



BITCOIN WELL

TSX.V:**BTCW** OTCQB:**BCNWF**

Management's Discussion and Analysis

For the years ended
December 31, 2024 and 2023

(Expressed in Canadian Dollars)

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") for Bitcoin Well Inc. ("Bitcoin Well", the "Company", "we", "us", or "our") was prepared as of March 11, 2025 to assist readers in understanding our financial performance for the years ended December 31, 2024 and 2023. This MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended December 31, 2024 and 2023 (the "Financial Statements"). The Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking statements. Please see "Note Regarding Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions used to develop our forward-looking statements. Accounting principles applied under IFRS require us to make certain estimates and assumptions that affect the reported amount of assets, liabilities, revenue, expenses, and related disclosures. We believe our estimates and assumptions are reasonable based on the information available at the time that these estimates and assumptions are made. Actual results may differ from these estimates.

This MD&A refers to non-GAAP financial measures such as "Adjusted EBITDA" and "Adjusted Cash Flow" that we present to assist users in assessing our performance. Adjusted EBITDA and Adjusted Cash Flow do not have any standard meaning under IFRS and may not be comparable to similar measures presented by other issuers. These measures are further described under "Non-GAAP Financial Measures".

Accounting principles applied under IFRS require us to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We believe our estimates and assumptions are reasonable based on the information available at the time that these estimates and assumptions are made. Actual results may differ from these estimates.

The address of the Company's registered office is 1700, 10175 - 101 Street NW, Edmonton, Alberta T5J 0H3. The Company's common shares are traded on the TSXV under the ticker symbol "**BTCW**", and on the OTCQB under the ticker symbol "**BCNWF**".

Additional information about Bitcoin Well, including our most recently filed audited consolidated financial statements and Annual Information Form, is available on the SEDAR+ website at www.sedarplus.ca.

The Board of Directors of the Company approved this MD&A on March 11, 2025.

KEY HIGHLIGHTS OF THE 4TH QUARTER AND YEAR ENDED DECEMBER 31, 2024

- Revenue of \$30.1 million for the 3-months ended December 31, 2024 (Q4 2023: \$13.6 million, +121%); and \$90.5 million for the year ended December 31, 2024 (2023: \$54.5 million, +66%)
 - Revenue growth driven by continuing significant growth on the Bitcoin Portal (Online revenue +361% in Q4 2024 and +201% full year).
 - Over 32,000 unique users in the Bitcoin Portal as of December 31, 2024 (+28% from September 30, 2024 and +191% from December 31, 2023).
 - Currently over 37,000 unique registrations on the Bitcoin Portal as of March 1, 2025.
- Gross profit of \$1.2 million for the 3-months ended December 31, 2024 (Q4 2023: \$1.4 million, -15%) and \$4.0 million for the year ended December 31, 2024 (2023: \$4.8 million, -18%).
 - Lower gross margin due to shifting sales mix towards the lower margin, but highly scalable Bitcoin Portal and Bitcoin Well Infinite.
 - Current strategy in place to increase gross margin on the Bitcoin Portal through additional high margin products such as cash voucher gift cards and Lite Accounts was successful in Q4; raising gross margin in the online segment by 30% in Q4 2024.
 - The scalable growth to the Bitcoin Portal and Bitcoin Well Infinite should increase gross profit, even with the decreasing margin, as we expect the revenue to continue growing.

- Adjusted EBITDA of positive \$26 thousand for the 3-months ended December 31, 2024 (Q4 2023: \$0.2 million) and negative \$1.7 million for the year ended December 31, 2024 (2023: negative \$0.5 million).
 - Decline in Adjusted EBITDA primarily due to significant investments in marketing and advertising initiatives to promote growth of the Bitcoin Portal.
- Total comprehensive loss of \$2.5 million for the 3-months ended December 31, 2024 (Q4 2023: loss of \$1.3 million) and total comprehensive loss of \$7.1 million for the year ended December 31, 2024 (2023: loss of \$5.3 million). The higher losses in 2024 were primarily due to non-cash fair value adjustments related to cryptocurrency loans and convertible debt.
- In December 2024, we increased our investment in bitcoin and now hold approximately 10 bitcoin in our bitcoin reserve, purchased at an average price of CAD \$137,739 per bitcoin.
- In March 2024, we completed an oversubscribed private placement of an aggregate of 13,352,797 units of the Company at a price of \$0.175 per unit for aggregate gross proceeds of over \$2.3 million.
- In December 2024, we issued 2,000 convertible debenture units (the "Debenture Units") at a price of \$1,000 per Debenture Unit for aggregate gross proceeds of \$2.0 million.

BUSINESS OVERVIEW

The Company is on a mission to enable independence. We do this by making bitcoin in self custody easy to use. Think of it as **"future-proofing money"**. In the future, people should be able to replace their bank with Bitcoin Well. We make bitcoin useful by coupling the convenience of modern banking with the benefits of bitcoin. Bitcoin Well has two (2) unique business units including:

- Bitcoin ATM business (ATMs)
 - Started in 2014
 - Approximately 165 Bitcoin ATMs across Canada
 - Highest margin business unit

- Non-custodial bitcoin platform (Online Bitcoin Portal)
 - Launched in Q4 2022
 - Includes Bitcoin Well Infinite (large bitcoin transactions)
 - Live in Canada and USA
 - Automatic self-custody (no bitcoin held on platform, safer for the customer)
 - High growth business unit

Bitcoin Well is the intersection (and problem solver) of three key focus areas of both traditional finance and the emerging cryptocurrency sector.

1. The Bitcoin protocol allows for the ability to self-custody money, but its infrastructure is slow and dependent on adoption. It can also be challenging to use.
2. Custodial exchanges are an excellent source to get access to bitcoin (and other cryptocurrencies), but due to their custodial nature are risky to the consumers and don't allow for the use of the newly acquired assets.
3. Banks make it very easy to use fiat money, but have taken an "anti-crypto" approach and actively prevent individuals from utilizing bitcoin or cryptocurrency from their accounts.

Bitcoin Well has a product ecosystem designed to allow people to interact with the complicated bitcoin protocol, with the same ease and convenience they are used to from modern banking platforms.



BUSINESS OUTLOOK AND STRATEGY

The Bitcoin super company vision

Our vision for Bitcoin Well is a company that is so much more than just buying and selling bitcoin. We truly are on a mission to **enable independence**. Since the beginning, we have believed that Bitcoin ATMs play a key role in the Bitcoin industry. The ability to spend cash at a kiosk (Bitcoin ATM) adds an element of privacy unrivalled by any other way to buy bitcoin. Privacy is an important part of enabling independence, but not the full picture.

With our mission driving our actions, we knew that Bitcoin ATMs alone were not enough. That's why, in 2022, we started building and launched the Bitcoin Portal. This offered the same safety offered at a Bitcoin ATM (non custodial, direct to consumer experience) but with a level of convenience and a customer experience not possible when transacting in person.

This also allowed us to incorporate other functions such as dollar cost average products, the ability to sell bitcoin instantly, and even pay your bills and credit cards with bitcoin. The Bitcoin Portal takes us another step closer to offering the convenience of modern banking, but with the benefits of bitcoin.

We envision a world where people can put cash into one of our Bitcoin ATMs in Canada and have it show up in their friend's bank account in the USA. Or a foreign worker can send an e-Transfer through the Bitcoin Portal in Canada and have it received by their family in their local currency in their home country. Our vision for Bitcoin Well isn't just to allow people to buy and sell bitcoin, but rather that Bitcoin Well will give people an opportunity to gain all the benefits that bitcoin offers, but with as few barriers as possible.



Online Portal Growth Execution

As we expect our Bitcoin ATMs business to remain relatively stable with nominal yearly growth going forward, our focus continues to transition to the more scalable and growth oriented Bitcoin Portal in both Canada and the USA.

Highlights of our recent growth on the Bitcoin Portal include:

- Total Users as of March 1, 2024: Over 37,000 unique users signed up
 - Q4 2024: Addition of over 7,000 new user sign ups
 - Q3 2024: Addition of over 4,800 new user sign ups
 - Q2 2024: Addition of over 5,300 new user sign ups
 - Q1 2024: Addition of over 3,900 new user sign ups
- Effective February 2024, the Bitcoin Portal became live in all 50 states in the USA and continues to serve all of Canada.
- Effective September 2024, the Bitcoin Portal became fully Lightning Network enabled with customers in Canada now being able to buy, sell and use bitcoin on the Lightning Network. This includes via e-transfer, recurring buy and cash voucher gift cards.
- Effective October 2024, we expanded the Bitcoin Well Infinite services (our OTC desk) internationally to now serve customers with large bitcoin transactions in multiple countries.
- Effective January 2025, our customers in the USA now have the ability to deposit paychecks or third party payments into their Bitcoin Well account. They can predetermine the percentage they would like converted into bitcoin and sent directly to their personal bitcoin wallets (AKA self custody).

Our significant growth on the Bitcoin Portal is expected to continue in fiscal 2025 alongside a bolstered marketing program.

For the years ended December 31, 2024 and 2023

SELECTED FINANCIAL INFORMATION

	Three months ended		Year ended	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Revenue	\$ 30,059,063	\$ 13,590,048	\$ 90,513,400	\$ 54,531,838
Cost of coins	28,838,673	12,162,245	86,542,792	49,705,669
Gross profit	1,220,390	1,427,803	3,970,608	4,826,169
Gross profit margin	4.1%	10.5%	4.4%	8.9%
Operating expenses	1,194,717	1,250,443	5,626,498	5,266,963
Financing fees	612,264	683,513	2,567,439	2,285,183
Depreciation and accretion	97,127	297,084	651,902	1,416,882
Loss before other items and taxes	(683,718)	(803,237)	(4,875,231)	(4,142,859)
Other items	(9,144,434)	(4,401,352)	(12,901,886)	
Income tax expense	-	-	-	(241,707)
Net loss	\$ (9,828,152)	\$ (5,204,589)	\$ (17,777,117)	\$ (12,204,324)
Adjusted EBITDA⁽¹⁾	\$ 25,673	\$ 177,361	\$ (1,655,890)	\$ (440,794)
Adjusted Cash Flow⁽¹⁾	(154,672)	(138,488)	(2,598,072)	(2,102,581)

Note 1: See "Non-IFRS Financial Measures".

As at	Dec 31, 2024	Dec 31, 2023
Cash	\$ 2,875,766	\$ 1,668,922
Working capital	16,046,995	6,649,030
Total assets	28,024,499	14,906,196
Shareholders' deficit	(12,993,531)	(9,150,586)
Long-term financial liabilities	\$ 29,633,849	\$ 17,046,705

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2024

The fourth quarter of 2024 saw a significant increase in overall revenue, reaching \$30.1 million compared to \$13.6 million in Q4 2023. This substantial growth of 121% was primarily fueled by increased transaction volumes on the Bitcoin Portal. Notably, the Online segment's revenue increased to \$24.9 million in Q4 2024, a 361% increase from \$5.4 million in Q4 2023. The online revenue comprised \$13.2 million from the Bitcoin Portal and \$11.7 million from Bitcoin Well Infinite (large bitcoin transactions) sales. However, this growth was partially offset by a decline in ATM sales, which fell to \$5.1 million in Q4 2024 from \$8.5 million in Q4 2023.

The decrease in gross profit to \$1.2 million in Q4 2024 from \$1.4 million last year (-15%) was due to a lower overall gross margin, despite higher revenue. This decline was mainly attributed to a shift in sales mix, with lower margin online transactions now representing a larger share compared to high margin Bitcoin ATM sales. Fees earned from online transactions are lower than those from ATM sales.

As we move towards a scalable high growth Bitcoin Portal with lower fees and higher usability, we anticipate a future gross profit margin between 1.0% and 5.0% for our online business unit. Given the changing landscape, increased competition, and our focus on making bitcoin accessible through a modern-banking experience, we believe that attracting more customers at a smaller margin will provide greater growth potential and the opportunity to introduce paid premium product enhancements in the future. Our gross margin within the online segment was 1.7% in Q4 2024, compared to 1.3% in Q4 2023.

Our efforts to continue to increase the gross profit margin in the Bitcoin Portal have been successful, and we will continue these initiatives. This includes building products such as our Lite Accounts and cash Vouchers / gift cards that we expect will contribute to higher gross margins in the future. That said, we do not expect the Bitcoin Portal gross margins to match that of the Bitcoin ATMs. Notably, the Bitcoin ATMs have also seen a reduction across the industry (not just in our business).

In the fourth quarter of 2024, we decreased total operational expenses (excluding depreciation, accretion, and financing fees) to \$1.2 million from \$1.25 million in the same period last year. This reduction reflects our focus on managing operating costs and general and administrative expenses as we scale revenue. Adjusted EBITDA for Q4 2024 was \$26 thousand, compared to \$0.2 million in Q4 2023. The lower adjusted EBITDA was primarily due to a decline in gross profit.

Financing fees of \$0.6 million in Q4 2024 was similar to the expense reported in the prior year. Financing fees primarily consist of interest costs associated with our convertible debt, loans payable - crypto currency, and line of credit.

In Q4 2024, we reported a net loss of \$9.8 million, compared to a net loss of \$5.2 million for the same period last year. The loss before other items saw a slight improvement, decreasing to \$0.7 million from \$0.8 million in Q4 2023.

A significant factor in the Q4 2024 results was an \$8.1 million loss tied to the revaluation of cryptocurrency loans (compared to a \$4.3 million loss in Q4 2023). These non-cash gains and losses stem from IFRS requirements that mandate the revaluation of cryptocurrency loans at fair value at each reporting period's end, with changes recognized in profit and loss. While this mark-to-market accounting reflects the unrealized gain or loss at a specific time, it doesn't represent a realized gain or loss, doesn't impact cash, and isn't a direct reflection of business performance.

Conversely, our accounting policy under IFRS also requires the revaluation of digital assets at fair value at the end of each reporting period, with value increases recognized in other comprehensive income (unlike the revaluations of cryptocurrency loans). As a result, changes in the unrealized value of both cryptocurrency loans and digital assets can lead to significant fluctuations in net income (loss), which may not accurately represent the underlying operational performance of the business. Adjusted EBITDA is used to exclude the variability caused by these revaluations and provide what we believe is a more accurate measure of business performance.

During the three months ending December 31, 2024, we recognized a \$7.4 million unrealized gain on digital assets in other comprehensive income and a \$0.8 million realized gain within profit and loss related to digital assets and inventory, which more than offset the \$8.1 million loss on the revaluation of cryptocurrency loans.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2024

The year ended December 31, 2024 saw a 66% increase in revenue, reaching \$90.5 million, compared to \$54.5 million in 2023. This growth was primarily fueled by a 201% increase in transaction volumes in the Online segment, which rose to \$66.3 million from \$22.0 million in the previous year. The online revenue comprised \$40.3 million from the Bitcoin Portal and \$26.0 million from Bitcoin Well Infinite (large bitcoin transactions) sales. However, this online growth was partially offset by a 25% decline in ATM sales, which fell to \$24.2 million in 2024 from \$32.5 million in 2023.

Despite the revenue increase, gross profit decreased by 18%, from \$4.8 million in 2023 to \$4.0 million in 2024. This decline was attributed to a lower overall gross margin, resulting from changes in sales mix, including higher revenue from online sales and lower revenue from ATM sales.

Total operational expenses (excluding depreciation and accretion and financing fees) in 2024 increased to \$5.6 million from \$5.3 million last year. The increase was primarily due to higher investments in marketing and advertising initiatives to promote growth of the Bitcoin Portal and higher professional fees, offset by lower salaries and wages. The savings in salaries and wages was due to significant reductions in overhead expenditures over the past 2 years with the Company re-routing these expenditures to focus on its marketing and advertising initiatives in 2024.

The higher professional fees in 2024 was due to non-recurring legal fees associated with the Company's litigation against Rapid Cash ATM Ltd. ("Rapid Cash") and preparatory filings related to potential future capital raises. As previously disclosed, in Q4 2023, the Company initiated litigation against Rapid Cash due to their alleged breach of contract in October 2023.

Adjusted EBITDA declined to negative \$1.7 million for the year ended December 31, 2024 from negative \$0.4 million last year. The \$1.3 million decline was primarily due to lower gross profit and higher marketing expenses and professional fees, as noted above.

For the years ended December 31, 2024 and 2023

Financing fees increased to \$2.6 million in 2024 from \$2.3 million last year due to both higher debt balances outstanding throughout 2024 as well as increased interest rates applicable to our debt obligations that incur interest at variable market rates.

Net loss for the year ended December 31, 2024, was \$17.8 million, compared to a net loss of \$12.0 million in 2023. The primary reason for the increased loss was \$14.0 million in revaluation adjustments on cryptocurrency loans in 2024, compared to \$7.4 million in the previous year. Loss before other items increased slightly to \$4.9 million from \$4.1 million in the previous year due to lower gross profit and higher marketing expenses and professional fees.

SUMMARY OF QUARTERLY RESULTS

	2023 - Q1		2023 - Q2		2023 - Q3		2023 - Q4
Revenue	\$	12,416,760	\$	15,112,693	\$	13,412,337	\$ 13,590,048
Gross profit		1,085,755		1,202,286		1,110,325	1,427,803
Gross profit %		9%		8%		8%	11%
Net loss		(3,523,368)		(1,453,259)		(1,843,108)	(5,204,589)
Adjusted EBITDA		(215,105)		(332,307)		(69,489)	176,107
EPS - basic	\$	(0.02)	\$	(0.01)	\$	(0.01)	\$ (0.03)
EPS - diluted		(0.02)		(0.01)		(0.01)	(0.03)
Common shares outstanding							
Basic		174,382,887		174,395,549		183,130,373	199,174,971
Diluted		174,382,887		174,395,549		183,130,373	199,174,971

	2024 - Q1		2024 - Q2		2024 - Q3		2024 - Q4
Revenue	\$	16,181,120	\$	23,262,793	\$	21,010,424	\$ 30,059,063
Gross profit		802,811		1,042,109		905,298	1,220,390
Gross profit %		5%		4%		4%	4%
Net income (loss)		(8,124,693)		1,124,954		(949,226)	(9,828,152)
Adjusted EBITDA		(430,080)		(640,116)		(611,367)	25,673
EPS - basic	\$	(0.04)	\$	0.01	\$	(0.00)	\$ (0.05)
EPS - diluted		(0.04)		0.01		(0.00)	(0.05)
Common shares outstanding							
Basic		201,538,615		214,530,625		215,239,994	217,917,953
Diluted		201,538,615		221,544,953		215,239,994	217,917,953

Q4 2024 revenue grew 43% to \$30.1 million from Q3's \$21.0 million, due to continued growth in the Online business segment. Gross profit also increased by 35%, from \$0.9 million to \$1.2 million.

Due to the strong revenue performance and managed general, administrative, and other operating costs, we achieved a positive adjusted EBITDA of \$26 thousand for the quarter. The significant net loss of \$9.8 million in Q4 2024 was mainly attributed to non-cash revaluation adjustments. These adjustments were primarily related to cryptocurrency loans (\$8.1 million) and convertible debt (\$1.2 million).

Our revenue in Q3 2024 decreased to \$21.0 million from \$23.3 million in the prior quarter primarily due to lower ATM transaction volumes. Our gross profit declined to \$0.9 million from \$1.0 million in Q2 2023 due to the lower ATM sales noted. Offsetting a portion of the gross profit decline was continuing growth in gross profit from our Online segment.

Revenue in Q2 2024 increased to \$23.3 million from \$16.2 million in the prior quarter, driven by significant growth on the Bitcoin Portal. Gross profit grew to \$1.0 million from \$0.8 million in Q1 2024 (+30%) due to the revenue increase.

Revenue in Q1 2024 increased to \$16.2 million from \$13.6 million in the prior quarter, driven by growth from the Bitcoin Portal, partially offset by lower ATM transaction volumes. Our gross profit declined to \$0.8 million from \$1.4 million in Q4 2023 due to lower ATM sales.

Revenue in Q4 2023 increased slightly to \$13.6 million from \$13.4 million in the prior quarter, driven by growth on the Bitcoin Portal, offset by lower OTC sales (with such services integrated into the Bitcoin Portal in Q3 2023). Our gross profit grew to \$1.4 million from \$1.1 million in Q3 2023 (+29%) due to strong margins on ATM sales.

Revenue in Q3 2023 decreased by 11%, and gross profit decreased by 8% compared to Q2 2023. The decrease in revenue was primarily caused by a reduction in OTC sales as this revenue stream was integrated into the Bitcoin Portal.

The decline in adjusted EBITDA during the first three quarters of fiscal 2024 was attributed to lower revenue from ATM sales, which have a higher gross margin compared to online sales, and increased investment in marketing and advertising to promote the Bitcoin Portal. However, adjusted EBITDA improved in Q4 2024 due to continued revenue growth, higher gross profit, and controlled operating and general & administrative expenses.

We showcase Adjusted EBITDA as net income (loss) in each quarter which includes mark to market gains or losses the revaluation of cryptocurrency loans and are not always a good reflection of our business.

LIQUIDITY & CAPITAL RESOURCES

We define the capital that we manage as our shareholders' equity, loans payable – cryptocurrency, convertible debt and line of credit. Our objectives when managing capital are:

- Maintaining healthy liquidity reserves and access to capital.
- Ensuring sufficient liquidity to support our corporate and administrative functions as well as being able to execute on strategic initiatives.
- Minimizing the impact of the current market and economic conditions through active capital management.

We manage our capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. However, there can be no assurances that we will be able to obtain debt or equity capital in the future.

Working Capital

We had a working capital surplus of \$16.0 million at December 31, 2024 compared to a surplus of \$6.6 million at December 31, 2023. This significant increase was due to several factors, including:

- The value of digital assets, mainly bitcoin, saw a significant rise from \$10.2 million at the end of 2023 to \$22.4 million at the end of 2024. This increase was primarily driven by revaluation gains of \$13.2 million, which were slightly offset by net sales of bitcoin totaling \$1.0 million;
- In March 2024, we completed an equity private placement for aggregate gross proceeds of \$2.3 million (see "Equity Private Placement - March 2024 below"); and
- In December 2024, we completed a convertible debt private placement for aggregate gross proceeds of \$2.0 million (see "Convertible Debt Private Placement - December 2024 below").

Our cash balances increased to \$2.9 million at December 31, 2024 from \$1.7 million last year. The \$1.2 million increase was mainly due to net proceeds from private placements and advances under our line of credit, partially offset by \$3.1 million in negative cash flow used in operating activities for the year ending December 31, 2024.

In December 2024, we also increased our investment in bitcoin and now hold approximately 10 bitcoin in our bitcoin reserve, purchased at an average price of CAD \$137,739. Our bitcoin reserve represents the amount of bitcoin we own that is in excess of our cryptocurrency loans outstanding.

Our ability to continue as a going concern and realize our assets and discharge our liabilities in the normal course of business is dependent upon maintaining a positive level of cash and working capital as well as keeping our convertible debt, line of credit and cryptocurrency loans in good standing. A portion of our cryptocurrency loans and convertible debt are from officers and directors of the Company, and the risk of the Company defaulting on the loans, or the loans being called by these creditors, are low. Our crypto currency loans and convertible debt also do not contain any financial covenants.

There are various risks and uncertainties affecting our operations including, but not limited to our ability to keep our digital assets and physical machine assets secure, and our ability to maintain the host relationships required to execute our business plan. These risk factors could negatively impact our financial condition and liquidity in the future.

The prices of most cryptocurrencies are expected to remain volatile, due to continued speculation, conflicting media coverage, potential regulatory actions, and lawsuits against industry participants. Our business gives our investors exposure to the transactional side of the bitcoin industry, which could provide stability against any volatile swings of cryptocurrency. This has proved advantageous to us, as volatility can lead to increased speculative buying and selling of bitcoin which provides us with additional revenue opportunities. We are non-custodial in that all inventory held is owned by us, and once bitcoin and other cryptocurrencies are sold to the consumer, we immediately transfer ownership of those bitcoin or other cryptocurrencies to the consumer.

Equity Private Placement – March 2024

In March 2024, we completed a private placement of an aggregate of 13,352,797 units of the Company ("Units") at a price of \$0.175 per unit for aggregate gross proceeds of \$2.3 million. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.275 per share, subject to adjustment in certain events, at any time until March 22, 2027.

In connection with the private placement, we paid to the agent, Haywood Securities Inc., (i) a cash commission of \$156,556; (ii) non-transferrable compensation options of the Company exercisable at any time prior to March 22, 2027 to acquire up to 894,603 Units of the Company ("Agent Options"); and (iii) a corporate finance fee of \$100,000 (plus applicable taxes), which was paid 25% in cash and 75% by the issuance of 428,571 Units of the Company (the "Corporate Finance Fee Units"). The Agent Option Units and the Corporate Finance Fee Units have the same terms as the Units sold in the private placement.

The net proceeds from the private placement, which approximated \$2.0 million after deducting issuance costs, were utilized for sales and marketing, working capital and for general corporate purposes.

Convertible Debt Private Placement – December 2024

In December 2024, we issued 2,000 convertible debenture units of the Company (the "Debenture Units") at a price of \$1,000 per Debenture Unit for aggregate gross proceeds of \$2.0 million pursuant to a brokered and non-brokered offering (collectively the "Offering"). Each Debenture Unit consisted of: (i) one 8% \$1,000 principal amount of unsecured convertible debenture (the "Debentures"); and (ii) 4,347 common share purchase warrants of the Company (each, a "Warrant"). Pursuant to the Offering, we issued a total of \$2,000,000 principal amount of Debentures and 8,694,000 Warrants.

The Debentures bear interest of 8% per annum, payable semi-annually in arrears, on the first business day in July and January of each year (the "Interest Payment Date") and maturing on December 30, 2029 (the "Maturity Date"). We shall pay, on each Interest Payment Date, all interest in the form of common shares of the Company (the "PIK Interest Payment") or in cash, at the sole discretion of the Company. In the event we elect to make a PIK Interest Payment, we shall deliver such number of common shares, within 10 business days of the Interest Payment Date, as is determined by dividing the accrued and unpaid interest due and payable on the Interest Payment Date by the 10 day volume weighted average trading price ("VWAP") of the Common Shares on the TSXV, immediately preceding the Interest Payment Date.

Each \$1,000 principal amount of Debentures is convertible into 4,347 common shares of the Company at the option of the holder thereof, at a conversion price of \$0.23 per share. Beginning on the date that is four months and one day following the closing date of December 30, 2024, if the VWAP of the common shares on the TSXV is greater than \$0.32 for a period of 10 consecutive trading days, we may, within 10 business days of the occurrence of such event, force the conversion of the Debentures by giving notice (the "Debenture Conversion Notice") to the holders of the Debentures, and issuing a concurrent press release, and, in such case, the conversion date of the Debentures shall be the date specified by the Company in the Debenture Conversion Notice, provided such date shall not be less than 30 trading days following delivery of the Debenture Conversion Notice.

Each Warrant is exercisable to acquire one common share for an exercise price of \$0.30 until December 30, 2029. If, at any time prior to the expiry date of the Warrants, the VWAP of the common shares on the TSXV is greater than \$0.42 for a period of 10 consecutive trading days, we may, within 10 business days of the occurrence of such event, accelerate the expiry date of the Warrants by giving notice (the "Warrant Acceleration Notice"), and issuing a concurrent press release, and, in such case, the expiry date of the Warrants shall be the date specified by the Company in the Warrant Acceleration Notice, provided such date shall not be less than 30 trading days following delivery of the Warrant Acceleration Notice.

In connection with the brokered portion of the Offering, the Company: (i) paid to the agents a cash commission of \$77,000; (ii) issued to the agents 334,782 non-transferrable compensation options of the Company (the "Compensation Options"), with each Compensation Option exercisable at any time prior to December 30, 2029 at \$0.23 to purchase one unit of the company (the "Compensation Option Units"), with each Compensation Option Unit comprised of one common share in the capital of the Company and one Warrant; and (iii) paid a corporate finance fee of \$66,000, satisfied by way of issuing 286,956 units of the Company (the "Corporate Finance Fee Units"), with each Corporate Finance Fee Unit comprised of one common share and one Warrant.

The net proceeds of the Offering will be used for working capital, general corporate purposes and for the purchase of bitcoin.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

RISK MANAGEMENT

We are exposed to various financial risks, which could affect our ability to achieve our strategic objectives. The main objectives of our risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which we are exposed are described below.



a) Credit Risk

Credit risk is the risk that a counterparty will be unable to pay any amounts owed to the Company. Assets that are subject to credit risk consist primarily of cash, digital assets, and accounts receivable.

We limit our exposure to credit loss related to cash by placing our cash with high quality financial institutions. We are also exposed to the risk of loss from theft of cash held in ATM machines or in transit from ATM machines to financial institutions. This risk is mitigated by having no concentration of cash in any one location, the regular collection of cash from ATM machines and by using reputable service organizations to transport cash from our ATM machines to financial institutions.

Credit risks related to our digital assets include that a portion of these assets are held by third parties, including lenders and liquidity partners. We are also exposed to the risk of loss associated with digital assets held in our controlled wallets. To mitigate these risks, we have implemented rigorous levels of internal controls to ensure the safety and security of our digital assets, including but not limited to multi-signature wallets, the use of cold storage wallets, and signing authority limitations.

We may, from time to time, hold a net asset position with our liquidity partners. We limit this exposure to potential credit loss by ensuring we are working with liquidity partners who have a high standard of care, and that a reasonable degree of oversight and review over their internal controls has been maintained, including the requirement of a current Systems and Organization Controls 2 ("SOC 2") report in order for us to work with the liquidity partner.

A significant portion of our digital assets are also held by a lender as collateral for the line of credit. We do not hold, or have rights to the potential economic benefits of the cryptocurrency assets that comprise the collateral for the duration of the line of credit. The lender is also not required to deposit the collateral with a custodial service for safekeeping, and the lender can pledge, sell, lend, or transfer the collateral to third parties.

As disclosed in the annual consolidated financial statements for the year ended December 31, 2024, in October 2023, Rapid Cash suddenly uninstalled and removed the Company's software from Rapid Cash's ATMs that were operating in our partner program. As a result, We terminated our hosting agreement with Rapid Cash who previously operated approximately 100 ATM machines under our partner program. We are vigorously pursuing our rights under the contract and have commenced an action against Rapid Cash before the Alberta Court of King's Bench.

The amount included in accounts receivable - other at December 31, 2024 primarily consists of the Company's cash in ATM machines that was withheld by Rapid Cash. The Company believes it will be successful in recovering its cash from Rapid Cash, but there can be no certainty of this, and therefore, the Company's accounts receivable is also subject to credit risk. In February 2025, we were awarded a partial summary judgement in the amount of \$0.5 million related to the cash withheld by Rapid Cash.

b) Liquidity Risk

Liquidity risk is the risk that we are not able to meet our financial obligations as they fall due. As at December 31, 2024 we had a positive working capital balance of \$16.0 million (December 31, 2023 - \$6.6 million) and cash balances of \$2.9 million (December 31, 2023 - \$1.6 million). Our short-term liabilities at December 31, 2024 were \$11.4 million (December 31, 2023 - \$7.0 million).

Accounts payable, accrued liabilities, deferred revenue, lease liabilities, current portion of convertible debt, and acquisition consideration payable are expected to be paid within the next 12 months, as they become due.

The line of credit is expected to continue to be extended as required by the Company and agreed to by the lender. However, there is no guarantee the tranches advanced under the line of credit will be extended by the lender in the future. Our line of credit is also subject to minimum collateral covenants, which if insufficient, could result in default, and the requirement to immediately repay any balances outstanding. Should such an event occur, the lender may also dispose of the digital assets that it currently holds as collateral for the line of credit.

Our approach to managing liquidity risk is to ensure that we will have sufficient liquidity to meet liabilities when due. During the year ended December 31, 2024, we improved our liquidity further by completing an equity offering for gross proceeds of \$2.3 million as well as a convertible debenture offering for gross proceeds of \$2.0 million.

We may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of our shareholders and may result in dilution to the value of such interests.

c) Foreign Currency Risk

We are exposed to foreign currency risk in relation to our line of credit, which is denominated in USD. Based on the balance of the line of credit denominated in USD at December 31, 2024, a 5% increase or decrease in the exchange rate would result in a gain or loss of \$0.5 million. We are not currently exposed to any other significant foreign exchange risk.

d) Digital Asset and Market Risk

Digital asset and market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. We are exposed to market risk on cryptocurrency held as digital assets, inventory, and cryptocurrency loans.

Cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation, and global political and economic conditions. A decline in the market prices for cryptocurrencies could negatively impact our future operations. We have not hedged the conversion of our inventory into sales. Cryptocurrencies have a limited history, and the fair value historically has been volatile. Historical performance of cryptocurrencies is not indicative of their future price performance. Our inventory consists primarily of Bitcoin and Ethereum.

With a 10% change to the price of bitcoin, our digital assets at December 31, 2024 would increase or decrease by \$2.2 million and the Company's loans payable - crypto currency would increase or decrease by \$2.2 million.

e) Interest rate risk

We are exposed to interest rate cash flow risk associated with our Debenture A and Debentures B as these instruments bear interest at a variable market rate. With a 100 basis point change in market interest rates, our annual interest expense related to these debts would increase or decrease by \$52,213.

We are not exposed to significant interest rate risk on our line of credit, Debenture C, and loans payable - crypto currency as the majority of these liabilities incur interest at a fixed rate.

RELATED PARTY TRANSACTIONS

Our related party balances and transactions include:

- Loans payable in cryptocurrency consisting of 40 bitcoins, valued at \$5.4 million outstanding at December 31, 2024 with the Chief Executive Officer of the Company. Interest incurred on this cryptocurrency loan for the year ended December 31, 2024 was \$0.2 million (2023 - \$0.2 million). In 2024, we also repaid loans payable from the Chief Executive Officer of 10 bitcoin, valued at \$0.9 million;
- Loans payable in cryptocurrency consisting of 10 bitcoins valued at \$1.3 million outstanding at December 31, 2024 with a director of the Company. Interest incurred on this cryptocurrency loan for the year ended December 31, 2024 was \$95 thousand (2023 - \$20 thousand);

- In 2024, Bitcoin Well incurred \$0.6 million in interest on a \$5,000,000 convertible debenture owed to Beyond the Rhode Corp (BTR), a company controlled by a Bitcoin Well director. This was a decrease from the \$0.7 million in interest incurred in 2023. Royalties payable related to the debenture were \$67 thousand for 2024, compared to \$11 thousand in 2023. The principal balance of the debenture was reduced to \$4,100,000 on December 24, 2024, due to a \$900,000 principal repayment.
- As part of our convertible debt private placement on December 30, 2024, BTR subscribed for and was issued \$900,000 principal amount of convertible debt under that financing.
- Salaries, fees, and other short term benefits paid to executive officers and directors for the year ended December 31, 2024 was \$0.6 million (2023 - \$0.6 million); and
- Share based payments expense related to executive officers and directors for the year ended December 31, 2024 was \$82 thousand (2023 - \$0.4 million).

DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, we have issued and outstanding 220,161,726 common shares. In addition, we had the following securities potentially convertible into common shares:

- i) 14,750,776 stock options, exercisable to acquire common shares at prices ranging from \$0.05 to \$0.34 per option;
- ii) 23,291,985 warrants exercisable to acquire common shares at a price of \$0.18 per warrant, expiring on September 1, 2026;
- iii) 6,140,000 warrants, exercisable to acquire common shares at a price of \$0.05 per warrant, expiring on September 7, 2028;
- iv) 6,906,684 warrants, exercisable to acquire common shares at a price of \$0.275 per warrant, expiring on March 22, 2027;
- v) 8,980,956 warrants, exercisable to acquire common shares at a price of \$0.30 per warrant, expiring on December 30, 2029;
- vi) 878,603 agent options, exercisable to acquire 878,603 common shares at a price of \$0.175 per share and 878,603 warrants, exercisable at a price of \$0.275 per warrant, expiring on March 22, 2027; and
- vii) 334,782 agent options, exercisable to acquire 334,782 common shares at a price of \$0.23 per share and 334,782 warrants, exercisable at a price of \$0.30 per warrant, expiring on December 30, 2029.

RISKS AND UNCERTAINTIES

Our business is subject to risks and uncertainties. Prior to making any investment decisions regarding Bitcoin Well, investors should carefully consider, among other things, the risks described herein and in the "Risk Factors" section of our Annual Information Form for the year ended December 31, 2024, which are incorporated by reference herein.

These risks and uncertainties are not exhaustive. Additional risks presently known or currently deemed immaterial may also impair our business operations. If any of the events described in our risk factors actually occur, our overall business, operating results and financial condition could be materially adversely affected.

COMPETITION

We are exposed to the risk of increased competition in the Bitcoin ATM industry. We have addressed this risk by developing proprietary software for our ATMs, which operationally set them apart from our competitors, offering a superior customer experience, as well as partnering and contracting with top-tier hosts to place ATMs in the best possible locations, with exclusivity terms. Further, we have developed the Online Bitcoin portal to allow for users to buy, sell and use bitcoin from the convenience of their house, similar to an online banking platform.

The regulatory environment in which we operate is always changing and presents new challenges. We have established ourselves as a leader in regulatory understanding and compliance, and through our strategic partnerships with industry leading compliance and regulatory experts, we understand the regulatory landscape and the expected changes to the playing field. This proactive approach allows us to plan ahead and adapt our service offerings accordingly. Having invested time and resources in understanding this risk has allowed us to operate at a significant advantage over much of the competition in the Bitcoin ATM industry.

ADDITIONAL FUNDING REQUIREMENTS

Further expansion of our business in Canada and the United States will require additional capital, and the ongoing costs of operations may not generate positive cash flow for the near or long term. Although we believe we have adequate funds to operate for the foreseeable future, there is no assurance that we will be successful in obtaining the required financing for these or other purposes, including for general working capital. Our ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that we will be successful in our efforts to secure any additional financing or additional financing on terms satisfactory to management.



If additional financing is raised by issuance of additional shares from treasury, control may change, and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, we may be required to scale back our current business plan or cease operating.

MARKET RISK FOR SECURITIES

The market price for our common shares may be subject to wide fluctuations. Factors such as government regulation, cryptocurrency price fluctuations, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of our securities. The stock market has, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies. There also can be no assurance that an active trading market for our common shares will be sustained in the future.

BITCOIN AND CRYPTOCURRENCY INDUSTRY

The further development and acceptance of the bitcoin and other cryptocurrency industry is subject to a variety of factors that are difficult to anticipate and evaluate. The use of bitcoin and other cryptocurrencies to buy and sell goods and services, among other things, is a new and rapidly evolving industry.

Although it is widely predicted that bitcoin (and potentially other cryptocurrencies) will become a leading class of digital asset, it cannot be assured that this will in fact occur. Any slowing or stopping of the development in the acceptance of bitcoin and other cryptocurrencies may adversely affect an investment in us. For a number of reasons, including for example the lack of recognized security technologies, inefficient or unwilling processing of payment transactions by the existing financial system, limited user-friendliness, inconsistent quality, and lack of clear universally applicable regulation as well as uncertainties regarding proprietary rights and other legal issues, bitcoin and other cryptocurrency activities may in fact prove in the long run to be an unprofitable means for businesses.

Factors affecting the further development of the bitcoin and other cryptocurrency industry include: (i) continued worldwide growth in the adoption and use of bitcoin and other cryptocurrencies; (ii) government and quasi-government regulation of bitcoin and other cryptocurrencies and their use, or restrictions on or regulation of access to and operation of bitcoin and other cryptocurrency systems; (iii) changes in consumer demographics and public tastes and preferences; (iv) the availability and popularity of other forms or methods of buying and selling goods and services; and (v) the regulatory environment and general economic conditions and the regulatory environment related to bitcoin and other cryptocurrencies.

A decline in the popularity or acceptance of bitcoin and other cryptocurrencies would harm our business.

SUBJECTION TO REGULATORY ACTIONS OR CHANGES

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to bitcoin and other cryptocurrencies, with certain governments deeming them illegal while others have allowed their use and trade. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, our ability to continue to operate. The effect of any future regulatory change on the ability to buy and sell bitcoin and other cryptocurrencies is impossible to predict, but such change could be substantial and have a material adverse effect on us.

Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade bitcoin or other cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, similar actions by other governments, may result in the restriction of the acquisition, ownership, holding, selling, use or trading in our common shares. Such a restriction could result in us having to liquidate our cryptocurrency inventory at unfavorable prices and may adversely affect our shareholders.

IMPACT OF BITCOIN AND OTHER CRYPTOCURRENCY VALUE MAY AFFECT OPERATIONS

The markets for bitcoin and other cryptocurrencies have experienced much larger fluctuations than other markets, and there can be no assurances that erratic swings in price will slow in the future. In the event that the price of bitcoin or other cryptocurrencies declines, the value of an investment in us will likely decline. Several factors may affect the price and volatility of bitcoin and other cryptocurrencies including, but not limited to: (i) global bitcoin and other cryptocurrency demand, depending on the acceptance of bitcoin and/or other cryptocurrencies by retail merchants and commercial businesses; (ii) the perception that the use and holding of bitcoin or other cryptocurrencies is safe and secure, and the related lack of or inconsistency in regulatory restrictions, particularly across various jurisdictions; (iii) heightened regulatory measures restricting the use of bitcoin and/or other cryptocurrencies as a form of payment or the purchase of bitcoin and/or other cryptocurrencies; (iv) investor's expectations with respect to the rate of inflation; (v) interest rates; (vi) currency exchange rates, including exchange rates between various cryptocurrencies and fiat currency; (vii) fiat currency withdrawal and deposit policies on cryptocurrency exchanges and liquidity on such cryptocurrency exchanges; (viii) interruption of services or failures of major cryptocurrency exchanges; (ix) general governmental monetary policies, including trade restrictions, and currency revaluations; (x) global or regional political, economic or financial events and situations, including increased threat of terrorist activities; and/or (xi) self-fulfilling expectations of changes in the bitcoin and/or other cryptocurrency market.

As well, momentum pricing is typically associated with assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Momentum pricing of bitcoin or other cryptocurrencies may result in speculation regarding future appreciation in their value. As a result, changing investor confidence could adversely affect an investment in us.

CHANGES IN PRICING OF INPUTS

Given the market fluctuation in the price of bitcoin, the margin and fee the Company charges may not be sufficient to cover the cost of bitcoin, and the Company could, at times, be selling bitcoin at a lower price for which it was purchased at. To address this risk, the Company holds enough bitcoin as inventory to perform one inventory cycle. In addition, the Company has auto-trader functionality on its products, in that transactions are automatically traded on its cryptocurrency exchanges, in real-time, as transactions are occurring. Thus the Company's risk to the change in pricing of its inputs is restricted to the time it takes the Company to perform a full cycle of its inventory.

RESTRICTIONS ON BANKING

A number of companies that provide cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of key businesses providing cryptocurrency-related services.

ACCEPTANCE OF BITCOIN AND OTHER CRYPTOCURRENCIES

Currently, there is a relatively small use of cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect our operations, investment strategies, and profitability. As relatively new products and technologies, bitcoin and other cryptocurrencies have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of bitcoin and other cryptocurrency demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of cryptocurrencies.

The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their market prices, either of which could adversely impact our business.

MISUSE OF BITCOIN AND OTHER CRYPTOCURRENCIES

Since the existence of cryptocurrencies, there have been attempts to use them for speculation or malicious purposes. Although law makers increasingly regulate the use and applications of bitcoin and other cryptocurrencies, and software is being developed to curtail speculative and malicious activities, there can be no assurances that those measures will sufficiently deter those and other illicit activities in the future. Advances in technology, such as quantum computing, could lead to a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) being able to alter the blockchain on which bitcoin and other cryptocurrency transactions rely. In such circumstances, the malicious actor or botnet could control, exclude or modify the ordering of transactions, or generate new cryptocurrency or transactions using such control. The malicious actor or botnet could double spend its own cryptocurrency and prevent the confirmation of other users' transactions for so long as it maintains control. Such changes could adversely affect an investment in us.

UNINSURABLE RISKS

We intend to insure our operations in accordance with technology industry practice. However, given the novelty of the business, such insurance may not be available, uneconomical, or the nature or level may be insufficient to provide adequate insurance coverage. We may become subject to liability for hazards against which we cannot insure or against which we may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce or eliminate the funds available for operations. Payments of liabilities for which we do not carry insurance may have a material adverse effect on our financial position.

CONCENTRATION RISK

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. Currently, we have our investments highly concentrated in a single cryptographic asset, bitcoin. This risk exposure is mitigated in part, by having our loans payable – cryptocurrency also denominated in bitcoin.

SECURITY RISK

Bitcoins are controllable only by the possessor of the private key relating to the local or online digital wallet in which the bitcoin is held. The bitcoin network requires a public key relating to a digital wallet to be published when used in a spending transaction and, if keys are lost or destroyed, this could prevent trading of the corresponding bitcoins. Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the bitcoin exchange market since the launch of the bitcoin network. Any security breach caused by hacking could cause loss of bitcoin investments.

BITCOIN NETWORK RISK

The open-source structure of the bitcoin network protocol means that the core developers of the bitcoin network and other contributors are generally not perceived to be directly compensated for their contributions in maintaining and developing the bitcoin network protocol.

NON-IFRS FINANCIAL MEASURES

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS. These financial measures may, therefore, not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to net income or to cash provided by or used in operating, investing, and financing activities determined in accordance with IFRS, as indicators of our performance. We provide these measures to assist investors in determining our ability to generate income and cash provided by operating activities. We list and define these measures below:

Adjusted EBITDA

Adjusted EBITDA is defined as net (loss) income, excluding: finance fees, income tax expense or recovery, depreciation and accretion, share-based compensation, gain or loss on changes in fair value of digital assets and cryptocurrency inventory, gains or losses on the fair value adjustment of cryptocurrency loans and convertible debt, gain or loss on debt settlements, fair value change of investments, impairment of goodwill, gains and losses on the sale of property and equipment, foreign exchange gains and losses, and costs associated with one-time transactions (such as restructuring costs or business acquisition related costs).

Adjusted Cash Flow

Adjusted Cash Flow is defined as Adjusted EBITDA less financing fees, excluding non-cash interest related items. Non-cash interest items include interest on cryptocurrency loans that were settled in common shares or are intended to be settled in common shares as well as non-cash interest on the line of credit where the accrued interest is added to the principal balance of the loan.

For the years ended December 31, 2024 and 2023

A reconciliation of net loss to Adjusted EBITDA and Adjusted Cash Flow for each of the periods presented in this MD&A follows:

	Three months ended		Year ended	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Net loss	\$ (9,828,152)	\$ (5,204,589)	\$ (17,777,117)	\$ (12,024,324)
Financing fees	612,264	683,513	2,567,439	2,285,183
Depreciation and accretion	97,127	297,084	651,902	1,416,882
Fair value change - crypto loans ⁽¹⁾	8,100,878	4,328,718	13,974,453	7,421,089
Fair value change - investments	-	337,635	-	337,635
Share based compensation	142,024	(19,633)	467,952	483,430
Foreign exchange loss (gain)	492,913	(8,568)	599,760	9,846
Loss (gain) on debt settlement	937	10,779	(19,063)	14,703
Loss (gain) on disposal of equipment	609	-	(481)	7,991
Fair value change - crypto inventory ⁽¹⁾	(488,006)	-	(784,679)	(12,401)
Fair value change - convertible debt	1,194,636	-	1,194,636	-
Realized gain on digital assets ⁽¹⁾	(299,557)	(247,578)	(2,530,692)	(622,535)
Income tax expense	-	-	-	241,707
Adjusted EBITDA	\$ 25,673	\$ 177,361	\$ (1,655,890)	\$ (440,794)
Less: financing fees	(612,264)	(683,513)	(2,567,439)	(2,285,183)
Add: non-cash interest items ⁽²⁾	431,919	367,664	1,625,257	623,396
Adjusted Cash Flow	\$ (154,672)	\$ (138,488)	\$ (2,598,072)	\$ (2,102,581)

(1) Non-cash, fair value change on the revaluation of cryptocurrency loans is largely offset by revaluation changes in inventory and gains (losses) on digital assets, which are recorded in both income (if realized) and other comprehensive Income (if unrealized).

(2) Non-cash interest items include interest on cryptocurrency loans that were settled in common shares or are intended to be settled in common shares as well as non-cash interest on the line of credit where the accrued interest is added to the principal balance of the loan.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information provided in this MD&A, including information incorporated by reference, may contain "forward-looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements contained herein include, but are not limited to statements in respect of: revenue growth from the Bitcoin Portal in 2025; improving gross margins from the Online segment in the future, future renewal or extension of existing cryptocurrency loans or tranches advanced under the line of credit, and Bitcoin Well's business plans, strategy and outlook.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information, including, but not limited to the following: economic and financial conditions, volatility in the capital or credit markets; the level of demand and financial performance of the cryptocurrency and digital asset industry, the occurrence of force majeure events; the extent to which the Company is successful in gaining new long-term users or retaining existing users; developments and changes in laws and regulations, disruptions to the Company's technology network; inability to obtain financing; competitive factors; and such other factors as discussed in the "Risks and Uncertainties" section of this MD&A.



Consequently, all forward-looking statements made in this MD&A and other documents of the Company, as applicable, are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on its behalf may issue. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.