



**BITCOIN WELL**

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

Management's Discussion and Analysis

For the three months ended  
March 31, 2025

(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 May 5, 2025 to assist readers in understanding our financial performance for the three months ended March 31, 2025. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto for the three months ended March 31, 2025 (the "Interim Financial Statements") and the audited annual consolidated financial statements for the year ended December 31, 2024 (the "Annual Financial Statements"). The Interim Financial Statements were prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) using accounting policies consistent 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](http://www.sedarplus.ca).

The Board of Directors of the Company approved this MD&A on May 5, 2025.

### KEY HIGHLIGHTS OF THE 1ST QUARTER ENDED MARCH 31, 2025

- Revenue of \$31.8 million for the 3-months ended March 31, 2025 (Q1 2024: \$16.2 million, +97%).
  - Online Bitcoin Portal revenue of 15.2 million in Q1 2025 (+111%).
  - Bitcoin Well Infinite revenue of 11.7 million in Q1 2025 (+374%).
  - Over 39,000 unique users in the Bitcoin Portal as of March 31, 2025 (+22% from December 31, 2024 and +160% from March 31, 2024).
  - Currently over 41,000 unique registrations on the Bitcoin Portal as of May 1, 2025.
- Gross profit of \$1.1 million for the 3-months ended March 31, 2025 (Q1 2024: \$0.8 million, +35%).
  - Gross profit increased due to higher revenue.
  - Gross margin declined to 3.4% in Q1 2025 from 5.0% in Q1 2024 due to shifting sales mix towards the lower margin, but highly scalable Online Bitcoin Portal and Bitcoin Well Infinite.
  - The scalable growth to the Bitcoin Portal and Bitcoin Well Infinite should increase gross profit, even with the decreasing margin, as we expect revenue to continue growing.

- Adjusted EBITDA of negative \$0.35 million for the 3-months ended March 31, 2025 (Q1 2024: negative \$0.43 million).
  - Improvement in Adjusted EBITDA due to higher gross profit, partially offset by significant investments in marketing and advertising initiatives to promote growth of the Online Bitcoin Portal and Bitcoin Well Infinite.
- Net income of \$3.3 million for the 3-months ended March 31, 2025 (Q1 2024: loss of \$8.1 million). Both the net income in Q1 2025 and the very large net loss in Q1 2024 were primarily due to non-cash fair value adjustments related to cryptocurrency loans and digital assets.
- At March 31, 2025, we held a net investment of approximately 10 bitcoin in our bitcoin reserve, purchased at an average price of CAD \$137,739 per bitcoin.
- In March 2025, we established an at-the-market equity program (the "ATM Program") that allows us to issue and sell, at our discretion, up to \$5.0 million of common shares to the public over the next two years and provides us with additional financing flexibility should it be required in the future.

## BUSINESS OVERVIEW

We are 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 three (3) 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
  - Live in Canada and USA
  - Automatic self-custody (no bitcoin held on platform, safer for the customer)
  - High growth business unit

- Bitcoin Well Infinite
  - Split out from the Online Bitcoin Portal segment in Q1 2025 to become stand-alone
  - Facilitates large transactions (\$50,000 and above) for high net worth individuals and businesses
  - Operates in Canada, the USA and internationally
  - High touch personalized service experience
  - Self custody approach
  - High growth business unit

## **BUSINESS OUTLOOK AND STRATEGY**

In the first quarter of 2025, we continued to prioritize the growth and expansion of our online business segments. Due to the significant increase in online sales over the past year, we have divided our online sales into two separate business units starting in Q1 2025: the Online Bitcoin Portal and the newly established Bitcoin Well Infinite business unit.

The Bitcoin Well Infinite business unit facilitates large bitcoin transactions (\$50,000 and above) for high-net-worth individuals and businesses. Operating in Canada, the USA, and internationally, this high touch segment offers a secure and personalized experience, designed to serve as a private banking-style solution for clients seeking long-term wealth preservation with a self custody first approach.

### **Growth Execution**

Highlights of our recent growth on the Online Bitcoin Portal include:

- Total Users as of May 1, 2025: Over 41,000 unique users signed up
  - Q1 2025: Addition of over 7,000 new user sign ups
  - 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

For the three months ended March 31, 2025

- 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).
- In April 2025, we announced the addition of the Lightning Network in the USA as a method of immediate delivery after a bitcoin purchase. This means US customers in all 50 states can now buy bitcoin and have it sent to their personal bitcoin wallets on the Lightning Network, saving money on blockchain transaction costs and preventing wallet bloat.

Our significant growth on the Online Bitcoin Portal and Bitcoin Well Infinite is expected to continue throughout 2025.

## SELECTED FINANCIAL INFORMATION

For the three month ended March 31	2025	2024
Revenue	\$ 31,802,012	\$ 16,181,120
Cost of coins	30,717,562	15,378,309
<b>Gross profit</b>	<b>1,084,450</b>	802,811
Gross profit margin	3%	5%
Operating expenses	1,439,143	1,232,891
Financing fees	705,152	644,147
Depreciation	106,636	262,453
Loss before other items	(1,166,481)	(1,336,680)
Other items	4,459,979	(6,788,013)
<b>Net income (loss)</b>	<b>\$ 3,293,498</b>	\$ (8,124,693)
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$ (354,693)</b>	\$ (430,080)
<b>Adjusted Cash Flow<sup>(1)</sup></b>	<b>(558,713)</b>	(675,651)

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

<b>As at</b>	<b>March 31, 2025</b>	<b>Dec 31, 2024</b>
Cash	\$ 1,655,099	\$ 2,875,766
Working capital	1,172,541	16,046,995
Total assets	21,805,776	28,024,499
Shareholders' deficit	(14,140,481)	(12,993,531)
Long-term financial liabilities	\$ 15,858,748	\$ 29,633,849

### RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2025

Total revenue in the first quarter of 2025 showed a significant 97% increase, reaching \$31.8 million compared to \$16.2 million in the same period of 2024. This growth was primarily driven by a substantial increase in transaction volumes on both the Online Bitcoin Portal and Bitcoin Well Infinite. Specifically, the Online segment experienced 111% revenue growth, reaching \$15.2 million in Q1 2025, compared to \$7.2 million in Q1 2024. Bitcoin Well Infinite also demonstrated strong growth, with a 374% increase in revenue, reaching \$11.7 million, compared to \$2.5 million in the previous year. However, this overall growth was partially offset by a decline in ATM sales, which decreased to \$4.9 million in Q1 2025 from \$6.5 million in Q1 2024.

Gross profit increased by 35% to \$1.1 million in Q1 2025 from \$0.8 million in Q1 last year due to the higher revenue. However, our gross margin declined to 3.4% from 5.0% last year. This decline was attributed to a shift in sales mix, with lower margin online and Bitcoin Well Infinite 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 continue to shift our business towards the more scalable high growth Online Bitcoin Portal and Bitcoin Well Infinite revenue streams with lower fees and higher usability, we anticipate a future gross profit margin between 1.0% and 5.0%. 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 Bitcoin Portal segment was 1.5% in Q1 2025 (Q1 2024 - 0.7%) and within the Bitcoin Well Infinite segment was 1.8% (Q1 2024 - 1.7%).

In the first quarter of 2025, total operational expenses (excluding depreciation and financing fees) increased to \$1.4 million from \$1.2 million in the same period last year. The increase was primarily due to higher investments in marketing and advertising initiatives to promote growth of the Online Bitcoin Portal and Bitcoin Well Infinite.

Adjusted EBITDA for Q1 2025 was negative \$0.35 million, compared to negative \$0.43 million in Q1 2024. The slight improvement was primarily due to the higher gross profit reported, partially offset by higher marketing and advertising expenditures.

Financing fees of \$0.7 million in Q1 2025 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 Q1 2025, we reported positive net income of \$3.3 million, compared to a net loss of \$8.1 million for the same period last year. The loss before other items saw a slight improvement, decreasing to \$1.2 million from \$1.3 million in Q1 2024.

A significant factor in the Q1 2025 results was a \$2.3 million gain tied to the revaluation of cryptocurrency loans (compared to a \$7.9 million loss in Q1 2024). 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 ended March 31, 2025, we recognized a \$4.7 million unrealized loss on digital assets in other comprehensive income, which was offset by a \$2.5 million realized gain within profit and loss related to digital assets and a \$2.3 million gain on the revaluation of cryptocurrency loans.

## SUMMARY OF QUARTERLY RESULTS

	2023 - Q2		2023 - Q3		2023 - Q4		2024 - Q1
Revenue	\$	15,112,693	\$	13,412,337	\$	13,590,048	\$ 16,181,120
Gross profit		1,202,286		1,110,325		1,427,803	802,811
Gross profit %		8%		8%		11%	5%
Net loss		(1,453,259)		(1,843,108)		(5,204,589)	(8,124,693)
Adjusted EBITDA		(332,307)		(69,489)		176,107	(430,080)
EPS - basic	\$	(0.01)	\$	(0.01)	\$	(0.03)	\$ (0.04)
EPS - diluted		(0.01)		(0.01)		(0.03)	(0.04)
Common shares outstanding							
Basic		174,395,549		183,130,373		199,174,971	201,538,615
Diluted		174,395,549		183,130,373		199,174,971	201,538,615

  

	2024 - Q2		2024 - Q3		2024 - Q4		2025 - Q1
Revenue	\$	23,262,793	\$	21,010,424	\$	30,059,063	\$ 31,802,012
Gross profit		1,042,109		905,298		1,220,390	1,084,450
Gross profit %		4%		4%		4%	3%
Net income (loss)		1,124,954		(949,226)		(9,828,152)	3,293,498
Adjusted EBITDA		(640,116)		(611,367)		25,673	(354,693)
EPS - basic	\$	0.01	\$	(0.00)	\$	(0.05)	\$ 0.01
EPS - diluted		0.01		(0.00)		(0.05)	0.01
Common shares outstanding							
Basic		214,530,625		215,239,994		217,917,953	219,812,080
Diluted		221,544,953		215,239,994		217,917,953	263,186,871

The increase in revenue from \$30.1 million in Q4 2024 to \$31.8 million in Q1 2025 was primarily driven by growth in both the Online Bitcoin Portal and Bitcoin Well Infinite. This growth was partially offset by lower ATM transaction volumes. Gross profit decreased from \$1.2 million in Q4 2024 to \$1.1 million in Q1 2025 due to lower ATM sales. Net income improved from a loss of \$9.8 million in Q4 2024 to a positive \$3.3 million in Q1 2025, primarily due to favourable fair value changes related to cryptocurrency loans and realized gains on the disposal of digital assets.

Q4 2024 revenue grew 43% to \$30.1 million from \$21.0 million in Q3 2023, due to continued growth in the Online and Bitcoin Well Infinite business segments. 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 in Q4 2024. The significant net loss of \$9.8 million in Q4 2024 was mainly attributed to non-cash revaluation adjustments. These adjustments 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 and Bitcoin well infinite business segments.

Revenue in Q2 2024 increased to \$23.3 million from \$16.2 million in the prior quarter, driven by significant growth on the Online 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 Online 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 Online Bitcoin Portal, offset by lower OTC sales (with such services integrated into the Online 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 Online Bitcoin Portal.



The lower adjusted EBITDA in fiscal 2024 and the first quarter of 2025 was attributed to lower revenue from ATM sales, which have a higher gross margin compared to online sales, and increased investments in marketing and advertising to promote the Online Bitcoin Portal and Bitcoin Well Infinite.

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 \$1.2 million at March 31, 2025 compared to a surplus of \$16.0 million at December 31, 2024. This significant decrease was due to several factors, including:

- The value of our bitcoin digital assets saw a decrease from \$22.4 million at the end of 2024 to \$17.3 million at March 31, 2025. This decline was caused by net revaluation losses of \$2.3 million, and net sales of bitcoin totaling \$2.9 million. The net sales of bitcoin were applied to reduce outstanding crypto-currency loans;

- As of March 31, 2025, \$7.7 million in cryptocurrency loans and \$1.1 million in convertible debt were reclassified from long-term to current liabilities due to their scheduled maturity dates in Q1 2026. These financial instruments have automatic one-year renewal clauses and will be extended for an additional 12 months unless lenders provide advanced notice before the maturity dates.

Our cash balances decreased to \$1.7 million at March 31, 2025 from \$2.9 million at December 31, 2024. The \$1.2 million decrease was primarily caused by negative cash flow from operating activities during the first quarter. This included a \$0.7 million use of working capital, mostly attributed to a \$0.6 million reduction in deferred revenue. We carried a large prepaid customer deferred revenue balance at the end of 2024, which was used to purchase bitcoin for those customers in the first quarter of 2025.

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.

### **ATM Program**

In March 2025, we established an ATM Program that allows the Company to issue and sell, at our discretion, up to \$5.0 million of common shares to the public from time to time. Distributions of the shares under the ATM Program will be made pursuant to the terms of an equity distribution agreement with Haywood Securities Inc. (the "Agent"). All shares sold under the ATM Program will be sold through the TSXV or other recognized Canadian marketplace at prevailing market prices at the time of sale. The ATM Program is effective until the earlier of March 28, 2027 and the completion of the issuance and sale of all of the shares issuable pursuant to the ATM Program, subject to earlier termination by Company or the Agent in accordance with the terms of the distribution agreement.

The ATM Program is intended to provide us with additional financing flexibility should it be required in the future. The volume and timing of distributions under the ATM Program, if any, will be determined in our sole discretion. As Shares distributed under the ATM program will be sold at the prevailing market price at the time of sale, prices may vary among purchasers during the term of the ATM Program.

We intend to use the net proceeds from the ATM Program, together with our current cash resources, to fund general corporate purposes, including ongoing operations and/or working capital requirements; to repay indebtedness outstanding from time to time; to complete future acquisitions; to fund research and development, intellectual property development; or for other corporate purposes.

There were no common shares issued pursuant to the ATM Program during the three months ended March 31, 2025. During the month of April 2024, 670,000 common shares were issued through the ATM Program for gross proceeds of \$82,605.

### **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 ATM Ltd. ("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.

Accounts receivable at March 31, 2025 included \$0.5 million of the Company's cash in ATM machines that was withheld by Rapid Cash. In February 2025, we were awarded a partial summary judgement in the amount of \$0.5 million plus costs. We believe we will be successful in recovering this amount from Rapid Cash, but the amount remains uncollected, and therefore, our accounts receivable is subject to credit risk.

## **b) Liquidity Risk**

Liquidity risk is the risk that we are not able to meet our financial obligations as they fall due. As at March 31, 2025 we had a positive working capital balance of \$1.2 million (December 31, 2024 – \$16.1 million) and cash balances of \$1.7 million (December 31, 2024 – \$2.9 million). Our short-term liabilities at March 31, 2025 were \$20.1 million (December 31, 2024 – \$11.4 million).



Accounts payable, accrued liabilities, deferred revenue, and lease liabilities are expected to be paid within the next 12 months, as they become due.

The line of credit and current portion of convertible debt (excluding \$290,127 related to the current portion of the royalty liability, which is anticipated to be paid) is expected to continue to be extended as required by the Company and agreed to by the lenders. The convertible debentures that are scheduled to mature in Q1 2026 also carry automatic one year extensions. However, there is no guarantee the tranches advanced under the line of credit or the convertible debentures will be extended.

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 three months ended March 31, 2025, we established the ATM Program that allows the Company to issue and sell, at our discretion, up to \$5,000,000 of common shares to the public from time to time. When executed, the ATM program will provide us with additional capital resources and liquidity.

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 March 31, 2025, 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 and inventory at March 31, 2025 would increase or decrease by \$1.7 million and \$0.1 million, respectively and our loans payable - crypto currency would increase or decrease by \$1.7 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 interest expense for the three months ended March 31, 2025 related to these debts would increase or decrease by \$13 thousand.

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 \$4.8 million outstanding at March 31, 2025 with the Chief Executive Officer of the Company. Interest incurred on this cryptocurrency loan for the three months ended March 31, 2025 was \$43 thousand (Q1 2024 - \$54 thousand);
- Loans payable in cryptocurrency consisting of 10 bitcoins valued at \$1.2 million outstanding at December 31, 2024 with Beyond the Rhode Corp (BTR), a company controlled by Terry Rhode, a director of Bitcoin Well. Interest incurred on this cryptocurrency loan for the three months ended March 31, 2025 was \$37 thousand (Q1 2024 - \$25 thousand);
- In Q1 2024, we incurred \$0.1 million in interest on a \$4.1 million convertible debenture owed to BTR. This was a decrease from the \$0.2 million in interest incurred in Q1 2024. Royalties payable related to the debenture were \$nil in Q1 2025, compared to \$10 thousand in Q1 2024. During the three months ended March 31, 2025, BTR agreed to waive all royalty payments otherwise due in exchange for an extension of the royalty for an additional period of 3 months.
- In the first quarter of 2024, we incurred \$18,000 of interest expense related to the Debentures C held by BTR. This excludes accretion expense and compares to \$nil in the first quarter of 2024. As of March 31, 2025, BTR held a principal amount of \$900,000 of the Debentures C.
- Salaries, fees, and other short term benefits paid to executive officers and directors for the three months ended March 31, 2025 was \$0.2 million (Q1 2024 - \$0.2 million); and
- Share based payments expense related to executive officers and directors for the three months ended March 31, 2025 was \$15 thousand (Q1 2024 - \$18 thousand).

## DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, we have issued and outstanding 220,831,726 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 MD&A and 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.

## **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 income (loss), excluding: finance fees, income tax expense or recovery, depreciation, 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 and convertible debt that were settled in common shares or are intended to be settled in common shares, non-cash interest on the line of credit where the accrued interest is added to the principal balance of the loan, and accretion expense on convertible debt.

For the three months ended March 31, 2025

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

For the three month ended March 31	2025	2024
<b>Net income (loss)</b>	<b>\$ 3,293,498</b>	<b>\$ (8,124,693)</b>
Financing fees	<b>705,152</b>	644,147
Depreciation	<b>106,636</b>	262,453
Fair value change - crypto loans <sup>(1)</sup>	<b>(2,253,103)</b>	7,876,112
Share based compensation	<b>104,318</b>	67,583
Foreign exchange (gain) loss	<b>(16,894)</b>	121,512
Gain on debt settlement	<b>-</b>	(20,000)
Fair value change - crypto inventory	<b>156,586</b>	(404,615)
Fair value change - convertible debt	<b>27,557</b>	-
Realized gain on digital assets	<b>(2,478,443)</b>	(852,579)
<b>Adjusted EBITDA</b>	<b>\$ (354,693)</b>	<b>\$ (430,080)</b>
Less: financing fees	<b>(705,152)</b>	(644,147)
Add: non-cash interest items <sup>(2)</sup>	<b>501,132</b>	398,576
<b>Adjusted Cash Flow</b>	<b>\$ (558,713)</b>	<b>\$ (675,651)</b>

- (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 and convertible debt that were settled in common shares or are intended to be settled in common shares, non-cash interest on the line of credit where the accrued interest is added to the principal balance of the loan, and accretion expense on convertible debt.

## 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 Online Portal and Bitcoin Well Infinite in 2025; 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.