August 29, 2019

Bitfarms Reports Financial Results for the Three and Six Months Ended June 30, 2019

TORONTO & BROSSARD, Quebec--(BUSINESS WIRE)-- Bitfarms Ltd. ("**Bitfarms**", or the "**Company**") (TSXV: BITF), today announced its consolidated results for the three and six months ended June 30, 2019 (all amounts in US dollars, unless otherwise indicated).

June 30, 2019 Financial Summary and Corporate Highlights

- Consolidated revenue of $8.5 million; gross profit of $3.9 million (46% gross profit margin), operating income of $571,000 (7% operating margin), and net loss of $1.3 million;
- Mining operations segment gross mining profit[1] of $5.1 million (67% gross mining margin);
- EBITDA of $668,000 (8% EBITDA margin) and Adjusted EBITDA of $3.3 million (39% Adjusted EBITDA margin),
- Mined 974 Bitcoin and 4,857 Litecoin in Q2 2019;
- Q2 2019 average break-even[2] Bitcoin price of $2,259 and average break-even Litecoin Price of $40;
- Drew 2nd and 3rd $5.0 million tranches of aggregate $20.0 million loan for planned operational expansion;
- Completed the purchase and installation of 3,267 new generation ASICs producing approximately 90 PH/s of hashrate. This increased the Company's current hash power by approximately 41% since the end of Q1 2019; and
- Closed the court approved Israel arrangement to de-list from Tel Aviv Stock Exchange and redomicile to Canada on June 12th and received a receipt from the Ontario Securities Commission for the final non-offering long form prospectus on June 13th.

"Q2 2019 was an extremely positive period for the cryptocurrency industry and crypto miners that saw the price of Bitcoin grow significantly from the end of the first quarter and greatly outpace network difficulty. With the acquisition of 3,267 next generation ASICs that resulted in a 41% increase to our computing power in the second quarter, and the drawing of our debt facility to continue to invest in our operations going forward both coinciding with the turnaround in crypto mining conditions, we are well positioned to continue to execute on our growth plans" commented John Rim, Chief Financial Officer.

Wes Fulford, Chief Executive Officer of Bitfarms added, "Bitfarms has had a very successful second quarter, with the Company achieving several meaningful and significant corporate milestones. Our growth strategy has been focused on leveraging our contracted pipeline of hydroelectricity in Quebec, utilizing financing and operational cashflow to diligently build out the first 30MW of our fifth computing centre in Sherbrooke. Here we will optimize energy consumption through the deployment of new generation mining hardware which is anticipated to be fully online in Q4 2019. With Shareholder and OSC approval, we also successfully transitioned our listing to the TSX Venture Exchange, and post quarter end we announced a 100% consolidation of our operating entity. We are excited about our growth plans at Bitfarms, as an essential services infrastructure provider in an evolving and increasingly important cryptocurrency industry."

Financial Review

Consolidated Company Results (000's)

(U.S.$ in thousands except where indicated)	**Three months ended**				**Six months ended**			
For the periods ended as indicated	**Jun. 30 2019**	**Jun. 30 2018**	**$ Change**	**% Change**	**Jun. 30 2019**	**Jun. 30 2018**	**$ Change**	**% Change**
Revenues	**8,517**	6,592	1,925	29%	**12,146**	22,285	(10,139)	(45%)
Cost of Sales	**4,587**	4,804	(217)	(5%)	**8,003**	9,907	(1,904)	(19%)
Gross profit	**3,930**	1,788	2,142	120%	**4,143**	12,378	(8,235)	(67%)
Gross margin	**46%**	27%	-	-	**34%**	56%	-	-
G&A and other expenses	**3,359**	3,506	(147)	(4%)	**5,282**	5,713	(431)	(8%)
Operating income (loss)	**571**	(1,718)	2,289	(133%)	**(1,139)**	6,665	(7,804)	(117%)
Operating margin	**7%**	-26%	-	-	**-9%**	30%	-	-
Interest expense	**689**	36	653	1814%	**821**	110	711	646%
Other financial expenses	**1,202**	6	1,196	19933%	**1,366**	26	1,340	5154%
Pre-tax income (loss)	**(1,320)**	(1,760)	440	(25%)	**(3,326)**	6,529	(9,855)	(151%)
Income tax expense	**0**	(423)	423	(100%)	**0**	1,791	(1,791)	(100%)
Net income (loss) per share - basic	**(0.01)**	(0.02)	-	-	**(0.04)**	0.08	-	-
Gross mining profit (1)	**5,122**	3,567	1,555	44%	**6,205**	16,953	(10,748)	(63%)
Gross mining margin (1)	**67%**	60%	-	-	**58%**	80%	-	-
EBITDA (1)	**668**	1,483	(815)	(55%)	**142**	12,572	(12,430)	(99%)
EBITDA margin (1)	**8%**	22%	-	-	**1%**	56%	-	-
Adjusted EBITDA (1)	**3,329**	2,683	646	24%	**2,908**	13,919	(11,011)	(79%)
Adjusted EBITDA margin (1)	**39%**	41%	-	-	**24%**	62%	-	-

Notes
(1) EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Gross mining profit and Gross mining margin are non-IFRS performance measures; please refer to the end of this press release regarding the use of Non-IFRS Measures.

For the three and six month periods ended June 30, 2019 the Company had consolidated gross profit of $3.9 million (46% gross margin) and $4.1 million (34% gross margin) on consolidated revenues of $8.5 million and $12.1 million, respectively, compared to gross profit of $1.8 million (27% gross margin) and $12.4 million (56% gross margin) on revenues of $6.6 million and $22.3 million, respectively, for three and six month periods ended June 30, 2018.

The most significant factors influencing Bitfarms' revenues are the difference in Bitcoin inventory held by the Company at period end and the difference in market price of cryptocurrency during the three and six months ended June 30, 2018 compared to June 30, 2019. Although costs of goods remained relatively stable, depreciation expense decreased significantly due to the impairment loss of $18.5 million recorded by the Company in 2018.

Electricity expense increased by $437,000 in Q2 2019 compared to Q2 2018 resulting from the addition of new mining computers. General and administrative expenses remained relatively constant and include non-cash compensation expense of approximately $1.4M compared to $383,000 in Q2 2018 related an employee stock compensation plan adopted by the company in Q2 2019. Financial expenses increased significantly in Q2 2019 as a result of interest expense related to the Dominion Capital loan financing of $549,000, as well as warrant liability and embedded derivatives related to the financing facility, measured at fair value through profit or loss, resulting in non-cash expenses of $782,000 and $409,000, respectively.

Webcast

The Company will be hosting a webcast presentation at 10:00 AM Eastern Standard Time on August 29, 2019. To view the webcast presentation, please register using this direct link. The financial results and presentation will also be available on our website.

About Bitfarms Ltd.

The Company owns and operates computing centres that power the global decentralized financial economy. Bitfarms provides computing power to cryptocurrency networks such as Bitcoin, earning fees from each network for securing and processing transactions. Powered by clean and competitively priced hydroelectricity, Bitfarms operates 5 computing centres in Québec, Canada with 36MW of built-out infrastructure and approximately 220 Ph/s of installed hash power. Bitfarms' strong and experienced management team is comprised of veteran industrial-scale data centre operators and capital markets professionals, focused on building infrastructure for the future by developing and hosting the ecosystem growing around blockchain-based technologies.

Keep up-to-date on Bitfarms' events, developments and online communities**:**

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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. The Tel Aviv Stock Exchange has neither approved nor disapproved the contents of this press release.

Forward-Looking Statements

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities laws that are based on expectations, estimates and projections as at the date of this news release. The information in this release about future 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 in digital currency prices and the resulting *significant negative impact on the Company's operations, the construction and operation of expanded blockchain infrastructure as currently planned, and the regulatory environment of cryptocurrency in the Provinces of Canada.*

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", "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 reasonable assumptions and estimates of management of the Company at the time it was 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 global economic climate; dilution; the Company's limited operating history; future capital needs and uncertainty of additional financing; 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; 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; and volatile securities markets impacting security pricing unrelated to operating performance. In addition, particular factors which could impact future results of the business of Bitfarms include but are not limited to: the construction and operation of blockchain infrastructure 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; the volatility of digital currency prices; the anticipated growth and sustainability of hydroelectricity for the purposes of cryptocurrency mining in the Province of Québec, 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; and there will be no regulation or law that will prevent Bitfarms from operating its business. The Company has also assumed that no significant events occur outside of the Bitfarms' normal course of business. Although the Company has attempted to identify important factors that could cause actual results to differ materially, 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 forward-looking information. The Company undertakes no obligation to revise or update any forward-looking information other than as required by law.

Non-IFRS Performance Measures

This press release 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 measures including "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.

EBITDA and EBITDA margin are common measures used to assess profitability before the impact of different financing methods, income taxes, depreciation of capital assets and amortization of intangible assets. Adjusted EBITDA and Adjusted EBITDA margin are measures used to assess profitability before the impact of all of the items in calculating EBITDA in addition to certain other non-cash expenses. Gross mining profit and Gross mining margin are measures used to assess profitability after power costs in cryptocurrency production, the largest variable expense in mining. Management uses non-IFRS measures in order to facilitate operating performance comparisons from period to period and to prepare annual operating budgets.

"EBITDA" is defined as net income (loss) before: (i) interest expense; (ii) income tax expense; and (iii) depreciation and amortization. "EBITDA margin" is defined as the percentage obtained when dividing EBITDA by Revenue. "Adjusted EBITDA" is defined as EBITDA adjusted to exclude: (i) share-based compensation; (ii) non-cash finance expenses; (iii) asset impairment charges; and (iv) other non-cash expenses. "Adjusted EBITDA margin" is defined as the percentage obtained when dividing Adjusted EBITDA by Revenue. "Gross mining profit" is defined as Revenue minus energy expenses for the Bitfarms segment of the Company. "Gross mining margin" is defined as the percentage obtained when dividing Gross mining margin by Revenue for the Bitfarms segment of the Company.

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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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[2] Represents the break-even cost of Bitcoin and Litecoin based on variable cost of electricity and is calculated by taking the total electricity costs related to the Mining of each of Bitcoin and Litecoin divided by the total number of Bitcoin and Litecoin mined, respectively, in the relevant period.

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