	**331,982**	343,098
Current financial liabilities	**32,947**	55,951
Non-current financial liabilities	**67**	4,093
Long-term debt included in financial liabilities	**21,093**	47,147

There have not been any distributions or cash dividends declared per share for the periods disclosed above.

1 Gross margin, Operating margin, Gross Mining profit, Gross Mining margin, EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin, are non-IFRS financial measures or ratios; refer to Section 9 - *Non-IFRS Financial Measures and Ratios* of this MD&A.

4. FIRST QUARTER 2023 FINANCIAL RESULTS AND OPERATIONAL HIGHLIGHTS

Financial

- Revenues of $30.1 million, gross loss of $8.4 million (gross margin[1] of negative 28%) including non-cash depreciation and amortization expense of $20.7 million, operating loss of $15.0 million (operating margin[1] of negative 50%) and net loss of $2.5 million;
- Gross Mining profit[1] of $12.2 million (42% gross Mining margin[1]); and
- Adjusted EBITDA[1] of $6.3 million (21% adjusted EBITDA margin[1]).

Operations

- Mined 1,297 BTC at an average direct cost of $12,500 per BTC[2] and held 435 BTC valued at approximately $12.4 million as of March 31, 2023;
- Increased hashrate from 4.5 EH/s to 4.8 EH/s through the acquisition and installation of approximately 3,000 Miners; and
- Sold 1,267 BTC at an average price of $22,500 per BTC for total proceeds of $28.5 million, a portion of which was used to repay equipment related indebtedness.

Expansions

- Imported and installed approximately 2,900 new M30s Whatsminer Miners into Paraguay, which added a net 165 PH/s to the Villarrica facility after replacing the older generation Miners, and bringing its total hashrate to approximately 290 PH/s. The Company sold the older generation Miners to a third party for approximately $0.2 million.

Financing

- Negotiated a discounted prepayment of the equipment financing with BlockFi Lending LLC ("BlockFi"), which had an outstanding balance of $20.3 million as at February 8, 2023, to align with market conditions, for $7.8 million, resulting in a gain on extinguishment of long-term debt of $12.6 million;
- Paid down $13.5 million in equipment related indebtedness, including the negotiated $7.8 million BlockFi loan settlement payment described above;
- Launched hedging activities including entering into forward BTC option contracts with the objective of reducing the variability of future cash flows from sales of digital assets; and
- Raised $15.8 million in net proceeds through the Company's at-the-market equity offering program.

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1 Gross margin, Operating margin, Gross Mining profit, Gross Mining margin, EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin, are non-IFRS financial measures or ratios; refer to Section 9 - *Non-IFRS Financial Measures and Ratios* of this MD&A.

2 Represents the direct cost of BTC based on the total electricity costs divided by the total number of BTC mined.

(In U.S. dollars, except where otherwise indicated)

5. PRODUCTION AND MINING OPERATIONS

Key Performance Indicators

	Three months ended March 31,		
	2023	2022	% Change
Total BTC mined	**1,297**	961	35%
Average Watts/Average TH efficiency	**39**	43	(9)%
BTC sold	**1,267**	18	*nm*

nm: not meaningful

	As of March 31,		
	2023	**2022**	% Change
Period-end operating EH/s	**4.8**	2.7	76%
Period-end operating capacity (MW)	**188**	121	55%
Hydropower (MW)	**178**	121	47%

As of March 31, 2023 v. as of March 31, 2022

- 4.8 EH/s online as of March 31, 2023, compared to 2.7 EH/s online as of March 31, 2022, an increase of 76%, as a result of the Company's expansions in Sherbrooke (Quebec), Washington State, Paraguay and Argentina and the upgrade of its Miner fleet;
- 188 MW operating capacity as of March 31, 2023, compared to 121 MW operating capacity as of March 31, 2022, an increase of 55%, as a result of expansions in Sherbrooke (additional 54 MW), Washington (additional 3 MW) and Argentina (additional 10 MW); and
- 178 MW hydropower as of March 31, 2023, compared to 121 MW hydropower as of March 31, 2022, an increase of 47% as a result of the Company's expansions in Sherbrooke and Washington, and representing 95% of total energy capacity.

Q1 2023 v. Q1 2022

- 1,297 BTC mined in Q1 2023, compared to 961 BTC mined in Q1 2022, representing an increase of 35% as a result of the Company's expansions in Sherbrooke (Quebec), Washington State, Paraguay and Argentina and the upgrade of its Miner fleet;
- 39 Watts/TH efficiency in Q1 2023, compared to 43 Watts/TH efficiency in Q1 2022, representing an improvement of 9% due to the Company upgrading its fleet with more efficient Miners; and
- 1,267 BTC sold in Q1 2023 compared to 18 BTC in Q1 2022. The proceeds were used in part to fund operations and repay equipment financing indebtedness.

6. EXPANSION PROJECTS

The Company has described its expansion plans below under the sections entitled "Argentina Expansion", "Paraguay Expansion", "Washington Expansion" and "Baie-Comeau Expansion". The Company's 2023 ending hashrate target based on current infrastructure construction and Miner delivery schedules is 6.0 EH/s, which is planned to be reached by the end of the third quarter of 2023. As of March 31, 2023, the Company achieved 4.8 EH/s. The Company continues to evaluate opportunities that will expand its infrastructure and Mining hardware to increase the Company's hashrate, provided such opportunities are accretive based on current macro factors and specific performance.

The estimated costs and timelines to achieve these expansion plans may change based on, among other factors, the prevailing price of BTC, network difficulty, supply and cost of cryptocurrency Mining equipment, the ability to import equipment into countries in a cost-effective manner, the supply of electrical and other supporting infrastructure equipment, the availability of construction materials, currency exchange rates, the impact of geopolitical events or global health related issues including COVID-19 on the supply chains described above, and the Company's ability to fund its initiatives. The Company's expansion plans rely on a consistent supply of electricity at cost-effective rates; refer to Section 18 - *Risk Factors* (Section *Economic Dependence on Regulated Terms of Service and Electricity Rates Risks)* of the Company's MD&A for the year ended December 31, 2022 dated March 20, 2023 for further details.

A. Argentina Expansion

Background
In April 2021, the Company entered into an eight-year power purchase agreement for up to 210 MW with a private Argentinian power producer. The agreement establishes that the power producer will effectively supply the Company based on (i) 60% of the drawn electricity at a rate of $0.02 per kilowatt hour for the first four years, not including an additional cost of $0.002 per kilowatt hour for an energy management fee which effectively increases the cost to $0.022 per kilowatt hour, up to a maximum amount of 1,103,760 megawatt hours per year, plus (ii) the remaining electricity supply subject to certain adjustments, variable pricing components and other conditions. The pricing on the remaining four years of the eight-year energy contract will be determined by a formula that is largely dependent on natural gas prices. The agreement also allows for the power producer to renegotiate the rate if the ratio of the exchange rate under the blue-chip swap mechanism used in Argentina to the official exchange rate is less than 1.50. For the last four years of the eight-year power purchase agreement, all of the electricity supply will be based on variable and market-driven pricing components as is the case for the 40% supply as outlined above for the first four years. For further details on the Company's power purchase agreement, refer to Section 18 - *Risk Factors* (Section *Economic Dependence on Regulated Terms of Service and Electricity Rates Risks)* of the Company's MD&A for the year ended December 31, 2022 dated March 20, 2023.

In July 2021, the Company entered into an eight-year lease agreement, comprising annual payments of approximately $0.1 million, with the power producer to lease land within the power producer's property in Rio Cuarto for the Mining facility's construction and operation. The lease covers sufficient property area to allow for the construction of warehouses capable of fully drawing up to 210 MW of power.

6. EXPANSION PROJECTS (Continued)

A. Argentina Expansion (Continued)

Background (Continued)
In September 2021, the Company entered into a contract with *Proyectos y Obras Americanas S.A.* ("PROA") to provide engineering, procurement, and construction services for the Company's facility in Argentina. PROA specializes in utility-grade electrical infrastructure and civil construction with relevant expertise in the design and construction of electrical interconnections, high voltage electrical lines, and transformers needed for operations of the size of the planned Argentina facility. Pursuant to an agreement signed with *LPZ Hosting S.A.S* ("LPZ"), LPZ is responsible for the detail engineering, purchasing management and execution of louvers, sound and noise system, electric installation, data network installation, air conditioning system, air extraction and filter systems, racks, closed-circuit television "(CCTV)", fire detection and extinguisher system as well as installation of all low voltage works. *Ingenia Grupo Consultor and Gieco S.A.* ("Ingenia") were retained as a consortium group responsible for the construction of a provisional high voltage power line and transformer station as well as the expansion of the 132 KW public bars of the power plant. Ingenia, under the supervision of LPZ, was also selected to carry out electrical data and CCTV assembly work for the first warehouse. The Company has also engaged Dreicon S.A. to provide some engineering services and to act as an independent engineering firm to oversee construction, quality control and project milestones for the Company's projected buildout schedule.

Initial plan
The facility, if fully developed, is currently designed to comprise of warehouse-style buildings. All warehouses, if built, are expected to be able to accommodate over 55,000 new generation Miners, and be capable of producing approximately 5.5 EH/s. The first warehouse represents approximately 50 MW of incremental infrastructure capacity.

The Company planned to deploy a significant portion of its order of 48,000 Miners at this facility, with deliveries expected to arrive throughout 2022 and the first six months of 2023. In December 2022, the Company renegotiated its 48,000 unit purchase agreement, extinguishing the outstanding commitment on 18,000 units, contractually valued at $45.4 million, without penalty.

The adverse impact of geopolitical events on natural gas prices, as well as new importation restrictions, as detailed below, led the Company to revise the timing to fully utilize the infrastructure built in the first 50 MW warehouse and to reassess the timing of its build-out and deployment of further production facilities at the Rio Cuarto location.

Revised plan announced in 2022
On September 2022, 10 MW of the 50 MW of the first warehouse in Argentina became operational. Construction of the first warehouse was completed in November 2022, but has not yet been fully commissioned due to the reasons detailed below.

6. EXPANSION PROJECTS (Continued)

A. Argentina Expansion (Continued)

Revised plan announced in 2022 (Continued)
Since October 17, 2022, a new importation system, called Sistema de importaciones de la República Argentina ("SIRA") replaced the previous one called Sistema integral de monitoreo de importaciones ("SIMI"). The SIRA system puts additional controls on importations into Argentina and limits the outflow of U.S. dollars from the country, resulting in additional restrictions on the importation of crypto Miners and many other categories of equipment. As a result, and for reasons beyond its control, the Company has been unable to import and deploy its Mining fleet in Argentina as originally expected. Additionally, as of March 31, 2023, the private Argentinian power producer was still awaiting approval of its final operation permit to provide power to the Company's operations. The approval was granted on April 21, 2023. In the interim, the Rio Cuarto facility was drawing power during this start-up and commissioning phase from the provincial electrical utility at a higher cost than the expected contracted cost of power under the agreement with the power producer. The higher cost of electricity during this period also impacted the planned deployment of Miners in the first warehouse.

The cost of developing the first two warehouses is currently estimated to range from $55 million to $65 million, including the installed high voltage lines and a substation capable of supplying power to four warehouses and drawing up to 210 MW of electricity. The estimated cost range is net of any expected gains on disposition of marketable securities in connection with the mechanism for funding the Argentina Expansion, as described in section 7 - *Net financial income*, and excluding importation costs.

2023 update
In February 2023, Management elected to postpone the development of a second warehouse until the power permit is obtained by the private Argentinian power producer, the importation limitations are resolved and natural gas prices stabilize at an acceptable level.

In April 2023, the Company confirmed the receipt of the necessary power permits by the private Argentinian power producer to expand production up to 100 MW at its Argentina facility. The Company completed testing of its Rio Cuarto substation which is now online and capable of delivering 100 MW without further significant capital expenditure.

In April 2023, the Company installed 2,100 new miners that were delivered in March and April 2023. Energizing these miners and ending underclocking of previously installed miners in line with improved economics increased the active capacity to 18 MW and the Company's operational hashrate to over 5 EH/s.

The receipt of the power permit by the private Argentinian power producer enables the Company to commence purchasing low-cost power under its purchase agreement, currently expected to be below $0.03 per kWh as the Company reaches 50MW capacity. The Company expects the cost of BTC mined at this farm to substantially decrease as it actively scales up operations at the first warehouse.

In anticipation of the power permit approval, the Company, using credits and cash, purchased over 6,200 new Bitmain and MicroBT miners to fill out an additional 22 MW in the first warehouse. These new miners, when installed, as expected in the third quarter of 2023, are projected to improve the overall w/TH efficiency and generate an additional 1.1 EH/s at the Argentina facility.

6. EXPANSION PROJECTS (Continued)

A. Argentina Expansion (Continued)

2023 update (Continued)
The Company currently has a fully built 50 MW farm which is now permitted to draw power under this agreement and has the opportunity to draw 50 MW of additional power under this agreement should it build its second 50 MW facility. The Company also retains the option to build out other facilities to the full contracted amount of 210 MW. Currently, in light of the importation limitations and the adverse impact of recent geopolitical events on natural gas prices, the Company is not yet in a position to determine when or if construction of additional infrastructure will resume or commence.

Position as of March 31, 2023
As of March 31, 2023, the Company had placed deposits of $4.9 million and $5.9 million with suppliers for existing and additional construction costs and for Blockchain Verification and Validation Equipment and electrical components, respectively. The Company has also acquired $55.8 million of property, plant and equipment, incurred $0.3 million of expenditures relating to design and feasibility studies and recorded cumulative gains on the disposition of marketable securities of $60.0 million associated with the mechanism to convert funds into Argentine Pesos for disbursements.

B. Paraguay Expansion

Background
During the year ended December 31, 2021, the Company entered into an annually renewable 10 MW power purchase agreement with the city of Villarrica’s electricity distribution company, Compañía Luz y Fuerza SA (“CLYFSA”), at an effective electricity cost of $0.036 per kilowatt hour. The Company also entered into a five-year lease agreement with another counterparty, beginning August 1, 2021, with monthly payments of $20,000, to lease land at the existing facility. The construction of the facility cost $1.1 million and was completed in December 2021.

2022 update
In January 2022, the Company’s facility in Paraguay became operational with the installation of 2,900 of the Company’s older generation Miners relocated from Quebec and generated approximately 125 PH/s.

On July 18, 2022, the Paraguayan Congress approved a bill regulating the Mining, trading, intermediation, exchange, transfer, custody and administration of crypto-assets and instruments. The proposed legislation by the Paraguayan Congress aimed to create an attractive regulatory environment within the Country through the establishment of a straightforward licensing regime that clearly established the requirements for operating crypto-assets activities in the Country. On August 30, 2022, the proposed law was vetoed by the President and returned to the Paraguayan Congress to be modified and potentially resubmitted. It is unknown if and when a new law will be approved. The absence of specific law in Paraguay regarding crypto assets has not impacted the Company’s current operations in the country. National elections took place on April 30, 2023. The country’s new President is expected to be inaugurated on August 15, 2023.

6. EXPANSION PROJECTS (Continued)

B. Paraguay Expansion (Continued)

2022 update (Continued)
On September 16, 2022, the executive branch of the Paraguayan government issued decree No. 7824/22 under which the National Electricity Administration ("ANDE"), which is responsible for the distribution and delivery of the majority of electricity in the Country, was requested to adopt complementary and temporary regulatory measures to adjust the variables corresponding to the electricity rates aimed at special intensive consumption sectors, including crypto asset Mining. In response, ANDE established the Special Intensive Consumption Group, which controls the supply of high and medium voltage electricity and imposes rate tariffs in effect until at least December 2027. While the Company's contract with CLYFSA precludes these tariffs from having any impact on the Company's current activities, the impact, if any, on the Company's future operations cannot be determined at this time.

2023 update
In January 2023, all of the older generation Miners at the Villarrica facility were replaced with approximately 2,900 new M30S Whatsminer Miners generating approximately 290 PH/s, a 165 PH/s increase compared to the hashrate that was being produced by the older generation Miners. During the three months ended March 31, 2023, the Company reached an agreement and sold the older generation Miners to a third party for approximately $0.2 million.

C. Washington Expansion

Background
On November 9, 2021, the Company completed the acquisition of a facility in Washington State consisting of 12 MW of hydro-electric power purchase agreements, an additional 12 MW of in-process applications for expanded power-purchase agreements, transformers with 17 MW of capacity, land, buildings, electrical distribution equipment and a below market lease arrangement for a 5 MW facility that was set to expire on November 8, 2022.

Upon closing of the transaction, the Company transferred approximately $23.0 million in cash and 415,000 common shares with a value of $3.7 million on the closing date. The net identifiable assets acquired include electrical distribution equipment valued at $6.0 million, buildings valued at $0.7 million, land valued at $0.1 million and a favorable lease valued at $2.0 million. The acquisition resulted in the Company recording goodwill of $17.9 million, which was determined as of June 30, 2022 to be fully impaired as a result of the decrease in the price of BTC.

6. EXPANSION PROJECTS (Continued)

C. Washington Expansion (Continued)

2022 update
During the second quarter of 2022, the Company added 3 MW of electrical infrastructure and is currently operating approximately 20 MW of electrical infrastructure with the majority of the Company’s Antminer S19j Pro Miners generating approximately 600 PH/s in this facility. The Company’s power supplier provided a preliminary indication that the next 6 MW of in-process applications were expected to be energized in the second half of 2023 with the remaining 3 MW of in-process applications estimated to be energized after 2027 due to the nearby substation being at capacity. On October 20, 2022, the Company renewed on similar terms the property lease for a period of 23 months.

2023 update
In April 2023, the Company received approval from the power supplier for the next 6 MW which is estimated to be energized in the fourth quarter of 2023. The Company expects to begin constructing another facility starting in June 2023 with an estimated cost of $2.1 million which includes the costs paid to the power supplier for setting up the connection. The Company anticipates relocating miners from other facilities in Washington to the facility once constructed in order to reduce operating expenses.

D. Baie-Comeau (Canada) Expansion

Background
In April 2023, the Company entered into agreements to acquire shares of a Company that owns the right to 22 MW of hydro power capacity in Baie-Comeau, Quebec and lease a site to install the infrastructure to operate the acquired capacity. The 22 MW facility could add over 600 PH/s when in full production. The Baie-Comeau area is home to five hydro-electricity generation facilities with over 5.4 gigawatts of nameplate capacity. Adding reliable hydro power in Quebec is part of the Company’s strategy to cost-effectively expand its operating footprint.

The consideration to be transferred at closing would total $1.8 million, of which $0.7 million is expected to be paid in cash and $1.1 million is expected to be paid in common shares of the Company, the latter subject to regulatory approval and customary and contractual resale restrictions.

The lease agreement is for an industrialized site in Baie-Comeau for an initial term of 10 years at $15,000 a month. The proposed lease agreement provides the Company with the option to purchase the site for $2.3 million (CAD$ 3.0 million) throughout the lease term.

2023 plan
Following the closing of the acquisition, the Company plans to keep the development and build-out costs low by utilizing a portion of its hardware credits for miner procurement and applying infrastructure equipment repurposed from the December 2022 sale of the former De La Pointe facility. The Company could bring 11 MW online by the third quarter of 2023 and to commission the remaining 11 MW during the second half of 2024, after local infrastructure improvements have been completed.

7. FINANCIAL PERFORMANCE

Consolidated Financial & Operational Results

	Three months ended March 31,			
(U.S.$ in thousands except where indicated)	**2023**	2022	$ Change	% Change
Revenues	**30,050**	40,329	(10,279)	(25)%
Cost of revenues	**38,403**	23,292	15,111	65%
Gross (loss) profit	**(8,353)**	17,037	(25,390)	(149)%
Gross margin [1]	**(28)%**	42%	—	—
Operating expenses				
General and administrative expenses	**8,360**	13,843	(5,483)	(40)%
Realized (gain) loss on disposition of digital assets	**(587)**	34	(621)	*nm*
Reversal of revaluation loss on digital assets	**(2,695)**	(3,702)	1,007	(27)%
Loss (gain) on disposition of property, plant and equipment	**1,566**	(12)	1,578	*nm*
Operating (loss) income	**(14,997)**	6,874	(21,871)	(318)%
Operating margin [1]	**(50)%**	17%	—	—
Net financial income	**(12,188)**	(4,083)	(8,105)	199%
Net (loss) income before income taxes	**(2,809)**	10,957	(13,766)	(126)%
Income tax (recovery) expense	**(330)**	6,438	(6,768)	(105)%
Net (loss) income	**(2,479)**	4,519	(6,998)	(155)%
Basic (loss) earnings per share (in U.S. dollars)	**(0.01)**	0.02	—	—
Diluted (loss) earnings per share (in U.S. dollars)	**(0.01)**	0.02	—	—
Change in revaluation surplus - digital assets, net of tax	**1,225**	—	1,225	100%
Total comprehensive (loss) income, net of tax	**(1,254)**	4,519	(5,773)	(128%)
Gross Mining profit [1]	**12,185**	30,140	(17,955)	(60)%
Gross Mining margin [1]	**42%**	76%	—	—
EBITDA [1]	**19,511**	27,033	(7,522)	(28)%
EBITDA margin [1]	**65%**	67%	—	—
Adjusted EBITDA [1]	**6,334**	21,440	(15,106)	(70)%
Adjusted EBITDA margin [1]	**21%**	53%	—	—

nm: not meaningful

1 Gross margin, Operating margin, Gross Mining profit, Gross Mining margin, EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin, are non-IFRS financial measures or ratios; refer to Section 9 - *Non-IFRS Financial Measures and Ratios* of this MD&A.

7. FINANCIAL PERFORMANCE (Continued)

A. Revenues

Q1 2023 v. Q1 2022

Revenues were $30.1 million in Q1 2023 compared to $40.3 million in Q1 2022, a decrease of $10.3 million, or 25%.

The most significant factors impacting the decrease in Bitfarms' revenues in Q1 2023, compared to Q1 2022, are presented in the table below. Revenues decreased mostly due to the decrease in average BTC price, partially offset by the increase in Bitfarms' hashrate in excess of the increase in network difficulty.

(U.S. $ in thousands except where indicated)	**Note**	**BTC**	**(USD)**	**% Change**
Revenues, including Volta, for the three months ended March 31, 2022		961	40,329	—
Impact of increase in average Bitfarms' BTC hashrate in excess of the increase in network difficulty during Q1 2023 as compared to Q1 2022	1	336	13,891	34%
Impact of difference in average BTC price in Q1 2023 as compared to Q1 2022	2		(24,376)	(60)%
Other Mining variance and change in Volta			206	1%
Revenues for the three months ended March 31, 2023		**1,297**	**30,050**	**(25)%**

Notes

1 Calculated as the difference in BTC mined in Q1 2023 compared to Q1 2022 multiplied by Q1 2022 average BTC price

2 Calculated as the difference in average BTC price in Q1 2023 compared to Q1 2022 multiplied by BTC mined in Q1 2023

The following table summarizes the revenues by country:

	Three months ended March 31,			
(U.S.$ in thousands except where indicated)	**2023**	2022	$ Change	% Change
Canada	**23,489**	29,926	(6,437)	(22)%
USA	**3,891**	9,805	(5,914)	(60)%
Argentina	**1,296**	—	1,296	100%
Paraguay	**1,374**	598	776	130%
	30,050	40,329	(10,279)	(25)%

Given its higher proportion of production capacity, the decrease of $10.3 million in revenues mainly reflects a decrease of $6.4 million in Canada. Revenues from the Company's Canadian operations were $23.5 million during Q1 2023 compared to $29.9 million in Q1 2022. US-based revenues decreased by $5.9 million from the Company's Washington operations in Q1 2023 when compared to the same period in the previous year. Paraguay and Argentina revenues were $1.4 million and $1.3 million in Q1 2023, respectively, compared to $0.6 million and nil in Q1 2022, respectively.

7. FINANCIAL PERFORMANCE (Continued)

B. Cost of Revenues

	Three months ended March 31,			
(U.S.$ in thousands except where indicated)	**2023**	2022	$ Change	% Change
Energy and infrastructure	**17,027**	9,590	7,437	78%
Depreciation and amortization	**20,700**	13,066	7,634	58%
Purchases of electrical components	**320**	307	13	4%
Electrician salaries and payroll taxes	**356**	329	27	8%
	38,403	23,292	15,111	65%

Q1 2023 v. Q1 2022

Bitfarms' cost of revenues for Q1 2023 was $38.4 million compared to $23.3 million for Q1 2022. The increase in cost of revenues was mainly attributable to:

- A $7.4 million, or 78%, increase in energy and infrastructure expenses, mainly due to the Company adding new Miners, which increased energy utilization to an average of 170 MW during Q1 2023 versus 94 MW for the same period in 2022, resulting in an increase in electricity costs of $7.8 million. The availability and pricing of energy may be negatively affected by governmental or regulatory changes in energy policies in the countries and provinces where the Company operates.
- A $7.6 million increase in depreciation and amortization expense as the Company added new Miners and electrical infrastructure.

These increases were partially offset by:
- A decrease in rent expense of $0.2 million mainly due to the capitalization of the leased Washington facility which was renewed in Q4 2022.
- A decrease in repairs and maintenance of $0.2 million.

7. FINANCIAL PERFORMANCE (Continued)

C. General & Administrative Expenses

	Three months ended March 31,			
(U.S.$ in thousands except where indicated)	**2023**	2022	$ Change	% Change
Salaries and share based payment	**5,157**	7,660	(2,503)	(33)%
Professional services	**1,878**	2,123	(245)	(12)%
Advertising and promotion	**81**	50	31	62%
Insurance, duties and other	**974**	3,565	(2,591)	(73)%
Travel, motor vehicle and meals	**178**	315	(137)	(43)%
Hosting and telecommunications	**92**	130	(38)	(29)%
	8,360	13,843	(5,483)	(39)%

Q1 2023 v. Q1 2022

Bitfarms' general and administrative ("G&A") expenses were $8.4 million in Q1 2023 compared to $13.8 million for Q1 2022. The decrease of $5.5 million, or 39%, in G&A expense was largely due to:

- A $3.6 million decrease in non-cash share-based payment expense in connection with:
  - Stock options granted in 2021 with a fair market value between $3.16 to $5.97 had a higher share-based payment expense in Q1 2022 than Q1 2023 due to the graded vesting method, which resulted in an accelerated recognition of share-based expense in earlier periods.
  - The Company not granting any stock options during Q1 2023 compared to granting 120,000 stock options for the same period in Q1 2022.
  - This is partially offset by the cancellation of 10,535,000 options, which resulted in accelerated share-based payment expense of $0.9 million during Q1 2023. Refer to Note 18 to the Financial Statements for more details.
- The inclusion of $1.8 million of shipping costs and duties in Q1 2022 from transferring older generation Miners from Canada to Paraguay which did not occur in Q1 2023.
- A $0.2 million decrease in the Company's insurance expense mostly due to refunds from insurers after reviewing the policies.

These decreases were partially offset by:

- A $1.1 million increase in salaries and wages expense due to the increase in the Company's headcount in Q1 2023 compared to Q1 2022 to support the global project expansions as well as cost of living salary increases.

7. FINANCIAL PERFORMANCE (Continued)

D. Net financial income

	Three months ended March 31,			
(U.S.$ in thousands except where indicated)	**2023**	2022	$ Change	% Change
Gain on disposition of marketable securities	**(2,171)**	(10,937)	8,766	(80)%
Gain on extinguishment of long-term debt and lease liabilities	**(12,835)**	—	(12,835)	(100)%
Loss on currency exchange	**270**	858	(588)	(69)%
Interest on credit facility and long-term debt	**1,251**	2,705	(1,454)	(54)%
Interest on lease liabilities	**369**	305	64	21%
Discount expense on VAT receivable	**1,009**	2,919	(1,910)	(65)%
Other financial (income) expenses	**(81)**	67	(148)	(221)%
	(12,188)	(4,083)	(8,105)	199%

Q1 2023 v. Q1 2022

Bitfarms' net financial income for Q1 2023 was $12.2 million compared to $4.1 million for Q1 2022. The $8.1 million increase was primarily related to:

- A $12.8 million gain on extinguishment of long-term debt and lease liabilities during Q1 2023. In February 2023:
  - BlockFi and the Company negotiated a settlement of the loan in its entirety for cash consideration of $7.8 million, resulting in a gain on extinguishment of long-term debt of $12.6 million; and
  - The Company negotiated a modification to its lease agreement with Reliz Ltd. (where BlockFi was the lender to Reliz Ltd.) in order to settle its outstanding lease liability of $0.4 million for a payment of $0.1 million. As a result, a gain on extinguishment of lease liabilities was recognized in the amount of $0.3 million.
- A $1.4 million decrease in interest expense on (i) the $100 million credit facility which commenced on December 30, 2021 and was fully repaid and extinguished in December 2022, (ii) the BlockFi Loan which commenced on February 18, 2022 and was extinguished in February 2023 as described above and (iii) the NYDIG Loan which commented on June 15, 2022. The NYDIG Loan was classified as long-term debt in the statements of financial position.
- The discounting expense on the Argentina VAT receivable of $2.9 million during Q1 2022 relates to the country's historically high rate of inflation and length of time before the VAT receivable is refunded and reflects the accounting under the effective interest rate method. During Q1 2023, new additions to the VAT receivable were discounted, which had a lesser balance than the amount discounted in Q1 2022, resulting in lesser expense. The discounting expense was partially offset by increasing accretion income from the passage of time.

These increases were partially offset by:

- A $8.7 million decrease in gain on disposition of marketable securities related to the mechanism used to fund the Argentina Expansion that began in Q3 2021. The Company has been funding its expansion in Argentina through the acquisition of marketable securities and in-kind contribution of these securities to a company in Argentina that it controls. The subsequent disposition of these marketable securities in exchange for Argentine Pesos gave rise to a gain as the equivalent amount received in Argentine Pesos exceeded the amount of Argentine Pesos the Company would have received from a direct foreign currency exchange. The decrease was due to less funds being sent to Argentina in Q1 2023 compared to Q1 2022.

8. SELECTED QUARTERLY INFORMATION

(U.S. $ in thousands except earnings per share)	**Q1 2023**	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Revenues	**30,050**	27,037	33,247	41,815	40,329	59,598	44,774	36,687
Net (loss) income	**(2,479)**	(16,843)	(84,808)	(141,918)	4,519	9,677	23,733	(3,675)
Basic net (loss) earnings per share	**(0.01)**	(0.08)	(0.40)	(0.70)	0.02	0.05	0.14	(0.02)

Net (loss) income before income taxes	**(2,809)**	(16,652)	(89,533)	(161,234)	10,957	17,937	34,706	(3,071)
Interest expense	**1,620**	3,271	3,394	4,546	3,010	837	788	897
Depreciation and amortization expense	**20,700**	20,777	20,720	17,857	13,066	10,287	6,261	4,920
EBITDA	**19,511**	7,396	(65,419)	(138,831)	27,033	29,061	41,755	2,746
EBITDA margin	**65%**	27%	(197)%	(332)%	67%	49%	93%	7%
Share-based payment	**2,536**	3,795	3,961	7,927	6,105	10,036	5,787	6,342
Realized (gain) loss on disposition of digital assets	**(587)**	28,567	44,329	77,880	34	137	177	(47)
(Reversal of) revaluation loss on digital assets	**(2,695)**	(23,284)	(45,655)	70,475	(3,702)	3,869	(13,893)	14,885
Gain on extinguishment of long-term debt and lease liabilities	**(12,835)**	—	—	—	—	—	—	—
Impairment (reversal) on equipment and construction prepayments, property, plant and equipment and right-of-use assets	**—**	(8,903)	84,116	—	—	1,800	—	—
Impairment reversal on property, plant and equipment	**—**	—	—	—	—	—	(1,860)	—
Impairment on goodwill	**—**	—	—	17,900	—	—	—	—
Net financial (income) expenses and other	**404**	(6,445)	(11,015)	(16,666)	(8,030)	(4,628)	(2,204)	(146)
Adjusted EBITDA	**6,334**	1,126	10,317	18,685	21,440	40,275	29,762	23,780
Adjusted EBITDA margin	**21%**	4%	31%	45%	53%	68%	66%	65%

While the BTC Mining industry experiences volatility, it is typically not generally subject to seasonality or seasonal effects. Seasonal fluctuations in energy supply, however, may impact the Company's operations. The majority of the Company's operations during the above periods were in Quebec, where power was sourced directly from Hydro-Quebec, Hydro-Magog and Hydro-Sherbrooke. The Company also had operations in Washington State that were powered by the Grant County Power Utility District as well as operations in Paraguay that were powered by CLYFSA. In Q3 2022, the Company began operations in Argentina. The production facility in Argentina was temporarily connected to the power grid until the private power producer obtained the requisite permits to provide power to the Company in April 2023. Among other phenomena, changing weather in Quebec, Washington State, Paraguay or Argentina may impact seasonal electricity needs, and periods of extreme cold or extreme hot weather may contribute to service interruptions in cryptocurrency Mining operations. Changes to supply and/or demand of electricity may result in curtailment of electricity to the Company's cryptocurrency Mining operations. The Company's geographical diversification reduces the risk and extent of extreme weather and other external factors unduly affecting the Company's overall performance.

For Q1 2023 details, refer to Section 7A - *Financial Performance* (*Revenues);* Section 10A - *Liquidity and Capital Resources (Cash Flows);* and Section 6 - *Expansion Projects* (*Washington Expansion, Paraguay Expansion, Argentina Expansion and Baie-Comeau Expansion*) of this MD&A.

9. NON-IFRS FINANCIAL MEASURES AND RATIOS

The Company utilizes a number of non-IFRS financial measures and ratios in assessing operating performance. Non-IFRS financial measures and ratios may exclude the impact of certain items and are used internally when analyzing operating performance. Refer to Section 21 - *Cautionary Note Regarding Non-IFRS Financial Measures and Ratios* of this MD&A.

Non-IFRS financial measure

Measures	Definition	Purpose
Gross Mining profit	Gross Profit before: (i) non-Mining revenues; (ii) depreciation and amortization; (iii) purchase of electrical components and other expenses; and (iv) electrician salaries and payroll taxes.	● To assess profitability after power costs in cryptocurrency production and other infrastructure costs. Power costs are the largest variable expense in Mining. ● To provide the users of the MD&A the ability to assess the gross profitability of the Company’s core digital asset Mining operations.
EBITDA	Net income (loss) before: (i) interest expense; (ii) income tax expense; and (iii) depreciation and amortization.	● To assess profitability before the impact of different financing methods, income taxes, depreciation of capital assets and amortization of intangible assets. ● Used by management to facilitate comparisons of operating performance from period to period and to prepare annual operating budgets and forecasts. ● Useful for providing users of the MD&A with additional information to assist them in understanding components of its financial results, including a more complete understanding of factors and trends affecting the Company’s performance.
Adjusted EBITDA	EBITDA adjusted to exclude: (i) share-based compensation; (ii) non-cash finance expenses; (iii) asset impairment charges; (iv) realized gains or losses on disposition of digital assets and (reversal of) revaluation loss on digital assets; (v) gain on disposition of marketable securities, gains or losses on derivative assets and liabilities and discount expense on VAT receivable; and (vi) other non-recurring items that do not reflect the core performance of the Company.	● To assess profitability before the impact of all of the items in calculating EBITDA in addition to certain other non-cash expenses. ● To provide a consistent comparable metric for profitability of the Company’s core performance across time periods. ● Used by management to facilitate comparisons of operating performance from period to period and to prepare annual operating budgets and forecasts.

9. NON-IFRS FINANCIAL MEASURES AND RATIOS (Continued)

Non-IFRS financial ratios

Ratios	Definition	Purpose
Gross margin	The percentage obtained when dividing Gross profit by Revenues.	● To assess profitability of the Company across time periods.
Gross Mining margin	The percentage obtained when dividing Gross Mining profit by Mining related revenues.	● To assess profitability after power costs in cryptocurrency production, the largest variable expense in Mining. ● To provide the users of the MD&A the ability to assess the profitability of the Company's core digital asset Mining operations, exclusive of certain general and administrative expenses.
Operating margin	The percentage obtained when dividing Operating income by Revenues.	● To assess operational profitability of the Company across time periods.
EBITDA margin	The percentage obtained when dividing EBITDA by Revenues.	● To assess profitability before the impact of different financing methods, income taxes, depreciation of capital assets and amortization of intangible assets. ● Used by management to facilitate comparisons of operating performance from period to period and to prepare annual operating budgets and forecasts. ● Useful for providing users of the MD&A with additional information to assist them in understanding components of its financial results, including a more complete understanding of factors and trends affecting the Company's performance.
Adjusted EBITDA margin	The percentage obtained when dividing Adjusted EBITDA by Revenues.	● To assess profitability before the impact of all of the items in calculating EBITDA in addition to certain other non-cash expenses. ● To provide a consistent comparable metric for profitability of the Company's core performance across time periods. ● Used by management to facilitate comparisons of operating performance from period to period and to prepare annual operating budgets and forecasts.

9. NON-IFRS FINANCIAL MEASURES AND RATIOS (Continued)

A. Reconciliation of Consolidated Net Income (loss) to EBITDA and Adjusted EBITDA

	Three months ended March 31,			
(U.S.$ in thousands except where indicated)	**2023**	2022	$ Change	% Change
Revenues	**30,050**	40,329	(10,279)	(25)%
Net (loss) income before income taxes	**(2,809)**	10,957	(13,766)	(126)%
Interest expense	**1,620**	3,010	(1,390)	(46)%
Depreciation and amortization expense	**20,700**	13,066	7,634	58%
EBITDA	**19,511**	27,033	(7,522)	(28)%
EBITDA margin	**65%**	67%	—	(2)%
Share-based payment	**2,536**	6,105	(3,569)	(58)%
Realized (gain) loss on disposition of digital assets	**(587)**	34	(621)	*nm*
Reversal of revaluation loss on digital assets	**(2,695)**	(3,702)	1,007	(27)%
Gain on extinguishment of long-term debt and lease liabilities	**(12,835)**	—	(12,835)	(100)%
Net financial (income) expenses and other	**404**	(8,030)	8,434	105%
Adjusted EBITDA	**6,334**	21,440	(15,106)	(70)%
Adjusted EBITDA margin	**21%**	53%	—	(32)%

nm: not meaningful

9. NON-IFRS FINANCIAL MEASURES AND RATIOS (Continued)

B. Calculation of Gross Mining Profit and Gross Mining Margin

	Three months ended March 31,			
(U.S.$ in thousands except where indicated)	**2023**	2022	$ Change	% Change
Gross (loss) profit	**(8,353)**	17,037	(25,390)	(149)%
Non-Mining revenues (1)	**(842)**	(604)	(238)	39%
Depreciation and amortization expense	**20,700**	13,066	7,634	58%
Purchases of electrical components and other	**324**	312	12	4%
Electrician salaries and payroll taxes	**356**	329	27	8%
Gross Mining profit (2)	**12,185**	30,140	(17,955)	(60)%
Gross Mining margin	**42%**	76%	—	—

(1) Non-Mining revenues reconciliation:

	Three months ended March 31,			
(U.S.$ in thousands except where indicated)	**2023**	2022	$ Change	% Change
Revenues	**30,050**	40,329	(10,279)	(25)%
Less Mining related revenues for the purpose of calculating gross Mining margin:				
Mining revenues	**(29,208)**	(39,725)	10,517	(26)%
Non-Mining revenues	**842**	604	238	39%

(2) "Gross Mining profit" is defined as Gross profit excluding depreciation and amortization and other minor items included in cost of revenues that do not directly relate to Mining related activities. "Gross Mining margin" is defined as the percentage obtained when dividing Gross Mining profit by Revenues from Mining related activities.

10. LIQUIDITY AND CAPITAL RESOURCES

As discussed below, the Company's current financing strategy involves selling BTC mined and in treasury and utilizing short-term debt, long-term debt and equity instruments to fund its expansion activities, operating expenses and debt service requirements. The Company anticipates requiring additional funds to complete its growth plans discussed in Section 6 - *Expansion Projects* of this MD&A.

Although the Company operates through its subsidiaries, there are no material legal restrictions and generally no practical restrictions on the ability of the subsidiaries to transfer funds to the Company, except that the Company may be subject to practical limitations on transferring funds from its Argentinian subsidiary. Beginning in the second half of 2019, the Argentine government instituted certain foreign currency exchange controls that could restrict the Company's Argentinian subsidiary's access to foreign currency, including the US dollar, for making payments abroad or transferring funds to its parent without prior authorization from the Argentine Central Bank. These regulations have continued to evolve and may become more stringent depending on the Argentine government´s perception of the availability of sufficient national foreign currency reserves. The Company sends funds periodically to Argentina to fund its expansion based on supplier invoices that are paid by the Argentinian subsidiary. The Argentinian subsidiary provides Mining services to its Canadian parent which owns and records revenue from the BTC mined in Argentina and, accordingly, the Argentinian subsidiary is not structured or contemplated to generate substantial cash flows above its internal requirements. The Argentinian subsidiary earns a market-based return on the services it provides to its Canadian parent.

A. Cash Flows

	Three months ended March 31,			
(U.S. $ in thousands except where indicated)	**2023**	2022	$ Change	% Change
Cash, beginning of the period	**30,887**	125,595	(94,708)	(75)%
Cash flows from (used in):				
Operating activities	**1,029**	(40,169)	41,198	103%
Investing activities	**(3,528)**	(100,073)	96,545	(96)%
Financing activities	**943**	91,940	(90,997)	(99)%
Exchange rate differences on currency translation	**47**	1	46	*nm*
Cash, end of the period	**29,378**	77,294	(47,916)	(62)%

nm: not meaningful

Cash Flows from Operating Activities
Cash flows from operating activities increased by $41.2 million during Q1 2023 compared to Q1 2022. The increase in net cash flows from operating activities was primarily driven by:

- The liquidation of 1,267 BTC for total operating proceeds of $28.5 million during Q1 2023, compared to 18 BTC for total proceeds of $0.7 million for the same period in 2022;
- A decline in income taxes paid with $12.0 million paid in Q1 2022, compared to nil in Q1 2023;
- Other favorable working capital variances totaling $5.8 million that are explained in Section 11 - *Financial Position* of this MD&A;
- Lower cash G&A expenses of $1.8 million; and
- Lower interest and financial expenses paid of $1.0 million.

The increase was partially offset by:

- Higher energy and infrastructure costs of $7.4 million.

10. LIQUIDITY AND CAPITAL RESOURCES (Continued)

A. Cash Flows (Continued)

Cash Flows used in Investing Activities
Cash flows used in investing activities decreased by $96.5 million during Q1 2023 compared to Q1 2022.

The decrease in cash flow used in investing activities is explained by:
- The Company not purchasing BTC in Q1 2023 compared to acquiring 1,000 BTC for $43.2 million in Q1 2022. Refer to Section 10B - *Liquidity and Capital Resources (capital resources - digital asset management program)* of this MD&A;
- The Company's postponement of development of the second warehouse in Argentina resulted in no advance payment made for equipment and construction materials relating to the Argentina expansion in Q1 2023, compared to $45.1 million in advanced payments made on new property, plant and equipment ("PPE") in Q1 2022; and
- $5.7 million of net additions of PPE during Q1 2023, compared to $22.6 million for the same period in 2022 primarily due to Miners and infrastructure build-out.

The decrease was partially offset by:
- $2.2 million of net proceeds received from the purchase and disposition of marketable securities to fund the Argentina expansion activities compared to $10.9 million for the same period in 2022, as described in Note 19 - *Additional Details to the Statement of Profit or Loss and Comprehensive Profit or Loss* to the Financial Statements.

Cash Flows from Financing Activities
Cash flows from financing activities decreased by $91.0 million from $91.9 million for Q1 2022 to $0.9 million for Q1 2023.

Q1 2023
- The Company raised $15.8 million of net proceeds from its at-the-market equity offering program which were partially offset by scheduled and one-time payments relating to long-term debt and lease liabilities of approximately $13.5 million and $1.4 million, respectively.
- The long-term debt repayments included:
  - The settlement of the BlockFi Loan on February 8, 2023 for a cash consideration of $7.8 million, as discussed below;
  - Capital repayments of $5.3 million towards the NYDIG loan which reduced the outstanding balance to $21.0 million as of Q1 2023; and
  - The full repayment of the principal amount of the remaining Foundry Loans #2, #3 and #4, as defined in the Financial Statements, before maturity and without prepayment penalty for $0.8 million.
- The lease repayments included:
  - During February 2023, the Company modified its lease agreement with Reliz Ltd. (where BlockFi was the lender to Reliz Ltd.) in order to settle its outstanding lease liability of $0.4 million for a payment of $0.1 million.

10. LIQUIDITY AND CAPITAL RESOURCES (Continued)

A. Cash Flows (Continued)

Cash Flows from Financing Activities (Continued)
Q1 2022

- During Q1 2022, $26.3 million was raised from the issuance of common shares and warrants, $31.0 million was raised from long-term debt and $40.0 million was raised from the Credit Facility which was fully repaid in the fourth quarter of 2022; and
- During Q1 2022, these proceeds were partially offset by long-term debt and lease repayments of $4.3 million and $1.0 million, respectively.

BlockFi Loan
On February 18, 2022, Bitfarms' subsidiary, Backbone Mining Solutions Inc. ("Backbone Mining"), entered into a $32.0 million equipment financing facility with BlockFi, which was classified as long-term debt in the statement of financial position. Backbone Mining owns or leases the assets of Bitfarms' 20-megawatt active crypto mining facilities in the State of Washington. The BlockFi loan was recourse only against Backbone Mining, and the loan was secured by its Miners, and in the event of default, BTC produced by those Miners.

On February 8, 2023, BlockFi and the Company negotiated a settlement of the loan in its entirety for cash consideration of $7.8 million, discharging Backbone Mining of all further obligations and resulting in a gain on extinguishment of long-term debt of $12.6 million. Upon settlement, all of Backbone Mining's assets, including 6,100 Miners collateralizing the loan, became unencumbered.

At-The-Market Equity Offering Program
Bitfarms commenced an at-the-market ("ATM") equity offering program on August 16, 2021, by means of a prospectus supplement dated August 16, 2021, to the Company's short form base shelf prospectus dated August 12, 2021, and U.S. registration statement on Form-F-10, which includes a prospectus supplement related to the ATM. The Company may, at its discretion and from time-to-time, sell common shares of the Company as would result in the Company receiving aggregate proceeds of up to $500 million. Since the ATM equity offering program commenced, the Company had issued 69,187,000 common shares for net proceeds of $215.5 million as of March 31, 2023.

Q1 2023 v. Q1 2022
During the three months ended March 31, 2023, the Company issued under the ATM 15,940,000 common shares in exchange for gross proceeds of $16.4 million at an average share price of approximately $1.03. The Company received net proceeds of $15.8 million after paying commissions of $0.5 million to the Company's agent. During the three months ended March 31, 2022, the Company issued 6,821,000 common shares in exchange for gross proceeds of $27.2 million at an average share price of approximately $3.99. The Company received net proceeds of $26.3 million after paying commissions of $0.8 million to the Company's agent, in addition to $0.1 million of other transaction fees.

10. LIQUIDITY AND CAPITAL RESOURCES (Continued)

A. Cash Flows (Continued)

Cash Flows from Financing Activities (Continued)

Use of Proceeds
The Company has used and intends to continue to use the proceeds from the ATM equity offering program prudently to support the growth and development of the Company's Mining operations, as described in Section 6 - *Expansion Projects* of this MD&A, as well as for working capital and general corporate purposes. Described below are the actual use of proceeds from the commencement of the ATM equity offering program through March 31, 2023:

(U.S. $ in thousands except where indicated)

Categories	**Use of proceeds from August 16, 2021 to March 31, 2023**
MicroBT Miners	**97,819**
Bitmain Miners	**24,057**
Washington Expansion	**26,208**
Sherbrooke Expansion (completed in 2022)	**22,201**
Argentina Expansion, net of gain on disposition of marketable securities	**41,363**
Cowansville Expansion (completed in 2022)	**573**
Paraguay Expansion	**3,230**
	215,451

The Company intends to continue to explore expansion opportunities in new and existing facilities, subject to market conditions and the ability to continue to obtain suitable financing.

B. Capital Resources

Bitfarms' capital management objective is to provide the financial resources that will enable the Company to maximize the return for its shareholders while optimizing its cost of capital. In order to achieve this objective, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions, the cost of providing the financing, and the risks to which the Company is exposed. The Company's strategy for achieving this objective is to maintain a flexible capital structure that optimizes the cost of capital at an acceptable level of risk, to preserve its ability to meet financial obligations as they come due, and to ensure the Company has sufficient financial resources to fund its organic and acquisitive growth.

Based on the current capital budget and BTC prices, the Company currently anticipates that additional financing would be required to complete construction of warehouse #2 in Argentina when and if conditions are satisfactory and to initiate and complete the construction of warehouse #3 and #4 in Argentina, if the Company elects to do so. The Company also anticipates that additional financing will be required to purchase sufficient Miners for the Company to meet its objective of generating 6.0 EH/s of computer power by the end of the third quarter of 2023. In order to achieve its business objectives, the Company may sell or borrow against the BTC that have been accumulated as of the date hereof as well as BTC generated from ongoing operations, which may or may not be possible on commercially attractive terms. Bitfarms intends to continue to manage its capital structure by striving to reduce operating expenses and unnecessary capital spending, disposing of inefficient or underutilized assets, obtaining short-term and long-term debt financing and issuing equity.

10. LIQUIDITY AND CAPITAL RESOURCES (Continued)

B. Capital Resources (Continued)

Digital Asset Management Program
In early January 2021, the Company implemented a digital asset management program pursuant to which the Company added 3,301 BTC to its balance sheet during the year ended December 31, 2021.

In January 2022, the Board of Directors (the "BOD") authorized management to purchase 1,000 BTC. During the second quarter of 2022, following the BOD approval, the Company sold 3,000 BTC in collateral to repay part of the Credit Facility and 350 BTC in treasury to manage liquidity levels. During the third quarter of 2022, the Company sold 670 BTC in collateral to repay part of the Credit Facility and 1,925 BTC in treasury to maintain sufficient liquidity levels. On August 1, 2022, management received approval from the BOD to sell daily production, in addition to any sale of up to 1,000 BTC from treasury, should market conditions be justified in its discretion. During Q4 2022, the Company sold 1,359 BTC in collateral to repay the remaining balance of the Credit Facility in full and 1,734 BTC in treasury to manage liquidity levels.

During Q1 2023, the Company sold 1,267 BTC for total proceeds of $28.5 million, a portion of which was used to repay equipment-related indebtedness and fund operations.

The purchase and disposal of BTC as described above while the Company continued to mine BTC resulted in total holdings of 435 BTC as of March 31, 2023, valued at approximately $12.4 million based on a BTC price of approximately $28,500, as of March 31, 2023.

Custody of digital assets
The Company's BTC is mined to multi-signature wallets that the Company controls or directly to an external third-party custodian. On a regular basis, the Company transfers BTC from its multi-signature wallets to an external third-party custodian, Coinbase Custody, LLC ("Coinbase Custody"). Coinbase Custody is a US-based fiduciary and qualified custodian under New York Banking Law and is licensed by the State of New York to custody digital assets. Currently, Coinbase Custody provides only custodial services to the Company and does not use a sub-custodian. Coinbase Custody is not a related party to the Company. Coinbase Custody is a fiduciary under § 100 of the New York Banking Law and is licensed to custody its clients' digital assets in trust on their behalf. Coinbase Custody is a qualified custodian for the purposes of § 206 (4) -2(d)(6) of the U.S. Investment Advisers Act of 1940, as amended.

As of May 14, 2023, the Company has 520 BTC, net of BTC sales, valued at $14.0 million on its balance sheet. As of the date of this MD&A, 99% of the Company's BTC are held in custody with Coinbase Custody or held as collateral within Coinbase Custody by NYDIG, the counterparty to the Company's equipment financing, which is classified as long-term debt in the statement of financial position.

10. LIQUIDITY AND CAPITAL RESOURCES (Continued)

B. Capital Resources (Continued)

Custody of digital assets (Continued)
Coinbase Custody maintains an insurance policy of $320 million for its cold storage; however, the Company cannot ensure that the limits of this policy would be available to the Company or, if available, sufficient to make the Company whole for any BTC that are lost or stolen. The Company is unaware of: (i) any security breaches involving Coinbase Custody which have resulted in the Company's crypto assets being lost or stolen, and (ii) anything with regards to Coinbase Custody's operations that would adversely affect the Company's ability to obtain an unqualified audit opinion on its audited financial statements. The Company's crypto assets held in custody with Coinbase may not be recoverable in the event of bankruptcy by Coinbase or its affiliates. In its quarterly report, on Form 10-Q, filed with the U.S. Securities Exchange Commission on May 4, 2023, Coinbase disclosed that, in the event of a bankruptcy, custodially held crypto assets could be considered to be the property of the bankruptcy estate and that the crypto assets held in custody could be subject to bankruptcy proceedings with Coinbase Custody's customers being treated as general unsecured creditors. Further, regardless of efforts made by the Company to securely store and safeguard assets, there can be no assurance that the Company's cryptocurrency assets will not be defalcated through hacking or other forms of theft.

Hedging program of digital assets
The Company's hedging strategy aims at reducing the risk of variability of future cash flows resulting from future disposals of digital assets, considering the volatility and adverse price movements of the digital assets in the past months. In March 2023, the BOD approved a hedging program and authorized Management, through a risk management committee specifically created to this purpose, to undertake hedges of BTC option contracts up to 20% of the Company's BTC production per month and up to three months of unmined BTC production. In April 2023, the BOD authorized Management to increase the BTC option contracts up to 50% of the Company's BTC production per month and up to six months of unmined BTC production.

During the three months ended March 31, 2023, the Company had secured BTC option contracts to sell digital assets. Refer to Note 15 to the Financial Statements for more details.

C. Contractual obligations

The following are the contractual maturities of financial liabilities and gross lease liabilities (non-financial liabilities) with estimated future interest payments as of March 31, 2023:

(U.S. $ in thousands)	2023	2024	2025	2026	2027 and thereafter	Total
Trade accounts payable and accrued liabilities	11,921	—	—	—	—	11,921
Long-term debt	18,384	4,085	—	—	—	22,469
Lease liabilities	2,969	3,657	2,563	2,425	8,871	20,485
	33,274	7,742	2,563	2,425	8,871	54,875

10. LIQUIDITY AND CAPITAL RESOURCES (Continued)

D. Commitments

As of March 31, 2023, the Company had no commitments.

E. Off-Balance Sheet Arrangements

As of May 14, 2023, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources.

11. FINANCIAL POSITION

A. Working Capital

(U.S. $ in thousands)	**As of March 31, 2023**	As of December 31, 2022	$ Change	% Change
Total Current Assets	**73,913**	69,088	4,825	7%
Total Current Liabilities	**43,500**	67,244	(23,744)	(35)%
Working Capital	**30,413**	1,844	28,569	1549%

As of March 31, 2023, Bitfarms had working capital of $30.4 million compared to $1.8 million as of December 31, 2022. The increase in working capital was mostly due to:

- The extinguishment of the BlockFi loan in Q1 2023 which had an outstanding balance of $20.0 million on December 31, 2022, for a payment of $7.8 million, resulting in an increase of $12.2 million in working capital. Refer to section *10a - Liquidity and Capital Resources* for details on the extinguishment of the BlockFi loan.
- A $5.7 million increase in total digital assets, including the digital assets pledged as collateral, resulting from the appreciation of the BTC price during Q1 2023 as well as the increase of the Company's treasury by 30 BTC.

11. FINANCIAL POSITION (Continued)

B. Property, plant and equipment

	As of March 31,	As of December 31,		
(U.S. $ in thousands)	**2023**	2022	$ Change	% Change
Canada	**129,405**	142,654	(13,249)	(9)%
USA	**29,605**	32,664	(3,059)	(9)%
Argentina	**39,375**	31,927	7,448	23%
Paraguay	**12,605**	12,183	422	3%
	210,990	219,428	(8,438)	(4)%

As of March 31, 2023, Bitfarms had PPE of $211.0 million compared to $219.4 million as of December 31, 2022. The decrease of $8.4 million, or 4%, was primarily due to the $13.2 million decrease of PPE in Canada, mainly relating to depreciation expense. PPE in the US decreased by $3.1 million mostly due to depreciation expense incurred on Miners purchased for the Washington facilities in 2021. These decreases were partially offset by the $7.4 million increase in Argentina mainly relating to the delivery of approximately 2,000 Miners in 2023.

12. FINANCIAL INSTRUMENTS

The Company discloses information on the classification and fair value of its financial instruments, as well as on the nature and extent of risks arising from financial instruments, and related risk management in Note 15 to the Financial Statements and Note 22 to the 2022 Annual Financial Statements. Risks are related to foreign currency, credit, counterparty, liquidity, and concentration.

13. RELATED PARTY TRANSACTIONS

The Company discloses information on its related party transactions, as defined in IAS 24, *Related Party Disclosures*, in Note 16 to the Financial Statements.

14. INTERNAL CONTROLS OVER FINANCIAL REPORTING

A. Disclosure Controls and Procedures

Management, under the supervision of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company, has designed disclosure controls and procedures ("DC&P"), or caused to be designed under their supervision, to provide reasonable assurance that:

i) material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared; and

ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

B. Internal control over financial reporting

Management, under the supervision of the CEO and CFO, is also responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR"). Management, under the supervision of the CEO and CFO, has designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

C. Changes in internal control over financial reporting

There have been no changes in the Company's ICFR that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the period beginning on January 1, 2023 and ended March 31, 2023.

D. Limitation of DC&P and ICFR

All control systems contain inherent limitations, no matter how well designed. As a result, the Company's management acknowledges that its internal control over financial reporting will not prevent or detect all misstatements due to error or fraud. In addition, management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected.

15. RECENT AND SUBSEQUENT EVENTS

A. At-The-Market Equity Offering Program

During the period from April 1, 2023, to May 14, 2023, the Company issued 4,441,000 common shares through its at-the-market equity offering program in exchange for gross proceeds of $5.1 million at an average share price of approximately $1.14. The Company received net proceeds of $4.9 million after paying commissions of $0.2 million to the Company’s agent.

B. Baie-Comeau (Quebec) Acquisition

On April 10, 2023, the Company entered into agreements to acquire shares of a Company that owns the right to 22 MW of hydro-power capacity in Baie-Comeau, Quebec and lease a site to install the infrastructure to operate the acquired capacity. The consideration to be transferred at closing would total $1.8 million, of which $0.7 million is expected to be paid in cash and $1.1 million is expected to be paid in common shares of the Company, the latter subject to regulatory approval and customary and contractual resale restrictions. The lease agreement is for an industrialized site in Baie-Comeau for an initial term of 10 years at $15,000 a month. The proposed lease agreement also provides the Company with the option to purchase the site for $2.3 million (CAD$3.0 million) throughout the lease term.

16. SHARE CAPITAL

As of the date of this MD&A, the Company has 244,726,000 common shares outstanding, 6,525,000 vested and 4,584,000 unvested stock options, 19,153,000 warrants outstanding and 400,000 restricted stock units. There are no preferred shares or any other classes of shares outstanding.

17. RISK FACTORS

The Company is subject to a number of risks and uncertainties and is affected by several factors which could have a material adverse effect on the Company’s business, financial condition, operating results, and/or future prospects. These risks should be considered when evaluating an investment in the Company and may, among other things, cause a decline in the price of the Corporation’s shares.

The risks and uncertainties that Management considers as the most material to the Company’s business are described in the section entitled *Risk Factors* of the Company’s Management’s Discussion and Analysis for the year ended December 31, 2022, dated March 20, 2023. These risks and uncertainties have not materially changed in the three months ended March 31, 2023, other than the risk described below, and hereby incorporated by reference.

17. RISK FACTORS (Continued)

Hedges

The Company actively engages in hedging practices with respect to its cryptocurrency holdings to lessen the impact of BTC volatility on the Company's results of operations and financial condition and to optimize cryptocurrency monetization. Although hedging activities are undertaken on a risk adjusted basis, there can be no certainty that such activities will be profitable and these activities could result in significant losses. In addition, hedging practices involve transactions with third party counterparties. Any settlement delay or failure, security breach, incurred cost or loss of digital assets associated with the use of a counterparty could materially and adversely affect the execution of hedging strategies and result in significant losses. Although the Company maintains rigorous controls on the implementation and monitoring of hedging strategies, including its involvement with counterparties, there can be no assurance that such controls will be effective or timely or sufficient in operation to avoid or even reduce losses.

18. SIGNIFICANT ACCOUNTING ESTIMATES

The Company's significant accounting judgments, estimates and assumptions are summarized in Note 4 to the Company's 2022 Annual Financial Statements.

19. SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING POLICIES

Refer to Note 3 to the 2022 Annual Financial Statements for more information regarding the Company's significant accounting policies.

20. CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives, future liquidity, and planned capital investments. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "maintain", "achieve", "grow", "should" and similar expressions, as they relate to the Company and its management.

Forward-looking statements reflect the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate under the circumstances. The Company's expectation of operating and financial performance is based on certain assumptions including assumptions about operational growth, anticipated cost savings, operating efficiencies, anticipated benefits from strategic initiatives, future liquidity, and planned capital investments. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

20. CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS (Continued)

Numerous risks and uncertainties could cause the Company’s actual results to differ materially from those expressed, implied or projected in the forward-looking statements. Such risks and uncertainties include:

- BTC Halving event;
- Counterparty risk;
- the availability of financing opportunities and risks associated with economic conditions, including BTC price and BTC network difficulty;
- the speculative and competitive nature of the technology sector;
- dependency on continued growth in blockchain and cryptocurrency usage;
- limited operating history and share price fluctuations;
- cybersecurity threats and hacking;
- controlling shareholder risk;
- risk related to technological obsolescence and difficulty in obtaining hardware;
- economic dependence on regulated terms of service and electricity rates;
- increases in commodity prices or reductions in the availability of such commodities could adversely impact the Company’s results of operations;
- permits and licenses;
- server failures;
- global financial conditions;
- tax consequences;
- environmental regulations and liability;
- erroneous transactions and human error;
- facility developments;
- non-availability of insurance;
- loss of key employees;
- lawsuits and other legal proceedings and challenges;
- conflict of interests with directors and management;
- political and regulatory risk;
- adoption of ESG practices and the impacts of climate change;
- third-party supplier risks;
- COVID-19 pandemic; and
- other factors beyond the Company’s control.

The above is not an exhaustive list of the factors that may affect the Company’s forward-looking statements. For a more comprehensive discussion of factors that could affect the Company, refer to the risk factors discussed above and those contained in the section “Risk Factors” of the Annual Information Form of the Company dated March 20, 2023. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed, implied or projected in its forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company’s expectations only as of the date of this MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

21. CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES AND RATIOS

This MD&A makes reference to certain measures that are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. The Company uses non-IFRS financial measures and ratios including "Gross margin," "Operating margin," "EBITDA," "EBITDA margin," "Adjusted EBITDA," "Adjusted EBITDA margin," "Gross Mining profit," and "Gross Mining margin" as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Refer to Section 9 - *Non-IFRS Financial Measures and Ratios* of the MD&A for more details.

These measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Reconciliations from IFRS measures to non-IFRS measures are included throughout this MD&A.

22. ADDITIONAL INFORMATION

Additional information and other publicly filed documents relating to the Company, including the Company's Annual Information Form, are available through the internet on SEDAR at www.sedar.com and on EDGAR at www.sec.gov/edgar.

23. GLOSSARY OF TERMS

Terms	Definition
ASIC	ASIC stands for Application Specific Integrated Circuit and refers primarily to specific computer devices designed to solve the SHA-256 algorithm, as well as other machines used in the Mining of Litecoin which use the Scrypt algorithm.
Bitcoin (BTC)	BTC is a decentralized digital currency that is not controlled by any centralized authority (e.g. a government, financial institution or regulatory organization) that can be sent from user to user on the BTC network without the need for intermediaries to clear transactions. Transactions are verified through the process of Mining and recorded in a public ledger known as the Blockchain. BTC is created when the BTC network issues Block Rewards through the Mining process.
Block Reward	A BTC block reward refers to the new BTC that are awarded by the Blockchain network to eligible cryptocurrency Miners for each block they successfully mine. The current block reward is 6.25 BTC per block.
Blockchain	A Blockchain is a cloud-based public ledger that exists on computers that participate on the network globally. The Blockchain grows as new sets of data, or ‘blocks’, are added to it through Mining. Each block contains a timestamp and a link to the previous block, such that the series of blocks form a continuous chain. Given that each block has a separate hash and each hash requires information from the previous block, altering information an established block would require recalculating all the hashes on the Blockchain which would require an enormous and impracticable amount of computing power. As a result, once a block is added to the Blockchain it is very difficult to edit and impossible to delete.
Exahash	One quintillion (1,000,000,000,000,000,000) hashes per second or one million Terahash.
Hash	A hash is a function that converts or maps an input of letters and numbers into an encrypted output of a fixed length, which outputs are often referred to as hashes. A hash is created using an algorithm. The algorithm used in the validation of BTC transactions is the SHA-256 algorithm.
Hashrate	Hashrate refers to the number of hash operations performed per second and is a measure of computing power in Mining cryptocurrency.
Megawatt	A megawatt is 1,000 kilowatts of electricity and, in the industry of cryptocurrency Mining, is typically a reference to the number of megawatts of electricity per hour that is available for use.
Miners	ASICs used by the Company to perform Mining.
Mining	Mining refers to the process of using specialized computer hardware, and in the case of the Company, ASICs, to perform mathematical calculations to confirm transactions and increase security for the BTC Blockchain. As a reward for their services, BTC Miners collect transaction fees for the transactions they confirm, along with newly created BTC as Block Rewards.
Mining Pool	A Mining pool is a group of cryptocurrency Miners who pool their computational resources, or hashrate, in order to increase the probability of finding a block on the BTC Blockchain. Mining pools administer regular payouts to mitigate the risk of Miners operating for a prolonged period of time without finding a block.

23. GLOSSARY OF TERMS (Continued)

Terms	Definition
Network Difficulty	Network difficulty is a unitless measure of how difficult it is to find a hash below a given target. The BTC network protocol automatically adjusts Network Difficulty by changing the target every 2,016 blocks hashed based on the time it took for the total computing power used in BTC Mining to solve the previous 2,016 blocks such that the average time to solve each block is ten minutes.
Network Hashrate	Network hashrate refers to the total global hashrate (and related computing power) used in Mining for a given cryptocurrency.
Petahash	One quadrillion (1,000,000,000,000,000) hashes per second or one thousand Terahash.
SHA-256	SHA stands for Secure Hash Algorithm. The SHA-256 algorithm was designed by the US National Security Agency and is the cryptographic hash function used within the BTC network to validate transactions on the BTC Blockchain.
Terahash	One trillion (1,000,000,000,000) hashes per second.

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Geoffrey Morphy, Chief Executive Officer of Bitfarms Ltd., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Bitfarms Ltd. (the "issuer") for the interim period ended March 31, 2023.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings:

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 ***ICFR - material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2023 and ended on March 31, 2023 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: May 15, 2023

(signed) "Geoffrey Morphy"
Geoffrey Morphy
Chief Executive Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Jeffrey Lucas, Chief Financial Officer of Bitfarms Ltd., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Bitfarms Ltd. (the "issuer") for the interim period ended March 31, 2023.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings:

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 ***ICFR - material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2023 and ended on March 31, 2023 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: May 15, 2023

(signed) "Jeffrey Lucas"
Jeffrey Lucas
Chief Financial Officer

Bitfarms Reports First Quarter 2023 Results with
Adjusted EBITDA of $6 Million

-Accelerates 6.0 EH/s target to September 30, 2023 -
-Mines 21,000+ BTC since inception, 1,297 BTC in Q1 2023 and 379 in April 2023 -
-Posts direct cost of production of $12,500 per BTC Q1 2023 -
-Achieves 5.0 EH/s in April 2023 -

This news release constitutes a "designated news release" for the purposes of the Company's prospectus supplement dated August 16, 2021 to its short form base shelf prospectus dated August 12, 2021.

Toronto, Ontario and Brossard, Québec (May 15, 2023) - (GLOBE NEWSWIRE) — Bitfarms Ltd. (NASDAQ: BITF // TSX: BITF), a vertically integrated global bitcoin company, reported its financial results for the first quarter ended March 31, 2023. All financial references are in U.S. dollars.

During the first quarter of 2023, Bitfarms mined 1,297 BTC. "Focused on maintaining financial and operating discipline, we have built strength and flexibility to drive growth and accelerated our 6.0 EH/s target from the end of Q4 2023 to the end of Q3 2023," said President and CEO of Bitfarms Geoff Morphy. "With our foundation and momentum, we expect to seize opportunities both today and around the next Bitcoin halving which is approaching in April 2024."

Morphy noted, "In Q1 2023, as BTC prices improved, our low operating cost model drove Adjusted EBITDA to over $6 million, up from $1 million in Q4 2022. Averaging 14.4 BTC mined per day in Q1 2023, we reached 1,297 BTC for the quarter and exceeded 21,000 BTC mined by hydropower since inception through May 7, 2023. Continuing to position ourselves for opportunistic growth, we increased financial liquidity and flexibility by paying down indebtedness and retaining a portion of BTC from production. We are confident our Q1 2023 direct cost of production per BTC*** of $12,500 remains among the lowest in the industry, and our total average cash cost of production of $17,600 was well below our average BTC sales price of $22,500 in Q1 2023. During the quarter, we increased our hashrate by 7% to 4.8 EH/s as of March 31, 2023, and then hit 5.0 EH/s as of April 27, 2023."

“In April 2023, we began energizing additional miners in Rio Cuarto, Argentina, as our private power provider received its operating permit to power up to 100 MW. Initially, we expanded from 8 to 18 operating MW at our built 50 MW warehouse at this location, and additional miners are on order to ramp production to its full capacity. Using a combination of cash and vendor credits to purchase new miners at an average price of $14.10/TH, we anticipate this will be a highly accretive expansion requiring little incremental capital,” added Morphy.

Financial Highlights for the Quarter ended March 31, 2023

- Total revenue was $30 million, compared to $27 million in Q4 2022, reflecting higher average BTC prices partially offset by a decrease in total BTC produced.

- Gross mining profit* and gross mining margin* were $12 million and 42%, respectively, compared to $8 million and 33% in Q4 2022, respectively.

- General and administrative expenses, excluding non-cash share-based compensation, were $6 million, down 29% from Q4 2022.

- Operating loss was $15 million, including a $1 million realized gain on disposition of digital assets and a $3 million reversal of revaluation loss on digital assets, compared to $20 million in Q4 2022, which included a $9 million non-cash impairment reversal, a $29 million realized loss on disposition of digital assets, and a $23 million reversal of revaluation loss on digital assets.

- Net loss was $2 million, or ($0.01) per basic and diluted share, compared to $17 million, or ($0.08) per basic and diluted share, in Q4 2022.

- Non-IFRS Adjusted EBITDA* was $6 million, or 21% of revenue, compared to $1 million, or 4% of revenue, in Q4 2022.

- The Company mined 1,297 BTC at an average direct cost of production per BTC*** of $12,500, compared to $11,100 in Q4 2022.

- Total cash costs of production per BTC was $17,600 in Q1 2023, up from $16,800 in Q4 2022.

Liquidity as of March 31, 2023

The Company held $29 million in cash and 435 BTC valued at approximately $12 million based upon a BTC price of approximately $28,500 as of March 31, 2023.

Q1 2023 Financing Activities

- Sold 1,267 BTC at an average price of $22,500 per BTC for total proceeds of $28 million, a portion of which was used to repay equipment related indebtedness.

- Negotiated the termination of the equipment financing with BlockFi Lending LLC, which had an outstanding balance of $20 million as at December 31, 2022, to align with market conditions, with a settlement of the loan for $8 million, resulting in a gain on extinguishment of long-term debt of $13 million.

- Reduced equipment-related indebtedness by $25 million, which includes the BlockFi settlement.

- Raised $16 million in net proceeds through the Company's at-the-market equity offering program.

Financing Activities Subsequent to Q1 2023

- Sold daily production, totaling 379 BTC, during April 2023, generating proceeds of $10 million.

- Added 30 BTC to treasury in April, increasing BTC in custody to 465, representing a total value of approximately $14 million based on a BTC price of $29,300 on April 30, 2023.

Q1 2023 and Recent Operating Highlights

- Reached 5.0 EH/s total company hashrate as of April 27, 2023.

- Surpassed 21,000 BTC mined with renewable hydropower since 2017 founding, which is 1/1000 (or 0.1%) of the entire BTC pool.

- Averaged 14.4 BTC per day in daily production in Q1 2023, frequently exceeding 15 BTC per day in daily production.

- Mined 379 BTC in April 2023.

- Received and installed approximately 3,000 miners in Q1 2023, adding 300 PH/s to Bitfarms' online hashrate.

- Added new automated hardware diagnostics tool that improves repair times.

- Deployed real-time energy tracking across all sites, allowing for individual machine optimization.

Expansion Update

- On April 10, 2023, the Company entered into agreements to acquire 22 MW of hydro-power capacity in Baie-Comeau, Quebec and lease a site to build the acquired capacity, subject to closing.

- On April 24, 2023, the Company confirmed receipt of the necessary power permits to expand production up to 100 MW at its Rio Cuarto, Argentina facility. This more than doubled the active mining capacity at that site to 18 MW in the Company's completed 50 MW warehouse as of April 30, 2023. Over 6,200 new Bitmain and MicroBT miners were placed on order to install an additional 22 MW in the first warehouse.

Quarterly Operating Performance

	Q1 2023	Q4 2022	Q1 2022
Total BTC mined	**1,297**	1,434	961
Average Watts/Average TH efficiency	**39**	40	43
BTC sold	**1,267**	3,093	18

	As of March 31, 2023	As of December 31, 2022	As of March 31, 2022
Period-end operating EH/s	**4.8**	4.5	2.7
Period-end operating capacity (MW)	**188**	188	121
Hydropower (MW)	**178**	178	121

Quarterly Average Revenue and Cost of Production per BTC*****

	Q1 2023	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**
Avg. Rev**/BTC	$ 22,500	$ 18,100	$ 21,300	$ 32,700	$ 41,300
Direct Cost***/BTC	$ 12,500	$ 11,100	$ 9,600	$ 10,100	$ 8,700
Cash Cost/BTC	$ 17,600	$ 16,800	$ 14,500	$ 17,200	$ 18,100

Conference Call

Management will host a conference call and live webcast with an accompanying presentation today, Monday, May 15, 2023, at 11 a.m. ET to review the Company's financial results and quarterly activity. Following management's formal remarks there will be a live question-and-answer session, which may include pre-submitted questions. Participants are asked to pre-register for the call through the following link:

Q1 2023 Conference Call

Please note that registered participants will receive their dial in number upon registration and will dial directly into the call without delay. Those without internet access or who are unable to pre-register may dial in by calling: 1-866-777-2509 (domestic), 1-412-317-5413 (international). All callers should dial in approximately 10 minutes prior to the scheduled start time and ask to be joined into the Bitfarms call.

The conference call will also be available through a live webcast found here:

Live Webcast

A webcast replay of the call will be available approximately one hour after the end of the call and will be available for one year, at the above webcast link. A telephonic replay of the call will be available through May 22, 2023, and may be accessed by calling 1-877-344-7529 (domestic) or 1-412-317-0088 (international) or Canada (toll free) 855-669-9658 and using access code 6903864. A presentation of the Q1 2023 results will be accessible on Monday, May 15, 2023, under the "Investors" section of Bitfarms' website.

* *Gross mining profit, gross mining margin, EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures or ratios and should be read in conjunction with and should not be viewed as alternatives to or replacements of measures of operating results and liquidity presented in accordance with IFRS. Readers are referred to the reconciliations of non-IFRS measures included in the Company's MD&A and at the end of this press release.*

** *Average revenue per BTC is for mining operations only and excludes Volta revenue.*

*** *Direct Cost of Production per BTC represents the direct cost of Bitcoin based on the total electricity costs divided by the total number of Bitcoin mined.*

About Bitfarms Ltd.

Founded in 2017, Bitfarms is a global, publicly traded (NASDAQ/TSX: BITF) Bitcoin mining company. Bitfarms develops, owns, and operates vertically integrated mining farms with in-house management and company-owned electrical engineering, installation service, and multiple onsite technical repair centers. The Company's proprietary data analytics system delivers best-in-class operational performance and uptime.

Bitfarms currently has 10 farms, which are located in four countries: Canada, the United States, Paraguay, and Argentina. Powered by predominantly environmentally friendly hydro-electric and long-term power contracts, Bitfarms is committed to using sustainable, locally based, and often underutilized energy infrastructure.

To learn more about Bitfarms' events, developments, and online communities:

Website: www.bitfarms.com
https://www.facebook.com/bitfarms/
https://twitter.com/Bitfarms_io
https://www.instagram.com/bitfarms/
https://www.linkedin.com/company/bitfarms/

Glossary of Terms

- *BTC BTC/day = Bitcoin or Bitcoin per day*
- *EH or EH/s = Exahash or exahash per second*
- *MW or MWh = Megawatts or megawatt hour*
- *PH or PH/s = Petahash or petahash per second*
- *TH or TH/s = Terahash or terahash per second*
- *w/TH = Watts per Terahash*
- *KWh = Kilowatt per hour*

Cautionary Statement

Trading in the securities of the Company should be considered highly speculative. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. Neither the Toronto Stock Exchange, Nasdaq, or any other securities exchange or regulatory authority accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements

This news release contains certain "forward-looking information" and "forward-looking statements" (collectively, "forward-looking information") that are based on expectations, estimates and projections as at the date of this news release and are covered by safe harbors under Canadian and United States securities laws. The statements and information in this release as to regarding opportunities both today and around the next Bitcoin halving and regarding the Company's expansion in Argentina, and other statements regarding future growth, plans and objectives of the Company are forward-looking information. Other forward-looking information includes, but is not limited to, information concerning: the intentions, plans and future actions of the Company, as well as Bitfarms' ability to successfully mine digital currency, revenue increasing as currently anticipated, the ability to profitably liquidate current and future digital currency inventory, volatility of network difficulty and digital currency prices and the potential resulting significant negative impact on the Company's operations, the construction and operation of expanded blockchain infrastructure as currently planned, and the regulatory environment for cryptocurrency in the applicable jurisdictions.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "should", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking information and are intended to identify forward-looking information.

This forward-looking information is based on assumptions and estimates of management of the Company at the time they were made, and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, risks relating to: the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest, the ability to service debt obligations and maintain flexibility in respect of debt covenants; economic dependence on regulated terms of service and electricity rates; the speculative and competitive nature of the technology sector; dependency on continued growth in blockchain and cryptocurrency usage; lawsuits and other legal proceedings and challenges; conflict of interests with directors and management; government regulations and approvals; the global economic climate; dilution; the Company's limited operating history; future capital needs and uncertainty of additional financing, including the Company's ability to utilize the Company's at-the-market equity offering program (the "ATM Program") and the prices at which the Company may sell Common Shares in the ATM Program, as well as capital market conditions in general; risks relating to the strategy of maintaining and increasing Bitcoin holdings and the impact of depreciating Bitcoin prices on working capital; the competitive nature of the industry; currency exchange risks; the need for the Company to manage its planned growth and expansion; the effects of product development and need for continued technology change; the ability to maintain reliable and economical sources of power to run its cryptocurrency mining assets; the impact of energy curtailment or regulatory changes in the energy regimes in the jurisdictions in which the Company operates; protection of proprietary rights; the effect of government regulation and compliance on the Company and the industry; network security risks; the ability of the Company to maintain properly working systems; reliance on key personnel; global economic and financial market deterioration impeding access to capital or increasing the cost of capital; share dilution resulting from the ATM Program and from other equity issuances; and volatile securities markets impacting security pricing unrelated to operating performance. In addition, particular factors that could impact future results of the business of Bitfarms include, but are not limited to: the construction and operation of facilities may not occur as currently planned, or at all; expansion may not materialize as currently anticipated, or at all; the digital currency market; the ability to successfully mine digital currency; revenue may not increase as currently anticipated, or at all; it may not be possible to profitably liquidate the current digital currency inventory, or at all; a decline in digital currency prices may have a significant negative impact on operations; an increase in network difficulty may have a significant negative impact on operations; the volatility of digital currency prices; the anticipated growth and sustainability of hydroelectricity for the purposes of cryptocurrency mining in the applicable jurisdictions; the inability to maintain reliable and economical sources of power for the Company to operate cryptocurrency mining assets; the risks of an increase in the Company's electricity costs, cost of natural gas, changes in currency exchange rates, energy curtailment or regulatory changes in the energy regimes in the jurisdictions in which the Company operates and the adverse impact on the Company's profitability; the ability to complete current and future financings, any regulations or laws that will prevent Bitfarms from operating its business; historical prices of digital currencies and the ability to mine digital currencies that will be consistent with historical prices; an inability to predict and counteract the effects of COVID-19 on the business of the Company, including but not limited to the effects of COVID-19 on the price of digital currencies, capital market conditions, restriction on labour and international travel and supply chains; and, the adoption or expansion of any regulation or law that will prevent Bitfarms from operating its business, or make it more costly to do so. For further information concerning these and other risks and uncertainties, refer to the Company's filings on www.SEDAR.com (which are also available on the website of the U.S. Securities and Exchange Commission at www.sec.gov), including the annual information form for the year-ended December 31, 2022, filed on March 21, 2023, and the MD&A for three-month period ended March 31, 2023. The Company has also assumed that no significant events occur outside of Bitfarms' normal course of business. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those expressed in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on any forward-looking information. The Company undertakes no obligation to revise or update any forward-looking information other than as required by law.

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Bitfarms Ltd. Consolidated Financial & Operational Results

	Three months ended March 31,			
(U.S.$ in thousands except where indicated)	**2023**	2022	$ Change	% Change
Revenues	**30,050**	40,329	(10,279)	(25)%
Cost of revenues	**38,403**	23,292	15,111	65%
Gross (loss) profit	**(8,353)**	17,037	(25,390)	(149)%
Gross margin[1]	**(28)%**	42%	—	—
Operating expenses				
General and administrative expenses	**8,360**	13,843	(5,483)	(40)%
Realized (gain) loss on disposition of digital assets	**(587)**	34	(621)	*nm*
Reversal of revaluation loss on digital assets	**(2,695)**	(3,702)	1,007	(27)%
Loss (gain) on disposition of property, plant and equipment	**1,566**	(12)	1,578	*nm*
Operating (loss) income	**(14,997)**	6,874	(21,871)	(318)%
Operating margin[1]	**(50)%**	17%	—	—
Net financial income	**(12,188)**	(4,083)	(8,105)	199%
Net (loss) income before income taxes	**(2,809)**	10,957	(13,766)	(126)%
Income tax (recovery) expense	**(330)**	6,438	(6,768)	(105)%
Net (loss) income	**(2,479)**	4,519	(6,998)	(155)%
Basic (loss) earnings per share (in U.S. dollars)	**(0.01)**	0.02	—	—
Diluted (loss) earnings per share (in U.S. dollars)	**(0.01)**	0.02	—	—
Change in revaluation surplus - digital assets, net of tax	**1,225**	—	1,225	100%
Total comprehensive (loss) income, net of tax	**(1,254)**	4,519	(5,773)	(128%)
Gross Mining profit [1]	**12,185**	30,140	(17,955)	(60)%
Gross Mining margin [1]	**42%**	76%	—	—
EBITDA [1]	**19,511**	27,033	(7,522)	(28)%
EBITDA margin [1]	**65%**	67%	—	—
Adjusted EBITDA [1]	**6,334**	21,440	(15,106)	(70)%
Adjusted EBITDA margin [1]	**21%**	53%	—	—

nm: not meaningful

(1) Gross margin, Operating margin, Gross Mining profit, Gross Mining margin, EBITDA, EBITDA margin, Adjusted EBITDA, and Adjusted EBITDA margin, are non-IFRS financial measures or ratios; refer to Section 9 - Non-IFRS Financial Measures and Ratios of the Company's MD&A.

Bitfarms Ltd. Reconciliation of Consolidated Net Income (loss) to EBITDA and Adjusted EBITDA

	Three months ended March 31,			
(U.S.$ in thousands except where indicated)	**2023**	2022	$ Change	% Change
Revenues	**30,050**	40,329	(10,279)	(25)%
Net (loss) income before income taxes	**(2,809)**	10,957	(13,766)	(126)%
Interest expense	**1,620**	3,010	(1,390)	(46)%
Depreciation and amortization expense	**20,700**	13,066	7,634	58%
EBITDA	**19,511**	27,033	(7,522)	*(28)%*
EBITDA margin	**65%**	67%	—	(2)%
Share-based payment	**2,536**	6,105	(3,569)	(58)%
Realized (gain) loss on disposition of digital assets	**(587)**	34	(621)	*nm*
Reversal of revaluation loss on digital assets	**(2,695)**	(3,702)	1,007	(27)%
Gain on extinguishment of long-term debt and lease liabilities	**(12,835)**	—	(12,835)	(100)%
Net financial (income) expenses and other	**404**	(8,030)	8,434	105%
Adjusted EBITDA	**6,334**	21,440	(15,106)	(70)%
Adjusted EBITDA margin	**21%**	53%	—	(32)%

nm: not meaningful

Bitfarms Ltd. Calculation of Gross Mining Profit and Gross Mining Margin

	Three months ended March 31,			
(U.S.$ in thousands except where indicated)	**2023**	2022	$ Change	% Change
Gross (loss) profit	**(8,353)**	17,037	(25,390)	(149)%
Non-Mining revenues (1)	**(842)**	(604)	(238)	39%
Depreciation and amortization expense	**20,700**	13,066	7,634	58%
Purchases of electrical components and other	**324**	312	12	4%
Electrician salaries and payroll taxes	**356**	329	27	8%
Gross Mining profit (2)	**12,185**	30,140	(17,955)	(60)%
Gross Mining margin	**42%**	76%	—	—

(1) Non-mining revenues reconciliation:

	Three months ended March 31,			
(U.S.$ in thousands except where indicated)	**2023**	2022	$ Change	% Change
Revenues	**30,050**	40,329	(10,279)	(25)%
Less Mining related revenues for the purpose of calculating gross Mining margin:				
Mining revenues	**(29,208)**	(39,725)	10,517	(26)%
Non-Mining revenues	**842**	604	238	39%

(2) "Gross Mining Profit" is defined as Gross profit excluding depreciation and amortization and other minor items included in cost of sales that do not directly relate to mining related activities. "Gross Mining margin" is defined as the percentage obtained when dividing Gross Mining profit by Revenues from mining related activities.