



BITCOIN WELL REPORTS Q2 2024 FINANCIAL RESULTS

Edmonton, Alberta – August 13, 2024 – Bitcoin Well Inc. (“**Bitcoin Well**” or the “**Company**”) (TSXV: **BTCW**; OTCQB: **BCNWF**), the non-custodial bitcoin business on a mission to enable independence today announced financial and operating results for the second quarter and six months ended June 30, 2024.

Key highlights

- Net income of \$1.1 million for the 3-months ended June 30, 2024 (Q2 2023: net loss of \$1.5 million) and net loss of \$7.0 million for the 6-months ended June 30, 2024 (2023: net loss of \$5.0 million).
 - Fluctuations in net income driven by non-cash revaluation adjustments related to cryptocurrency assets and loans
- Revenue of \$23.3 million for the 3-months ended June 30, 2024 (Q2 2023: \$15.1 million, +54%); and \$39.4 million for the 6-months ended June 30, 2024 (2023: \$27.5 million, +43%)
 - Revenue increase driven by continuing significant growth on the Online Bitcoin Portal since its initial launch in Q4 2022.
 - Over 20,000 unique users in the Online Bitcoin Portal as of June 30, 2024 (+33% from March 31, 2024 and +81% from December 31, 2023).
- Gross profit: \$1.0 million for the 3-months ended June 30, 2024 (Q2 2023: \$1.2 million, -13%) and \$1.8 million for the 6-months ended June 30, 2024 (2023: \$2.3 million, -19%).
 - Lower gross margin due to shifting sales mix towards the lower margin, but highly scalable Online Bitcoin Portal.
 - Current strategy in place to increase gross margin on the Bitcoin Portal
- Adjusted EBITDA of negative \$0.6 million for the 3-months ended June 30, 2024 (Q2 2023: negative \$0.3 million) and negative \$1.1 million for the 6-months ended June 30, 2024 (2023: negative \$0.6 million).

- o Decline in Adjusted EBITDA primarily due to lower gross profit and investments in marketing and advertising initiatives to promote growth of the Bitcoin Portal.

Financial overview

	For the three months ended,		For the six months ended,	
	June 30,	June 30,	June 30,	June 30,
	2024	2023	2024	2023
Revenue	\$ 23,262,793	\$ 15,112,693	\$ 39,443,913	\$ 27,529,453
Gross Profit	1,042,109	1,202,286	1,844,920	2,288,040
Adjusted EBITDA ⁽¹⁾	(640,116)	(332,307)	(1,070,196)	(547,413)
Adjusted cash flow ⁽¹⁾	(901,137)	(807,973)	(1,576,787)	(1,472,580)
Net income (loss)	1,124,954	(1,453,259)	(6,999,739)	(4,976,627)
Total comprehensive loss	(1,717,856)	(823,829)	(3,259,594)	(1,829,909)

(1) See Non-IFRS Measures.

Overall revenue in the second quarter of 2024 was \$23.3 million, compared to \$15.1 million in Q2 2023 (+54%), driven by higher transaction volumes on the Online Bitcoin Portal in Q2 2024, which grew to \$16.6 million from \$6.5 million in Q2 2023, an improvement of 155%. On a year-to-date basis, revenue increased to \$39.4 million, compared to \$27.5 million in 2023 (+43%). Revenue from the Online segment grew to \$26.3 million for the six-month period from \$11.8 million last year. This marks the Bitcoin Portal growth at 123% YoY.

Gross profit declined to \$1.0 million in Q2 2024 from \$1.2 million last year (-13%) due to a lower overall gross margin. Likewise, gross profit for the six months ended June 30, 2024 declined to \$1.8 million from \$2.3 million last year (-19%). Changes in sales mix, including higher revenue from the Online Bitcoin Portal caused the decline. The Company's gross margin from online transactions are lower than the fees charged on ATM sales. The Company is currently building products and services that will increase the gross margin on the Bitcoin Portal.

"We are pleased with the significant rate of growth we are seeing with the Bitcoin Portal, which has now exceeded 22,000 unique signups," said Adam O'Brien, Founder & CEO of Bitcoin Well. "In addition, our efforts to continue to increase the gross profit margin in the Bitcoin Portal have been fruitful, and we will continue these initiatives. This includes building products such as our Lite Accounts and Cash Vouchers. Next on the list is the ability to buy gift cards to popular merchants and stores with bitcoin which will not only



contribute to a higher gross margin, but also bring us one step closer to making living on bitcoin in self custody a reality.”

The Company’s Bitcoin ATM segment declined in Q2 to \$6.6 million in revenue and \$0.8 million in Gross Profit (from \$8.6 million in revenue and \$1.1 million in gross profit in Q2 2023). In Q3 the Company implemented a revamped ATM marketing and pricing strategy which has shown early signs of success. Bitcoin Well has also begun integrating the Bitcoin ATMs into the broader ecosystem with products like Cash Vouchers. This is made possible due to the proprietary software owned by the Company called ghostATM. This software gives Bitcoin Well the ability to treat their Bitcoin ATMs as Digital Finance Service Terminals, opposed to only operating as a Bitcoin ATM.

“The decline in Bitcoin ATM volume is inconvenient, but not unexpected” explained Adam. “We knew Bitcoin ATMs were not going to be the nucleus of our business forever, which is why we started building the Bitcoin Portal over 2 years ago. Now, with the Bitcoin Portal growing at an incredible rate we can start to tweak our Bitcoin ATM software to give us a market advantage that is not available to any other bitcoin business; a full bitcoin payments ecosystem”.

Total operational expenses (excluding depreciation and accretion and financing fees) increased to \$1.7 million in Q2 2024 from \$1.5 million last year due to significant investments in marketing and advertising initiatives to promote usage of the Online Bitcoin Portal.

Professional fees also increased in Q2 2024, which primarily related to non-recurring legal fees associated with the Company’s litigation against Rapid Cash due to their alleged breach of contract in October 2023 as well as preparatory regulatory filings related to potential future capital raises. Partially offsetting these factors was a significant reduction in salaries and wages and other overhead costs in 2024. The Company has significantly reduced its overhead expenditures over the past year and has re-routed these expenditures to focus on marketing and advertising initiatives in 2024 which has directly contributed to the growth as seen in the first half of 2024.

On a year-to-date basis, operational expenses increased slightly to \$2.9 million from \$2.8 million last year due to the higher investments in marketing and advertising initiatives discussed above, largely offset by lower salaries and wages and other overhead costs.

Adjusted EBITDA declined to negative \$0.6 million in Q2 2024 from negative \$0.3 million in Q2 2023 and negative \$1.1 million for the six months ended June 30, 2024 from negative \$0.5 million last year. These declines were primarily due to lower gross profit and higher marketing and advertising expenses as noted above, alongside higher professional fees incurred to vigorously litigate against Rapid Cash due to their alleged breach of contract in October 2023.

This news release should be read in concert with the full disclosure documents. The Bitcoin Well condensed consolidated interim financial statements and MD&A for the three and six months ended June 30, 2024 and 2023 will be available on the Bitcoin Well website (www.bitcoinwell.com), via SEDAR+ (www.sedarplus.ca) or can be requested from the Company.

Non-IFRS measures

The Company uses certain terms in this news release, such as 'Adjusted EBITDA' and 'Adjusted Cash Flow', which do not have a standardized or prescribed meaning under International Financial Reporting Standards (IFRS), and accordingly, these measurements may not be comparable with the calculation of similar measurements used by other companies.

See the table below for a reconciliation of each non-IFRS measure to its nearest IFRS measure or refer to the "Non-IFRS Financial Measures" section in the Company's Management Discussion & Analysis for the period ended June 30, 2024 ("MD&A") for applicable definitions, calculations, rationale for use and reconciliations to the most directly comparable measure under IFRS. Non-IFRS measures are provided as supplementary information by which readers may wish to consider the Company's performance, but should not be relied upon for comparative or investment purposes.

Reconciliation of net income (loss) to Adjusted EBITDA & Adjusted Cash Flow

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30,, 2024	June 30, 2023
Net income (loss)	\$ 1,124,954	\$ (1,453,259)	\$ (6,999,739)	\$ (4,976,627)
Financing fees	677,033	525,699	1,321,180	975,500
Depreciation and accretion	158,012	384,529	420,465	769,662
Fair value change – crypto loans ⁽¹⁾	(1,959,171)	418,811	5,916,941	3,872,736
Share based compensation	195,830	90,053	263,413	170,733
Foreign exchange loss	64,347	(619)	185,859	18,512
(Gain) loss on debt settlement	-	-	(20,000)	5,178
(Gain) loss on disposal of equipment	(3,697)	26,896	(3,697)	26,896
Fair value change – crypto inventory ⁽¹⁾	107,783	13	(296,832)	(12,943)
Realized (gain) loss on digital assets ⁽¹⁾	(1,005,207)	30,544	(1,857,786)	(374,959)
Income tax recovery	-	(354,974)	-	(1,022,101)
Adjusted EBITDA⁽²⁾	\$ (640,116)	\$ (332,307)	\$ (1,070,196)	\$ (547,413)
Less: financing fees	(677,033)	(525,699)	(1,321,180)	(975,500)
Add: non-cash interest items ⁽³⁾	416,012	50,033	814,589	50,333
Adjusted Cash Flow	\$ (901,137)	\$ (807,973)	\$ (1,576,787)	\$ (1,472,580)

- (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) Adjusted EBITDA calculation for the three and six months ended June 30, 2024 was updated to exclude the impact of non-cash fair value changes related to cryptocurrency inventory to better reflect the non-cash and non-operational nature of this income (expense).
- (3) Non-cash interest items include the amortization of prepaid interest on cryptocurrency loans that were funded in conjunction with an equity financing as well as non-cash interest on the line of credit where the accrued interest is added to the principal balance of the loan

About Bitcoin Well

Bitcoin Well is on a mission to enable independence. We do this by making bitcoin useful to everyday people to give them the convenience of modern banking and the benefits of bitcoin. We like to think of it as future-proofing money. Our existing Bitcoin ATM and Online Bitcoin Portal business units drive cash flow to help fund this mission.

Join our [investor community](#) and follow us on [Nostr](#), [LinkedIn](#), [Twitter](#) and [YouTube](#) to keep up to date with our business.

Bitcoin Well contact information

To book a virtual meeting with our Founder & CEO Adam O'Brien please use the following link: <https://bitcoinwell.com/meet-adam>

For additional investor & media information, please contact:

Adam O'Brien

Tel: 1 888 711 3866

ir@bitcoinwell.com

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

Forward-looking information

Certain statements contained in this news release may constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", or the negative thereof and similar expressions. All statements herein other than statements of historical fact constitute forward-looking information including, but not limited to statements in respect of: the Company's gross profit and cash flow improving; revenue growth from the Online Bitcoin Portal; 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 on 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 "Risk Factors" section of the Company's MD&A for the year ended December 31, 2023.

Bitcoin Well actual results could differ materially from those anticipated in this forward-looking information as a result of the foregoing risk factors and other factors, many of which are beyond the control of Bitcoin Well.

Bitcoin Well believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon. Any forward-looking information contained in this news release represents Bitcoin Well expectations as of the date hereof, and is subject to change after such date. Bitcoin Well disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

For more information, see the Cautionary Note Regarding Forward Looking Information found in the Bitcoin Well Management Discussion and Analysis.