

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

v.

BITFARMS LTD., L. GEOFFREY MORPHY,
BENJAMIN GAGNON, and JEFFREY
LUCAS,

Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff individually and on behalf of all others similarly situated, by Plaintiff's undersigned attorneys, for Plaintiff's complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff's own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff's attorneys, which included, among other things, a review of the Defendants' public documents, conference calls and announcements made by Defendants, United States ("U.S.") Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Bitfarms Ltd. ("Bitfarms" or the "Company"), analysts' reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial, additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons and entities other than Defendants that purchased or otherwise acquired Bitfarms securities

between March 21, 2023 and December 9, 2024, both dates inclusive (the “Class Period”), seeking to recover damages caused by Defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. Bitfarms operates integrated Bitcoin (also referred to as “BTC”) data centers in Canada, the U.S., Paraguay, and Argentina. The Company primarily owns and operates data centers housing computers (referred to as “miners”) designed for the purpose of validating transactions on the Bitcoin Blockchain (referred to as “mining”). Once BTC are mined, Bitfarms keeps them as digital assets or exchanges them for U.S. dollars through established cryptocurrency trading platforms. According to the Company, Bitfarms’ financing strategy involves, among other things, strategically selling its BTC assets.

3. When Bitfarms sells its digital assets, the Company is required to account for the proceeds it receives from those sales on its cash flow statement, which provides an accounting of the cash used in operations, including working capital, financing, and investing. A company’s cash flow statement generally includes three sections: (i) cash flow from investing activities, which reports how much cash has been generated or spent from investment-related activities in a specific period; (ii) cash flow from operating activities, which indicates the amount of money a company brings in from its ongoing, regular business activities, such as manufacturing and selling goods or providing a service to customers; and (iii) cash flow from financing activities, which delineates a company’s financing, how it raises money, and how it pays money back by highlighting actions such as stock issuances, borrowing money, repurchasing shares, and repaying debt.

4. In 2021, the Company began to raise capital through, *inter alia*, the issuance of warrants (the “2021 Warrants”)—*i.e.*, derivatives that gives the holder the right but not the obligation to buy an underlying security at a certain price, quantity, and future time.

5. In March 2024, the Company identified a material weakness in its internal control over financial reporting with respect to the Company’s classification of the 2021 Warrants. Specifically, the Company acknowledged that “the control over accounting for complex financing transactions did not operate effectively in 2021 as the warrants issued in 2021 should have been classified as a financial liability and accounted for at fair value through profit and loss, and not as equity instruments.” However, since identifying the foregoing weakness, Bitfarms has consistently represented that it was implementing remediation efforts including “expanding the finance team to include more Chartered Professional Accountants (CPAs) with technical expertise and experience in evaluating more complex areas of [International Financial Reporting Standards (“IFRS”)] Accounting Standards,” “involving the Company’s legal counsel on evaluating complex agreements involving financial instruments,” and “engaging third-party consultants to assist with assessing the accounting for complex financial instruments and review of financial statements.” Further, the Company has consistently stated that “its remediation plan is expected to be completed during 2024.”

6. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company’s business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) Bitfarms maintained deficient internal controls over financial reporting; (ii) as a result, the Company incorrectly categorized proceeds derived from the sale of digital assets as a cash flow from operating activities rather than as a cash flow from investing activities; (iii) in addition, the Company overstated the

extent to which it had remediated, and/or its ability to remediate, the material weakness in its internal controls over financial reporting related to its classification of the 2021 Warrants; (iv) the foregoing errors caused Bitfarms to misstate various items in several of the Company's previously issued financial statements; (v) as a result, these financial statements were inaccurate and would likely need to be restated; and (vi) as a result, the Company's public statements were materially false and misleading at all relevant times.

7. On December 9, 2024, Bitfarms issued a press release announcing that its consolidated financial statements for the fiscal years 2022 and 2023 contained a material error related to the classification of proceeds from digital asset sales and would need to be restated. Specifically, the Company revealed that "Bitfarms previously categorized proceeds derived from the sale of digital assets as a cash flow from operating activities. In conjunction with the SEC review, it was determined that proceeds from the sale of digital assets should be classified as cash flow from investing activities." Additionally, Bitfarms stated that it was also restating its financials "to adjust for an error in the accounting for the redemption of warrants in 2023."

8. On this news, Bitfarms' stock price fell \$0.13 per share, or 6.07%, to close at \$2.01 per share on December 10, 2024.

9. Then, on April 1, 2025, Bitfarms filed its Annual Report on Form 40-F with the SEC, reporting the Company's financial and operating results for the year ended December 31, 2024 (the "2024 40-F"). With respect to the Company's accounting for the 2021 Warrants, the 2020 40-F reiterated Bitfarms' purported efforts to remediate the previously announced material weakness but revealed that "its remediation plan is expected to be completed after review and testing of controls during 2025," contrary to its prior representations that the remediation plan would be completed in 2024.

10. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

11. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

12. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act.

13. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b), as the alleged misstatements entered and the subsequent damages took place in this Judicial District. Pursuant to Bitfarms' most recently filed Annual Report with the SEC, as of December 31, 2024, there were 479,332,885 of the Company's common shares outstanding. Bitfarms' securities trade on the Nasdaq Global Market ("NASDAQ"). Accordingly, there are presumably hundreds, if not thousands, of investors in Bitfarms securities located within the U.S., some of whom undoubtedly reside in this Judicial District.

14. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

15. Plaintiff, as set forth in the attached Certification, acquired Bitfarms securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

16. Defendant Bitfarms is a Canadian corporation with principal executive offices located at 110 Yonge Street, Suite 1601, Toronto, Ontario, M5C 1T4. Bitfarms' securities trade in an efficient market on the NASDAQ under the ticker symbol "BITF".

17. Defendant L. Geoffrey Morphy ("Morphy") served as the Company's Chief Executive Officer ("CEO") from prior to the start of the Class Period until July 2024.

18. Defendant Benjamin Gagnon ("Gagnon") has served as the Company's CEO since July 2024.

19. Defendant Jeffrey Lucas ("Lucas") has served as the Company's Chief Financial Officer at all relevant times.

20. Defendants Morphy, Gagnon, and Lucas are sometimes referred to herein as the "Individual Defendants."

21. The Individual Defendants possessed the power and authority to control the contents of Bitfarms' SEC filings, press releases, and other market communications. The Individual Defendants were provided with copies of Bitfarms' SEC filings and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or to cause them to be corrected. Because of their positions with Bitfarms, and their access to material information available to him but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public, and that the positive representations being made were then

materially false and misleading. The Individual Defendants are liable for the false statements and omissions pleaded herein.

22. Bitfarms and the Individual Defendants are collectively referred to herein as “Defendants.”

SUBSTANTIVE ALLEGATIONS

Background

23. Bitfarms operates integrated BTC data centers in Canada, the U.S., Paraguay, and Argentina. The Company primarily owns and operates data centers housing computers designed for the purpose of validating transactions on the Bitcoin Blockchain. Once BTC are mined, Bitfarms keeps them as digital assets or exchanges them for U.S. dollars through established cryptocurrency trading platforms. According to the Company, Bitfarms’ financing strategy involves, among other things, strategically selling its BTC assets.

Materially False and Misleading Statements Issued During the Class Period

24. The Class Period begins on March 21, 2023, when Bitfarms filed an Annual Report on Form 40-F with the SEC, reporting the Company’s financial and operational results for the year ended December 31, 2022 (the “2022 40-F”). With respect to the Company’s internal control over financial reporting, the 2022 40-F stated, in the relevant part:

Management of the Registrant, under the supervision of the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining an adequate system of “internal control over financial reporting” as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management, including the Chief Executive Officer and the Chief Financial Officer, have assessed the effectiveness of the Registrant’s internal control over financial reporting in accordance with Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). *Based on this*

assessment, management, including the Chief Executive Officer and the Chief Financial Officer, have determined that the Registrant's internal control over financial reporting was effective as of December 31, 2022.¹

25. Further, in its consolidated statements of cash flows for the year ended December 31, 2022, the Company reported \$158,674,000 in “proceeds from sales of digital assets mined” and a “cash related to operating activities” figure of \$36,250,000.

26. Appended to the 2022 40-F as exhibits were signed certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) by Defendants Morphy and Lucas, attesting that “[t]he information contained in the [2022 40-F] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

27. That same day, Bitfarms issued a press release announcing the Company’s Q4 and full year 2022 results. The press release quoted Defendant Morphy as stating, in relevant part, “[i]n 2022, we once again ranked among the most cost-effective publicly traded BTC mining companies as we focused on delivering superior performance, particularly during challenging times, ***while upholding the highest mining, operating and accounting standards.***”

28. Also on March 21, 2023, Bitfarms hosted an earnings call with investors and analysts to discuss the Company’s Q4 and full year 2022 results (the “Q4 2022 Earnings Call”). During the scripted portion of the Q4 2022 Earnings Call, Defendant Morphy stated, in relevant part:

We ensure our competitive low-cost structure by maintaining strict discipline when evaluating expansion opportunities. We seek out and source stable and surplus sources of energy with attractive pricing to continue to expand with a view to reducing our production costs. We utilize and continue to enhance our proprietary mining management software and vertically integrated electrical subsidiary to yield and improve fleet and operational efficiencies. ***We set the standard for [Key Performance Indicators (“KPI”)] reporting transparency, maintain the highest***

¹ All emphases included herein are added unless otherwise indicated.

standards in financial controls in reporting, and have been audited by a Big 4 accounting firm since going public in 2017.

29. On May 15, 2023, Bitfarms filed its interim condensed consolidated financial statements and Management's Discussion & Analysis for the three months ended March 31, 2023 on Form 6-K with the SEC (the "Q1 2023 Report"). With respect to internal controls over financial reporting, the Q1 2023 Report stated, in relevant part:

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.*

30. That same day, Bitfarms issued a press release announcing the Company's Q1 2023 results. The press release stated, in relevant part:

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 [Exa hash per second ("EH/s")] target from the end of Q4 2023 to the end of Q3 2023," said [Defendant] 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."

31. On August 8, 2023, Bitfarms filed its interim condensed consolidated financial statements and Management's Discussion & Analysis for the three and six months ended June 30, 2023 on Form 6-K with the SEC (the "Q2 2023 Report"). With respect to internal controls over financial reporting, the Q2 2023 Report stated, in relevant part:

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 them 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.*

32. That same day, Bitfarms hosted an earnings call with investors and analysts to discuss the Company's Q2 2023 results (the "Q2 2023 Earnings Call"). During the scripted portion of the Q2 2023 Earnings Call, Defendant Morphy stated, in relevant part:

I'll begin by emphasizing that we have built a quality portfolio of assets and the resources to manage them very effectively. Together with ongoing investments, they provide investors with excellent exposure to rising Bitcoin prices, particularly as we approach the next Bitcoin having.

To capitalize on this further, we are executing an aggressive and disciplined growth strategy to optimize overall risk returns while managing risks. Pillars of our growth strategy are responsible capital deployment, reinvestment in our fleet with the latest and minor technology, continued geographic diversification, ***adherence to strong financial and operating controls, audited by a big four accounting firm since incorporation over five years ago, and we have the most highly experienced and accomplished team supporting our global growth.***

33. On November 7, 2023, Bitfarms filed its interim condensed consolidated financial statements and Management's Discussion & Analysis for the for the three and nine months ended September 30, 2023 on Form 6-K with the SEC (the "Q3 2023 Report"). With respect to internal controls over financial reporting, the Q3 2023 Report stated, in relevant part:

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 them 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.***

34. Further, for the nine months ended September 30, 2023, the Company reported a "cash related to operating activities" figure of \$10,028,000 in its consolidated statements of cash flows.

35. On March 7, 2024, Bitfarms filed an Annual Report on Form 40-F with the SEC, reporting the Company's financial and operational results for the year ended December 31, 2023 (the "2023 40-F"). In providing an overview of the Company's internal controls over financial

reporting, the 2023 40-F acknowledged that “the control over accounting for complex financing transactions did not operate effectively in 2021 as the warrants issued in 2021 should have been classified as a financial liability and accounted for at fair value through profit and loss, and not as equity instruments,” but discussed its purported efforts to remediate the foregoing weakness, stating, in relevant part:

The Registrant’s remediation efforts to date comprise expanding the finance team to include more Chartered Professional Accountants with technical expertise and experience in evaluating more complex areas of IFRS, involving the Company’s legal counsel on evaluating complex agreements involving financial instruments and engaging with external third-party consultants to assist with assessing the accounting for complex financial instruments and review of financial statements. Management’s efforts are ongoing and its remediation plan is expected to be completed during 2024.

The foregoing statements regarding the Company’s remediation efforts overstated the extent to which it had remediated, and/or its ability to remediate, the material weakness in its internal controls over financial reporting with respect to the 2021 Warrants.

36. Further, for the year ended December 31, 2023, the Company reported \$129,309,000 in “proceeds from sales of digital assets mined” and a “cash related to operating activities” figure of \$23,598,000 in its consolidated statements of cash flows; net financial expenses of \$32,308,000, net loss before income taxes of \$104,437,000, net loss and total comprehensive loss of \$104,036,000, and a total comprehensive loss, net of tax figure of \$94,794,000 on its consolidated statements of profit or loss and comprehensive profit or loss; and \$294,924,000 in accumulated deficit as of December 31, 2023 in its consolidated statements of financial position.

37. Appended to the 2023 40-F as exhibits were signed certifications pursuant to SOX by Defendants Morphy and Lucas, attesting that “[t]he information contained in the [2023 40-F]

fairly presents, in all material respects, the financial condition and results of operations of the Company.”

38. On May 15, 2024, Bitfarms filed its interim condensed consolidated financial statements and Management’s Discussion & Analysis for the three months ended March 31, 2024 on Form 6-K with the SEC (the “Q1 2024 Report”). The Q1 2024 Report contained a substantively similar description of the material weakness in Bitfarms’ internal control over financial reporting related to the 2021 Warrants and the Company’s purported remediation efforts as discussed, *supra*, in ¶ 35.

39. On August 8, 2024, Bitfarms filed its interim condensed consolidated financial statements for the three and six months ended June 30, 2024 on Form 6-K with the SEC (the “Q2 2024 Report”). The Q2 2024 Report contained a substantively similar description of the material weakness in Bitfarms’ internal control over financial reporting related to the 2021 Warrants and the Company’s purported remediation efforts as discussed, *supra*, in ¶ 35.

40. On November 13, 2024, Bitfarms filed its interim condensed consolidated financial statements for the three and nine months ended September 30, 2024 on Form 6-K with the SEC (the “Q3 2024 Report”). The Q3 2024 Report contained a substantively similar description of the material weakness in Bitfarms’ internal control over financial reporting related to the 2021 Warrants and the Company’s purported remediation efforts as discussed, *supra*, in ¶ 35.

41. Further, the Company reported \$111,264,000 in “proceeds from sales of digital assets mined” and a “cash related to operating activities” figure of \$14,104,000 in its consolidated statements of cash flows for the nine months ended September 30, 2024, and an accumulated deficit of \$351,823,000 in its consolidated statements of financial position as of September 30, 2024.

42. The statements referenced in ¶¶ 24-41 were materially false and misleading because Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) Bitfarms maintained deficient internal controls over financial reporting; (ii) as a result, the Company incorrectly categorized proceeds derived from the sale of digital assets as a cash flow from operating activities rather than as a cash flow from investing activities; (iii) in addition, the Company overstated the extent to which it had remediated, and/or its ability to remediate, the material weakness in its internal controls over financial reporting related to its classification of the 2021 Warrants; (iv) the foregoing errors caused Bitfarms to misstate various items in several of the Company’s previously issued financial statements; (v) as a result, these financial statements were inaccurate and would likely need to be restated; and (vi) as a result, the Company’s public statements were materially false and misleading at all relevant times.

The Truth Emerges

43. On December 9, 2024, the Company issued a press release entitled “Bitfarms Announces Restatement of Previously Issued Financial Statements.” The press release stated, in relevant part:

Bitfarms [. . .] today announced that, in connection with the Securities and Exchange Commission’s (“SEC”) review of its annual report for the fiscal year ended December 31, 2023 (the “SEC Review”), and in consultation with its Audit Committee of the Board of Directors and management, the Company has determined that its previously issued consolidated financial statements for the fiscal years ended December 31, 2023 and 2022 and the related management’s discussion and analysis for the year ended December 31, 2023, as well as the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2024 and 2023 (such interim periods together with the fiscal years ended December 31, 2023 and 2022, the “Restatement Periods”) and the related management’s discussion and analysis for the three and nine months ended

September 30, 2024, should be restated to correct a material error in the classification of proceeds derived from the sale of digital assets.

Bitfarms previously categorized proceeds derived from the sale of digital assets as a cash flow from operating activities. In conjunction with the SEC review, it was determined that proceeds from the sale of digital assets should be classified as cash flow from investing activities. Due to the materiality of the error in classification, the Company is restating the financial statements for the Restatement Periods. In addition to the correction to the consolidated statements of cash flows, the Company is also restating its financials to adjust for an error in the accounting for the redemption of warrants in 2023.

44. Further, the press release provided an overview of the adjustments in the Company's restatement of its previously issued consolidated financial statements, including:

Adjustments to consolidated statements of cash flows for the year ended December 31, 2022* - Restatement

	Year ended December 31,		
	2022 (as reported)	Cash flow reclassification	2022 (as restated)
Cash flows from (used in) operating activities			
Net loss	(175,644)	—	(175,644)
Adjustments for:			
Proceeds from sale of digital assets earned	158,674	(158,674)	—
Net change in cash related to operating activities	36,250	(158,674)	(122,424)
Cash flows from (used in) investing activities			
Proceeds from sale of digital assets earned	—	158,674	158,674
Net change in cash related to investing activities	(155,011)	158,674	3,663

Adjustments to consolidated statements of cash flows for the year ended December 31, 2023* - Restatement

	Year ended December 31,			
	2023 (as reported)	Cash flow reclassification	2023 warrants adjustment	2023 (as restated)
Cash flows from (used in) operating activities				
Net loss	(104,036)	—	(4,886)	(108,922)
Adjustments for:				
Net financial expenses	32,308	—	4,886	37,194
Proceeds from sale of digital assets earned	129,309	(129,309)	—	—
Net change in cash related to operating activities	23,598	(129,309)	—	(105,711)
Cash flows from (used in) investing activities				
Proceeds from sale of digital assets earned	—	129,309	—	129,309
Net change in cash related to investing activities	(58,343)	129,309	—	70,966

Adjustments to consolidated statements of financial position as of December 31, 2023* - Restatement

	As of December 31,	Adjustment	As of December 31,
	2023 (as reported)	2023 warrants adjustment	2023 (as restated)
Shareholders' equity			
Share capital	530,123	4,886	535,009
Contributed surplus	56,622	—	56,622
Revaluation surplus	2,941	—	2,941
Accumulated deficit	(294,924)	(4,886)	(299,810)
Total equity	294,762	—	294,762

Adjustments to consolidated statements of profit or loss and comprehensive profit or loss for the year ended December 31, 2023* - Restatement

	Year ended December 31,		
	2023 (as reported)	2023 warrants adjustment	2023 (as restated)
Operating loss	(72,129)	—	(72,129)
Net financial expenses	(32,308)	(4,886)	(37,194)
Net loss before income taxes	(104,437)	(4,886)	(109,323)
Income tax recovery	401	—	401
Net loss and total comprehensive loss	(104,036)	(4,886)	(108,922)
Other comprehensive income (loss)			
Item that will not be reclassified to profit or loss:			
Change in revaluation surplus - digital assets, net of tax	9,242	—	9,242
Total comprehensive loss, net of tax	(94,794)	(4,886)	(99,680)
Loss per share			
Basic and diluted	(0.40)	(0.02)	(0.42)
Weighted average number of common shares outstanding			
Basic and diluted	262,237,117	—	262,237,117

Adjustments to interim consolidated statements of cash flows for the nine months ended September 30, 2023 and 2024* - Restatement

	Nine months ended September 30,			Nine months ended September 30,		
	2024 (as reported)	Cash flow reclassification	2024 (as restated)	2023 (as reported)	Cash flow reclassification	2023 (as restated)
Cash flows from (used in) operating activities						
Net loss	(69,228)	—	(69,228)	(46,877)	—	(46,877)
Adjustments for:						
Proceeds from sale of digital assets	111,264	(111,264)	—	87,724	(87,724)	—
Net change in cash related to operating activities	14,104	(111,264)	(97,160)	10,028	(87,724)	(77,696)
Cash flows from (used in) investing activities						
Proceeds from sale of digital assets	—	111,264	111,264	—	87,724	87,724
Net change in cash related to investing activities	(268,862)	111,264	(157,598)	(35,373)	87,724	52,351

Adjustments to consolidated statements of financial position as of September 30, 2024* - Restatement

	As of September 30,	Adjustment	As of September 30,
	2024 (as reported)	2023 warrants adjustment	2024 (as restated)
Shareholders' equity			
Share capital	796,751	4,886	801,637
Contributed surplus	63,785	—	63,785
Accumulated deficit	(351,823)	(4,886)	(356,709)
Revaluation surplus	3,311	—	3,311
Total equity	512,024	—	512,024

45. On this news, Bitfarms' stock price fell \$0.13 per share, or 6.07%, to close at \$2.01 per share on December 10, 2024.

46. Then, on April 1, 2025, Bitfarms filed the 2024 40-F. With respect to the Company's accounting for the 2021 Warrants, the 2020 40-F reiterated Bitfarms' purported efforts to remediate the previously announced material weakness but revealed that "its remediation plan is expected to be completed after review and testing of controls *during 2025*," contrary to its prior representations that the remediation plan would be completed in 2024.

47. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

48. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired the Company's securities during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

49. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Bitfarms securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Bitfarms or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

50. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

51. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

52. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Bitfarms;
- whether the Individual Defendants caused Bitfarms to issue false and misleading financial statements during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;

- whether the prices of Bitfarms securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

53. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

54. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Bitfarms securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NASDAQ and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold Bitfarms securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

55. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

56. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v.*

United States, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)

57. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

58. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

59. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Bitfarms securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Bitfarms securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

60. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described

above, including statements made to securities analysts and the media that were designed to influence the market for Bitfarms securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Bitfarms' finances and business prospects.

61. By virtue of their positions at Bitfarms, Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants were committed willfully or with reckless disregard for the truth. In addition, each Defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

62. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants' knowledge and control. As the senior managers and/or directors of Bitfarms, the Individual Defendants had knowledge of the details of Bitfarms' internal affairs.

63. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Bitfarms. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Bitfarms' businesses, operations, future financial condition and future prospects. As a result of the

dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Bitfarms securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Bitfarms' business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired Bitfarms securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

64. During the Class Period, Bitfarms securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of Bitfarms securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Bitfarms securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Bitfarms securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

65. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

66. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases,

acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

COUNT II

(Violations of Section 20(a) of the Exchange Act Against the Individual Defendants)

67. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

68. During the Class Period, the Individual Defendants participated in the operation and management of Bitfarms, and conducted and participated, directly and indirectly, in the conduct of Bitfarms' business affairs. Because of their senior positions, they knew the adverse non-public information about Bitfarms' misstatement of income and expenses and false financial statements.

69. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Bitfarms' financial condition and results of operations, and to correct promptly any public statements issued by Bitfarms which had become materially false or misleading.

70. Because of their position of control and authority as senior officer, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Bitfarms disseminated in the marketplace during the Class Period concerning Bitfarms' results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Bitfarms to engage in the wrongful acts complained of herein. The Individual Defendants, therefore, were "controlling persons" of Bitfarms within the meaning

of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged, which artificially inflated the market price of Bitfarms securities.

71. The Individual Defendants, therefore, acted as a controlling person of Bitfarms. By reason of their senior management positions and/or being directors of Bitfarms, the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Bitfarms to engage in the unlawful acts and conduct complained of herein. The Individual Defendants exercised control over the general operations of Bitfarms and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

72. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Bitfarms.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;
- B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;
- C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and
- D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.