BITCOIN WELL

TSX.V:BTCW OTCQB:BCNWF

Management's Discussion and Analysis

For the three and six months ended
June 30, 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 August 21, 2025 to assist readers in understanding our financial performance for the three and six months ended June 30, 2025. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto for the three and six months ended June 30, 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 principals 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 August 21, 2025.

KEY HIGHLIGHTS OF THE 2ND QUARTER ENDED JUNE 30, 2025

- Revenue of $32.1 million for the 3-months ended June 30, 2025 (Q2 2024: $23.3 million, +38%) and $63.9 million for the 6-months ended June 30, 2025 (2024: $39.4 million, +62%).
  - Online Bitcoin Portal revenue of 14.6 million in Q2 2025 (+56%).
  - Bitcoin Well Infinite revenue of 11.5 million in Q2 2025 (+59%).
  - Over 48,800 unique users in the Bitcoin Portal as of June 30, 2025 (+53% from December 31, 2024 and +144% from June 30, 2024).
  - Currently over 51,000 unique registrations on the Bitcoin Portal as of August 1, 2025.
  - Active annual (revenue producing) user rate of over 21%.
- Gross profit of $1.4 million for the 3-months ended June 30, 2025 (Q2 2024: $1.0 million, +31%) and $2.4 million for the 6-months ended June 30, 2025 (2024: $1.8 million, +33%).
  - Gross profit increased due to higher revenue.
  - Gross margin declined slightly to 4.2% in Q2 2025 from 4.5% in Q2 2024 due to shifting sales mix towards the lower margin, but highly scalable Online Bitcoin Portal and Bitcoin Well Infinite.

- Adjusted EBITDA of negative $0.1 million for the 3-months ended June 30, 2025 (Q2 2024: negative $0.6 million) and negative $0.5 million for the 6-months ended June 30, 2025 (2024: negative $1.1 million).
    - Significant improvement in Adjusted EBITDA due to higher gross profit and lower operating expenses, partially offset by increased investment in marketing and advertising initiatives to promote growth of the Online Bitcoin Portal and Bitcoin Well Infinite.
- Net loss of $4.2 million for the 3-months ended June 30, 2025 (Q2 2024: net income of $1.1 million) and net loss of $0.9 million for the 6-months ended June 30, 2025 (2024: net loss of $7.0 million). The large net loss in Q2 2025 and lower net loss for the 6-months ended June 30, 2025 were primarily due to non-cash fair value adjustments related to cryptocurrency loans and digital assets.
- At June 30, 2025, we held a net investment of approximately 11 bitcoin in our bitcoin reserve, purchased at an average price of USD $100,887 / CAD $138,468 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.
    - During the six months ended June 30, 2025, we issued 1,664,000 common shares for net proceeds of $0.2 million related to the ATM Program.

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 half 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 also 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 August 1, 2025: Over 51,000 unique users signed up
    - Q2 2025; Addition of over 7,800 new user sign ups
    - 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

- 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.

- In July 2025, we announced that customers in Canada can now benefit by using recurring buy to buy bitcoin on a schedule. The scheduled buys can occur daily, weekly, bi-weekly or monthly. As always, all bitcoin purchases are sent directly to the customer's personal bitcoin wallet over the Lightning Network or on-chain. Further, the speed of transactions has improved to near instant (sub 1 second) when buying bitcoin over the Lightning Network.

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

Bitcoin Treasury Strategy

In December 2024, we adopted a bitcoin treasury strategy, acquiring 7.53 BTC, and have recently increased our total holdings to 11 BTC (our "Bitcoin Treasury"). We are well positioned to continue to add to our Bitcoin Treasury with an active ATM program of up to $5,000,000 and a base shelf prospectus of up to $25,000,000. We are also exploring other ways to further expand our bitcoin reserves as a way to increase the number of bitcoin (or sats) per share outstanding.

We expect to provide further updates on our Bitcoin Treasury initiatives in the coming quarters, subject to market conditions and regulatory approvals.

SELECTED FINANCIAL INFORMATION

	Three months ended		Six months ended	
	June 30, 2025	**June 30, 2024**	**June 30, 2025**	**June 30, 2024**
Revenue	**$ 32,100,176**	$ 23,262,793	**$ 63,902,188**	$ 39,443,913
Cost of coins	**30,737,081**	22,220,684	**61,454,643**	37,598,993
Gross profit	**1,363,095**	1,042,109	**2,447,545**	1,844,920
Gross profit margin	**4%**	4%	**4%**	5%
Operating expenses	**1,477,001**	1,682,225	**2,916,144**	2,915,116
Financing fees	**805,614**	677,033	**1,510,766**	1,321,180
Depreciation	**109,653**	158,012	**216,289**	420,465
Loss before other items	**(1,029,173)**	(1,475,161)	**(2,195,654)**	(2,811,841)
Other items (income)	**3,135,039**	(2,600,115)	**(1,324,940)**	4,187,898
Net (loss) income	**$ (4,164,212)**	$ 1,124,954	**$ (870,714)**	$ (6,999,739)
Adjusted EBITDA[1]	**$ (113,906)**	$ (640,116)	**$ (468,599)**	$ (1,070,196)
Adjusted Cash Flow[1]	**(385,740)**	(901,137)	**(944,453)**	(1,576,787)

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

As at	**June 30, 2025**	**Dec 31, 2024**
Cash	**$ 1,788,444**	$ 2,875,766
Working capital	**3,595,061**	16,046,995
Total assets	**26,138,844**	28,024,499
Shareholders' deficit	**(13,980,260)**	(12,993,531)
Long-term financial liabilities	**$ 18,014,073**	$ 29,633,849

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2025

In Q2 2025, total revenue grew to $32.1 million, a 38% increase from $23.3 million in Q2 2024. This significant growth is mainly attributed to a substantial surge in transaction volumes across both the Online Bitcoin Portal and Bitcoin Well Infinite.

Specifically, the Online segment experienced 56% revenue growth, reaching $14.6 million in Q2 2025, compared to $9.4 million in Q2 2024. Bitcoin Well Infinite also demonstrated strong growth, with a 59% increase in revenue, reaching $11.5 million, compared to $7.3 million in the previous year. Overall growth in Q2 2025 was partially offset by a decline in ATM sales, which decreased to $6.0 million in Q2 2025 from $6.6 million last year.

Gross profit increased by 31% to $1.4 million in Q2 2025 from $1.0 million in Q2 last year due to the higher revenue. However, our gross margin declined slightly to 4.2% from 4.5% 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 1.6% in Q2 2025 (Q2 2024 - 1.3%) and within the Bitcoin Well Infinite segment was 1.5% (Q2 2024 - 1.5%).

In Q2 2025, operational expenses (excluding depreciation and financing fees) decreased by 12% to $1.5 million from $1.7 million in Q2 2024. This reduction was primarily due to lower general and administrative expenses, including reduced cash logistics, ATM operating costs, and consulting fees. However, this decrease was partially offset by increased marketing and advertising investments for the Online Bitcoin Portal and Bitcoin Well Infinite, which were aimed at promoting growth.

Adjusted EBITDA for Q2 2025 was negative $0.1 million, compared to negative $0.6 million in Q2 2024. The significant improvement was primarily due to the higher gross profit reported and lower operating expenses, as discussed above.

Financing fees rose to $0.8 million in Q2 2025, up from $0.6 million in the previous year. This increase was primarily attributed to higher outstanding balances on our line of credit and the issuance of $2.0 million in convertible debentures in December 2024 which was used to add bitcoin to our Bitcoin Treasury. Our financing fees mainly comprise interest costs related to our convertible debt, cryptocurrency loans, and line of credit.

In Q2 2025, a net loss of $4.2 million was reported, a decrease from the net income of $1.1 million in Q2 2024. This reported net loss includes the impact of bitcoin price fluctuations as well as business operations, and therefore does not accurately reflect the company's underlying health. A more accurate representation is the loss before other items, which significantly improved to $1.0 million in Q2 2025 from $1.5 million in Q2 2024. This metric excludes fair value changes related to bitcoin-denominated assets and liabilities.

A significant factor in the net income for Q2 2025 was a $3.9 million loss tied to the revaluation of cryptocurrency loans (compared to a $2.0 million gain in Q2 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.

We use Adjusted EBITDA 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 June 30, 2025, we recognized a $3.9 million unrealized gain on digital assets in other comprehensive income, which was offset by a $3.9 million loss on the revaluation of cryptocurrency loans.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2025

Revenue for the six months ended June 30, 2024 increased to $63.9 million, compared to $39.4 million in 2023 (+62%). The increase was driven by higher transaction volumes on both the Online Bitcoin Portal and Bitcoin Well Infinite.

Specifically, the Online segment experienced 80% revenue growth, reaching $29.8 million for the six months ended June 30, 2025, compared to $16.6 million in 2024. Bitcoin Well Infinite also demonstrated strong growth, with a 139% increase in revenue, reaching $23.2 million, compared to $9.7 million in the previous year. Overall growth in the first half of 2025 was partially offset by a decline in ATM sales, which decreased to $10.9 million in Q1 2025 from $13.1 million in 2024 (-21%).

Gross profit increased to $2.5 million year-to-date in 2025 from $1.8 million last year (+33%) due to the higher revenue. Gross margin declined, however, to 3.8% from 4.7% last year. Changes in sales mix, including higher revenue from the Online Bitcoin Portal and Bitcoin Well Infinite transactions, combined with lower revenue from higher margin ATM sales, caused the decline.

Operational expenses for 2025 (excluding depreciation and financing fees), remained consistent with the previous year at $2.9 million year-to-date. This was due to a balance of reduced general and administrative costs, particularly in cash logistics and ATM operations, being offset by increased marketing and advertising investments for the Online Bitcoin Portal and Bitcoin Well Infinite.

Adjusted EBITDA saw a $0.6 million improvement in the first half of 2025, reaching negative $0.5 million compared to negative $1.1 million in the previous year. This improvement was primarily attributable to increased gross profit and reduced operating expenses, as previously noted.

Financing fees increased to $1.5 million in the first six months of 2025 from $1.3 million in 2024 due to higher outstanding balances on our line of credit and the issuance of $2.0 million in convertible debentures in December 2024.

In the first six months of 2025, we recorded a $1.7 million loss related to the revaluation of cryptocurrency loans (2024 - loss of $5.9 million) and a $2.5 million realized gain on the sale of digital assets (2024 - gain of $1.9 million). As noted earlier in this MD&A, these non-cash gains and losses are a result of IFRS requiring that we revalue our cryptocurrency loans at fair value at the end of each reporting period with the change recognized in profit and loss.

Due to these revaluation adjustments, we generated a net loss of $0.8 million for the six months ended June 30, 2025, compared to a net loss of $7.0 million last year. Excluding other items, our loss before other items improved to $2.2 million for the six months ended June 30, 2025 from a loss of $2.8 million in 2024.

SUMMARY OF QUARTERLY RESULTS

	2023 - Q3	2023 - Q4	2024 - Q1	2024 - Q2
Revenue	$ 13,412,337	$ 13,590,048	$ 16,181,120	$ 23,262,793
Gross profit	1,110,325	1,427,803	802,811	1,042,109
Gross profit %	8%	11%	5%	4%
Net loss	(1,843,108)	(5,204,589)	(8,124,693)	1,124,954
Adjusted EBITDA	(69,489)	176,107	(430,080)	(640,116)
EPS - basic	$ (0.01)	$ (0.03)	$ (0.04)	$ 0.01
EPS - diluted	(0.01)	(0.03)	(0.04)	0.01
Common shares outstanding				
Basic	183,130,373	199,174,971	201,538,615	214,530,625
Diluted	183,130,373	199,174,971	201,538,615	221,544,953

	2024 - Q3	2024 - Q4	2025- Q1	2025 - Q2
Revenue	$ 21,010,424	$ 30,059,063	$ 31,802,012	$ 32,100,176
Gross profit	905,298	1,220,390	1,084,450	1,363,095
Gross profit %	4%	4%	3%	4%
Net income (loss)	(949,226)	(9,828,152)	3,293,498	(4,164,212)
Adjusted EBITDA	(611,367)	25,673	(354,693)	(113,906)
EPS - basic	$ (0.00)	$ (0.05)	$ 0.01	$ (0.02)
EPS - diluted	(0.00)	(0.05)	0.01	(0.02)
Common shares outstanding				
Basic	215,239,994	217,917,953	219,812,080	221,753,749
Diluted	215,239,994	217,917,953	263,186,871	221,753,749

In Q2 2025, revenue saw a slight increase from the previous quarter, reaching $32.1 million. This was primarily driven by a $1.0 million rise in ATM sales, while transaction volumes for the Online Bitcoin Portal and Bitcoin Well Infinite experienced a slight decrease. Consequently, gross profit improved by 26% to $1.4 million, leading to an improved Adjusted EBITDA of negative $0.1 million, compared to negative $0.4 million in the prior quarter.

However, the company reported a net loss of $4.2 million in Q2 2025, a significant shift from the net income of $3.3 million in Q1 2025. This variance was largely attributable to fair value changes in cryptocurrency loans and realized gains from the disposal of digital assets. Specifically, Q2 2025 saw a fair value revaluation loss of $3.9 million on cryptocurrency loans, in contrast to a revaluation gain of $5.6 million recorded in Q1 2025.

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.

We showcase Adjusted EBITDA in each quarter as net income (loss) 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 or the ATM Program. 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 $3.6 million at June 30, 2025 compared to a surplus of $16.0 million at December 31, 2024. This significant decrease was due to several factors, including:

- As of June 30, 2025, $9.5 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; and

- The value of our bitcoin digital assets saw a decrease from $22.4 million at the end of 2024 to $21.3 million at June 30, 2025. This decline was caused by net sales of bitcoin totaling $2.9 million, partially offset by realized gains on disposal. The net sales of bitcoin were applied to reduce outstanding crypto-currency loans; and

- Our cash balances decreased from $2.9 million at December 31, 2024, to $1.8 million at June 30, 2025, a reduction of $1.1 million. This decline was primarily driven by a negative cash flow of $2.4 million from operating activities during the first half of 2025. A significant factor in this was a $0.4 million use of working capital, largely due to a $0.6 million decrease in deferred revenue. The substantial prepaid customer deferred revenue balance held at the end of 2024 was utilized to purchase bitcoin for those customers in the first quarter of 2025. Partially offsetting this negative operational cash flow were net proceeds of $1.0 million from our line of credit and $0.2 million in net proceeds from our ATM Program.

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

On March 28, 2025, we commenced an at-the-market equity distribution program (the "ATM Program") pursuant to a prospectus supplement dated March 28, 2025 to our short form base shelf prospectus dated March 6, 2025, filed with securities regulatory authorities. The ATM Program is being conducted pursuant to the terms of an equity distribution agreement with Haywood Securities Inc. (the "Agent"), under which we may from time to time sell common shares for aggregate gross proceeds of up to $5,000,000 at prevailing market prices at the time of sale.

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.

During the three and six months ended June 30, 2025, we issued and sold 1,664,000 common shares under the ATM Program at an average price of $0.144 per share, for gross proceeds of $239,838. Commissions and other related costs of $8,965 were paid to the Agent in connection with these distributions, resulting in net proceeds of $230,873.

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 buy bitcoin as part of our Bitcoin Treasury Strategy; 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.

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.

As of June 30, 2025, accounts receivable included approximately $0.5 million in the Company's cash that was improperly withheld by Rapid Cash from ATM machines. A partial summary judgment for this amount, including costs, was awarded to the Company in February 2025. These funds are currently held by the court and are expected to be received in August 2025.

b) Liquidity Risk

Liquidity risk is the risk that we are not able to meet our financial obligations as they fall due. As at June 30, 2025 we had a positive working capital balance of $3.6 million (December 31, 2024 – $16.1 million) and cash balances of $1.8 million (December 31, 2024 – $2.9 million). Our short-term liabilities at March 31, 2025 were $22.1 million (December 31, 2024 - $11.4 million).

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

The line of credit and current portion of convertible debt (excluding $258,620 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.

The line of credit requires us to hold a mix of cryptocurrency assets and cash (collectively the "Collateral") with the lender such that the debt outstanding will not exceed 70% of the Collateral (the "Loan to Value"). If the Loan to Value exceeds 70%, the lender may require the Company to deposit additional collateral with the lender to reduce the Loan to Value to 50%.

If the Loan to Value exceeds 80%, the Company will be in default and the lender will be able to immediately demand repayment of the line of credit and exercise all of its rights and remedies available to collect on the outstanding balance, including liquidating the collateral held.

On June 30, 2025, the lender held 147 Bitcoin as security over the line of credit, with a fair value of $21.5 million, representing a Loan to Value of 47%.

Our approach to managing liquidity risk is to ensure that we will have sufficient liquidity to meet liabilities when due. During the six months ended June 30, 2025, we established the 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. 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 June 30, 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 June 30, 2025 would increase or decrease by $2.1 million and $0.1 million, respectively, and our loans payable - crypto currency would increase or decrease by $2.1 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 June 30, 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 $5.8 million outstanding at June 30, 2025 with the Chief Executive Officer of the Company. Interest incurred on this cryptocurrency loan for the three and six months ended June 30, 2025 was $43 thousand and $86 thousand (2024 - $54 thousand and $108 thousand), respectively;

- Loans payable in cryptocurrency consisting of 10 bitcoins valued at $1.5 million outstanding at June 30, 2025 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 and six months ended June 30, 2025 was $33 thousand and $70 thousand (2024 - $40 thousand and $65 thousand), respectively;

- During the three and six months ended June 30, 2025, we incurred $0.1 million and $0.2 million, respectively, in interest on a $4.1 million convertible debenture owed to BTR. This was a decrease from the $0.2 million and $0.3 million, respectively, in interest incurred in the comparative three and six months ended June 30, 2024. Royalties payable related to the debenture were $40 thousand for the three and six months ended June 30, 2025, compared to $25 thousand and $35 thousand, respectively, in 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 three and six months ended June 30, 2025, we incurred $18 thousand and $36 thousand, respectively, of interest expense related to the Debentures C held by BTR. This excludes accretion expense and compares to $nil in the comparative 2024 periods. As of June 30, 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 and six months ended June 30, 2025 was $0.1 million and $0.3 million (2024 - $0.2 million and $0.3 million), respectively; and

- Share based payments expense related to executive officers and directors for the three and six months ended June 30, 2025 was $15 thousand and $30 thousand (2024 - $24 thousand and $42,000), respectively.

DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, we have issued and outstanding 225,418,880 common shares. In addition, we had the following securities potentially convertible into common shares:

i) 13,141,307 stock options, exercisable to acquire common shares at prices ranging from $0.05 to $0.31 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.

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		Six months ended	
	June 30, 2025	**June 30, 2024**	**June 30, 2025**	**June 30, 2024**
Net (loss) income	**$ (4,164,212)**	$ 1,124,954	**$ (870,714)**	$ (6,999,739)
Financing fees	**805,614**	677,033	**1,510,766**	1,321,180
Depreciation	**109,653**	158,012	**216,289**	420,465
Fair value change - crypto loans[1]	**3,909,995**	(1,959,171)	**1,656,892**	5,916,941
Share based compensation	**31,591**	195,830	**135,909**	263,413
Foreign exchange (gain) loss	**(483,655)**	64,347	**(500,549)**	185,859
Gain on debt settlement	**-**	-	**-**	(20,000)
Gain on disposal of property, plant and equipment	**-**	(3,697)	**-**	(3,697)
Fair value change - crypto inventory[1]	**(269,648)**	107,783	**(113,062)**	(296,832)
Fair value change - convertible debt	**(53,244)**	-	**(25,687)**	-
Realized gain on digital assets[1]	**-**	(1,005,207)	**(2,478,443)**	(1,857,786)
Adjusted EBITDA	**$ (113,906)**	$ (640,116)	**$ (468,599)**	$ (1,070,196)
Less: financing fees	**(805,614)**	(677,033)	**(1,510,766)**	(1,321,180)
Add: non-cash interest items[2]	**533,780**	416,012	**1,034,912**	814,589
Adjusted Cash Flow	**$ (385,740)**	$ (901,137)	**$ (944,453)**	$ (1,576,787)

(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; estimated gross margin ranges 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.