BITCOIN WELL

TSX.V:BTCW OTCQB:BCNWF

Management's Discussion and Analysis

For the three and six months ended June 30, 2023 and 2022

(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 15, 2023 to assist readers in understanding our financial performance for the three and six months ended June 30, 2023 and 2022. This MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended December 31, 2022 ("Financial Statements"). Such interim Financial Statements have been prepared in accordance with IAS 34, and the Audited Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The address of the Company's registered office is 2500 Stantec Tower, 10220 – 103 Avenue NW, Edmonton, Alberta.

The Company's common shares are traded on the TSXV under the ticker symbol "**BTCW**", and on the OTCQB under the ticker symbol "**BCNWF**".

The Company is in the business of making bitcoin easy to use for every-day people. We like to think of it as "**future-proofing money**".

KEY HIGHLIGHTS OF THE QUARTER

- Gross profit of $1.2 million for the 3-months ended June 30, 2023 ($1.1 million - 2022) and $2.3 million for the 6-months ended June 30, 2023 ($2.0 million - 2022).
- Adjusted EBITDA of negative $0.3 million for the 3-months ended June 30, 2023 (negative 1.3$ million - 2022) and negative $0.6 million for the 6-months ended June 30, 2023 (negative $2.8 million - 2022).
    - Improvements to Adjusted EBITDA are a result of significant cost containment in areas across the business, including a significant reduction in the number of full time employees, achieved through efficiencies and automation in many operational processes.

- Approximately 6,000 unique users in the Online Portal (2,500 - Q4 2022, 3,800 - Q1, 2023) an improvement of 139% and 57% over Q4 2022 and Q1 2023, respectively.
    - Associated Online monthly revenues exceeded $2 million for the 3-months ended June 30, 2023 ($935,000 - Q1, 2023, $407,000 - Q4, 2022), maintaining continued growth in the product since launched in Q4 2022.
- Revenue for the 3-months and 6-months ended June 30, 2023 was $15.1 million and $27.5 million, respectively ($20.6 million and $34.1 million for the 3-months and 6-months ended June 30, 2022, respectively). Despite a decrease in revenue, gross profits have increased by 13% in the 3 and 6-month periods ending June 30, 2023, when compared to the same periods in 2022.
    - The improved margins are a direct result of more high-margin ATM sales, when compared to the same period last year. The Company recorded a record number of ATM transactions in May 2023, totalling 4,800, which exceeds the previous record of over 4,400 in March and April 2023.

BUSINESS OVERVIEW AND OUTLOOK

The Company makes 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 2013
    - 287 Bitcoin ATMs across Canada
    - Highest margin business unit
- Bitcoin Well Infinite (OTC)
    - Started in 2018
    - White-glove, personal service for individuals, corporations and family tests to learn about and buy or sell large sums of bitcoin
- Non-custodial bitcoin platform (Online Portal)
    - Launched in Q4 2022
    - Bank to bitcoin in less than 30 seconds (faster than anyone else in the market)
    - Technology focused and most scalable business unit

  - Quarterly growth of 131% in Q2

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

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

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

SELECTED FINANCIAL INFORMATION

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenue	**$ 15,112,693**	$ 20,586,354	**$ 27,529,453**	$ 34,115,158
Cost of coins	**(13,910,407)**	(19,520,595)	**(25,241,413)**	(32,084,609)
Gross profit	**1,202,286**	1,065,759	**2,288,040**	2,030,549
Gross profit margin	**8%**	5%	**8%**	6%
Operating expenses	**2,060,292**	2,652,535	**3,812,206**	5,642,674
Depreciation and accretion	**384,529**	713,700	**769,662**	1,394,998
Business acquisition and QT tx costs	**-**	-	**-**	24,367
Loss before other items	**$ (1,242,535)**	$ (2,300,476)	**$ (2,293,828)**	$ (5,031,490)
Fair value change - cryptocurrency	**(418,824)**	4,776,739	**(3,859,794)**	4,915,142
Current income tax recovery	**305,177**	275,988	**585,080**	874,280
Share based compensation	**(90,053)**	(38,287)	**(170,733)**	(110,843)
Deferred income tax recovery (expense)	**49,797**	(559,569)	**437,021**	(580,720)
Realized gain on digital assets, net of tax	**(30,544)**	-	**405,502**	-
Restructuring	**-**	(3,308,022)	**-**	(3,308,022)
Gain on debt settlement	**-**	58,487	**(3,924)**	86,764
Other	**(26,277)**	416	**(18,511)**	(1,168)
Net loss	**$ (1,453,259)**	$ (1,094,724)	**$ (4,919,187)**	$ (3,156,057)
Interest	**525,058**	244,184	**933,338**	420,153
Fair value change - cryptocurrency	**418,824**	(4,776,739)	**3,859,794**	(4,915,142)
Depreciation and accretion	**384,529**	713,700	**769,662**	1,394,998
Income tax recovery	**(354,974)**	283,581	**(1,022,101)**	(293,560)
Share based compensation	**90,053**	38,287	**170,733**	110,843
Realized gain on digital assets, net of tax	**30,544**	-	**(405,502)**	-
Restructuring	**-**	3,308,022	**-**	3,308,022
Gain on debt settlement	**-**	(58,487)	**3,924**	(86,764)
Financing fees	**-**	-	**-**	262,120
Bad debt allowance	**-**	-	**-**	93,665
Business acquisition and QT tx costs	**-**	-	**-**	24,367
Other	**26,277**	(416)	**59,011**	1,168
Adjusted EBITDA	**$ (332,948)**	$ (1,342,592)	**$ (550,328)**	$ (2,836,187)
Adjusted EBITDA Margin	**-2.2%**	-6.5%	**-2.0%**	-8.3%

As at		June 30, 2023		December 31, 2022
Cash	**$**	**2,377,872**	$	3,946,525
Working capital		**6,689,283**		2,957,233
Total assets		**14,987,280**		14,024,476
Shareholders' equity (deficit)		**(7,427,534)**		(5,831,733)
Long-term financial liabilities	**$**	**16,450,944**	$	11,733,014

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2023

Overall revenue in Q2 2023 was $15.1 million, compared to $20.6 million in Q2 2022. This decrease was driven by a decline in Bitcoin Well Infinite volumes of $6.7 million, offset by increased online revenue (+$1.7 million) and increased higher-margin ATM revenue (+$1.6 million). This change in product mix resulted in gross profit increasing to $1.2 million in Q2 2023, from $1.1 million in Q2 2022 (+13%).

The increase in ATM sales is due to new machines installed throughout the last year ramping up to their expected average operational volumes, implementing stricter qualification procedures for new host locations, as well as expansion of our Partner Program. We have been rigid in our processes to ensure a new ATM is performing in its chosen location, and our operations team is quick to move the ATMs when they aren't performing to our standard. We ended Q2 2023 with 287 machines under our operational fleet, 114 of which are operating as part of our Partner Program, which is a 23% increase over the number of ATMs deployed as part of the Partner Program in Q1 2023. Our Partner Program allows us to expand our ATM footprint quicker, without any capital expenditures, thanks in part to our acquisition of Ghostlab Inc in 2020. Our largest partner, RapidCash ATM Ltd. ("RapidCash"), is planning to expand to over 100 locations in 2023. Currently RapidCash has 95 locations and is continuing to expand across Canada. In Q2 2023, we have seen expansion through 10 new RapidCash ATMs. We added a new operator to our Partner Program in Q2 2023, which added 12 well-established ATMs to our fleet.

Total operational expenses were $2.4 million in Q2 2023 compared to $3.4 million in Q2 2022, an improvement of $1.0 million (29%) year over year as a result of company wide cost reduction strategies and efficiencies.

The above factors contributed to an Adjusted EBITDA of negative $0.3 million in Q2 2023, a $0.3 million (50%) improvement over Q2 2022 (negative $0.6 million).

REVALUATION OF CRYPTOCURRENCY

We recorded a net loss to $1.5 million in Q2 2023, which includes non-cash costs associated with the revaluation of cryptocurrency loans in the amount of $0.4 million loss. Adjusted for this non-cash revaluation, net loss was $1.1 million in the quarter. This compares to a $1.1 million net loss in Q2 2022, which also included a non-cash gain on revaluation of crypto loans of $4.8 million. Adjusted for this non-cash revaluation, net loss was $5.9 million in Q2 2022. The net losses, adjusted for their non-cash revaluations, represent an improvement of $4.8 million in the quarter over 2022.

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 the Statement of Income and Comprehensive Income. While this mark-to-market accounting treatment recognizes the unrealized gain or loss at a specific moment in time, it does not reflect a realized gain or loss nor does it have an impact on cash.

Conversely, IFRS also requires we revalue our digital assets at fair value at the end of each reporting period with increases in value recognized in other comprehensive income (unlike the revaluations of the cryptocurrency loans, which IFRS dictates we recognize in profit or loss). During Q2 2023 we recognized a revaluation gain on digital assets, net of tax, of $0.6 million compared to a loss of $4.3 million net of tax in Q2 2022. This gain is also related to the increase in the price of bitcoin during the Q2 2023. As a result, changes in the unrealized value of our cryptocurrency loans and digital assets may result in significant swings in net income (loss) which are not indicative of the underlying operational performance of the business. We present Adjusted EBITDA to exclude the variability caused by the revaluations.

In Q2 2023, we recognized an income tax recovery of $0.4 million, representing an effective income tax rate of 20% on a pre-tax loss of $1.8 million. Although our statutory combined federal-provincial corporate income tax rate in Alberta is currently 23.78%, our actual effective rate was impacted by various items, including non-deductible expenses such as share based compensation and capital losses.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2023

Revenue in the six months ended June 30, 2023 decreased to $27.5 million, representing a 19% decrease from the six months ended June 30, 2022. This is largely the result of significant market changes, and a decrease in OTC sales. Gross profit increased to $2.3 million from $2.0 million in 2023 due to higher ATM sales. Our gross profit margin improved to 8% (up from 6% in the same period last year) during the six months ended June 30, 2023.

Total operational expenses were $4.6 million for the six months ended June 30, 2023, compared to $7.1 million in 2022. The decrease in operating expenses primarily related to an decreased headcount that was effective in Q3 2022. The decrease in operating expenses was partially offset by increased service costs, a result of operating a larger fleet of ATMs, and servicing of the new debt, which will continue for the remainder of the year. Our operating expenses for the six months ended June 30, 2023 also included $0.8 million (2022 - $1.4 million) related to non-cash capital asset and intangible asset depreciation and interest accretion.

The above factors contributed to negative Adjusted EBITDA of $0.6 million (2022 – negative $2.8 million) and a net loss of $4.9 million (2022 – net loss $3.1 million) for the six months ended June 30, 2023. The higher net loss was primarily due to the recognition of an unrealized loss on revaluation of cryptocurrency loans in the amount of $3.9 million. Normalizing for the revaluation of cryptocurrency, the net loss for the six months ended June 30, 2023 has improved by $7 million over the same period in 2022.

Within other comprehensive income, we recognized a revaluation gain on digital assets, net of tax, of $3.1 million during the six months ended June 30, 2023 (2022 - loss of $4.5 million). Along with the revaluation loss of cryptocurrency loans, these revaluation adjustments resulted from an increase in the value of bitcoin during the six month period. However, unlike the loss on revaluation of the cryptocurrency loans, which is recognized in profit or loss, the gain on revaluation of our digital assets was recognized outside profit or loss in other comprehensive income.

SUMMARY OF QUARTERLY RESULTS

		2021 - Q3		2021 - Q4		2022 - Q1		2022 - Q2
Revenue	$	15,942,597	$	14,411,473	$	13,528,804	$	20,586,354
Gross profit		744,511		968,130		964,790		1,065,759
Gross profit %		5%		7%		7%		5%
Expenses including non-cash items		(4,641,735)		(6,340,317)		(3,026,23)		(1,593,321)
Income (loss) for the quarter		(3,897,224)		(5,372,187)		(2,061,333)		(1,094,721)
Adjusted EBITDA		(2,003,268)		(2,332,722)		(1,493,595)		(1,342,592)
EPS - basic		(0.02)		(0.03)		(0.01)		(0.01)
EPS - diluted	$	(0.02)	$	(0.03)	$	(0.01)	$	(0.01)
Common shares outstanding								
Basic		165,948,916		172,915,211		173,657,371		174,382,887
Diluted		165,948,916		172,915,211		173,657,371		174,382,887

		2022 - Q3		2022 - Q4		2023 - Q1		2023 - Q2
Revenue	$	14,354,002	$	18,262,082	$	12,416,760	$	15,112,693
Gross profit		1,177,780		1,215,897		1,085,754		1,202,286
Gross profit %		8%		7%		9%		8%
Expenses including non-cash items		(2,764,463)		(3,031,820)		(4,609,122)		(1,956,509)
Income (loss) for the quarter		(983,495)		(1,851,952)		(3,523,368)		(1,453,259)
Adjusted EBITDA		(382,958)		(227,165)		(217,380)		(332,948)
EPS - basic		(0.01)		(0.01)		(0.02)		(0.01)
EPS - diluted	$	(0.01)	$	(0.01)	$	(0.02)	$	(0.01)
Common shares outstanding								
Basic		174,382,887		174,382,887		174,382,887		174,395,549
Diluted		174,382,887		174,382,887		174,382,887		174,395,549

Revenue in Q2 2023 increased by 22%, and gross profit increased by 11% compared to Q1 2023. A contributing factor to the increase was ATM sales, which increased by 21% and Online sales which increased by 121%, compared to the previous quarter, offset by a decrease in Bitcoin Well Infinite (OTC) sales. Adjusted EBITDA continues to improve in Q2 2023 over the previous seven quarters.

Adjusted EBITDA in Q2 and Q1 2023 improved compared to Q2 2021 and Q1 2021 in part due to the Company streamlining operations, and implementing cost cutting decisions, including a reduction in the number of employees and management salaries. We believe our Adjusted EBITDAs throughout Q3 2022 to Q2 2023 is indicative of what our business can achieve during the "Crypto Winter" (a crypto bear market). We believe these market conditions to be cyclical and will remain volatile.

Net income (loss) in each quarter includes mark to market gains or losses the revaluation of cryptocurrency loans.

NON-BROKERED PRIVATE PLACEMENT

On July 18, 2023, the Company announced its intention to complete a non-brokered private placement offering (the "Offering") of up to 41,666,667 units of Bitcoin Well (the "Units") at a price of $0.06 per Unit for aggregate gross proceeds of up to $2,500,000. The minimum Offering size is $1,000,000 being 16,666,667 Units. Each will be comprised of one common share in the Company and one common share purchase warrant being exercisable into one common share at a price of $0.18 per share, for a period of three (3) years from closing.

The net proceeds from the Offering are intended to be used to establish a reserve for the investigation and closing of one or many strategic acquisitions of existing Bitcoin ATM operators in Canada. These acquisitions would add Bitcoin ATMs with proven revenues to the Company's current Bitcoin ATM network.

Under the minimum Offering, the Company would aim to conduct a similar acquisition, but of a smaller Bitcoin ATM Operator, with a reduction in purchase price and working capital requirements. In any event, the acquisition would not be a significant acquisition under Part 8 of National Instrument 51-102 – Continuous Disclosure Obligations. The net proceeds will also be used for general working capital purposes.

The Offering will be completed pursuant to the listed issuer financing exemption under Part 5A of National Instrument 45-106 – Prospectus Exemptions (the "LIFE Exemption"). Any securities issuable under the LIFE Exemption will not be subject to a hold period in accordance with applicable Canadian securities laws.

CONVERTIBLE DEBT FINANCING

On February 23, 2022, we entered into an agreement to issue up to $5.0 million in secured convertible debentures (the "Convertible Debenture"), convertible into common shares of the Corporation at a conversion price of $0.30. The Convertible Debenture may be issued in up to three tranches, the first of which was issued to Beyond The Rhode Corp. ("BTR") on February 23, 2022 in the principal amount of $1.5 million, the second of which was issued on March 17, 2022 in the amount of $2.0 million, and the third was issued on July 4, 2022, in the amount of $1.5 million. The Convertible Debenture bears interest at a rate of 10% per annum and matures on

February 23, 2025, subject to two automatic one year extensions (the "Maturity Date").

The Convertible Debenture provides for the payment of a monthly royalty to the holder equal to: (A) 20% of the gross profit, defined as the revenue generated less the cost of the coins generated from the new products built for the online ecosystem of the Company and affiliates from February 23, 2022, until August 23, 2023; and (B) between 12-20% of gross profit from August 23, 2023 until the latter of three months after the most recent conversion date or the Maturity Date. No royalty payment shall be made if the aggregate amount of all interest payments, future interest payments and royalty payments would exceed 24%.

The Convertible Debenture was used to fund the enhancement of the existing Bitcoin Well online portal, and for user acquisition and general working capital.

In May 2023, the Company amended the above agreement, which included an adjustment to the conversion price, which is now $0.25 (from $0.30), an amended interest rate of Prime + 6.2% (formerly 10% per annum), and an amendment to the term of the loan, which now extends to five (5) years from the issue date (formerly three (3) years form the issue date).

In Q1 2023, we entered into agreements to issue $1.1 million in secured convertible debentures, convertible into common shares of the Company at a conversion price of $0.15. The Convertible Debentures were issued to arms length parties to the Company. The proceeds of the Convertible Debentures were used to repay prior cryptocurrency denominated loans. The Convertible Debentures bear interest at a rate of Prime + 8% per annum and mature between February 16, and March 28, 2026, subject to two automatic one year extensions. The Company has the right to force conversion of the principal amount if the volume weighted average trading price for the common shares for ten trading days equals or exceeds $0.30 per common share. The Company also has the option to repay any amounts of the Convertible Debentures with 30 days notice.

BRIDGE LOAN FINANCING

On January 6, 2023, the Company received a $1.05 million bridge loan from an arms length party for a period of four (4) months (the "Bridge Loan"). The loan bears interest at a rate of 12.5%. The proceeds of this loan were used to repay some existing cryptocurrency denominated loans. This bridge loan was repaid in full on May 10, 2023.

LIQUIDITY & CAPITAL RESOURCES

We define the capital that we manage as our shareholders' equity, loans payable – cryptocurrency 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.

Cash decreased to $2.3 million as at June 30, 2023 compared to $3.9 million as at December 31, 2022. We had a working capital surplus of $6.7 million at June 30, 2023 compared to a working capital surplus of $3.0 million at December 31, 2022. This improvement in working capital is primarily due to cryptocurrency loans becoming long-term liabilities in Q1 2023, and a reduction in the Company's line of credit of $2.1 million.

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 cryptocurrency loans in good standing. A portion of our cryptocurrency loans are from the Chief Executive Officer of the Company, and the risk of the Company defaulting on the loan, or the loan being called by the creditor, are remote.

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.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

Our related party transactions include:

- Loans payable in cryptocurrency valued at $2,018,859 outstanding with the Chief Executive Officer of the Company. Interest paid on this cryptocurrency loan for the three and six months ended June 30, 2023 was $54,000 and $108,000, respectively (June 30, 2022 - $54,000 and $108,000, respectively).
- Salaries, fees, and other short term benefits paid to executive officers and directors for the three and six months ended June 30, 2023 were $112,357 and $265,527, respectively (June 30, 2022 - $238,495 and $446,672, respectively).
- Share based payments to executive officers and directors for the three and six months ended June 30, 2023 were $63,835 and $123,852, respectively (June 30, 2022 - $26,471 and $52,943, respectively).
- Interest paid to Beyond the Rhode Corporation for the three and six months ended June 30, 2023 was $160,455 and $283,742 (June 30, 2022 - $79,452 and $81,918).

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Unless otherwise noted, it is management's opinion that we are not exposed to significant interest rate, currency or credit risks arising from the financial instruments. The fair values of all of the financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments, except for the loans denominated in cryptocurrency, which are revalued at their fair value using the market rate using CoinMarketCap.com. Refer to Note 16 of our Financial Statements for further information on the Company's financial instruments.

RISK MANAGEMENT

We may be 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 us. Assets that potentially subject us to a concentration of credit risk consist primarily of cash and digital assets. We limit our exposure to credit loss by placing our cash with high credit quality financial institutions. 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.

b) Liquidity Risk

Liquidity risk is the risk that we are not able to meet our financial obligations as they fall due. Specific liquidity risk is discussed in the Financial Statements.

c) 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.. Specific market risk is discussed in the Financial Statements.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

As of the date of this MD&A, we have issued and outstanding 175,535,160 common shares. In addition, we had the following securities potentially convertible into common shares:

i) 11,017,588 stock options to purchase common shares;

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at http://www.sedar.com.

BOARD APPROVAL

The Board of Directors of the Company has approved this MD&A.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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: (i) statements regarding the future acquisition of cryptocurrency ATMs; and (ii) statements regarding the expansion plans for the Company's business.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information available as at such date and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

(a) the availability of financing opportunities, risks associated with economic conditions, dependence on management or directors and conflicts of interest, sources of income to generate cash flow, risks relating to maintenance of required licences, potential transaction and legal risks, risks relating to regulation and sale of cryptocurrency; and

(b) other risks described in this MD&A and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct.

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.

NON-GAAP MEASURES

References to EBITDA, Adjusted EBITDA in this MD&A refer to the non-GAAP ("Generally Accepted Accounting Principles") financial measure reconciled in the section "Selected Financial Information". Adjusted EBITDA is not an earnings measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. Management believes that Adjusted EBITDA is an alternative measure in evaluating the Company's business performance. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net income as determined under IFRS; nor as an indicator of financial performance as determined by IFRS; nor a calculation of cash flow from operating activities as determined under IFRS; nor as a measure of liquidity and cash flow under IFRS. The Company's method of calculating Adjusted EBITDA may differ from methods used by other Companies and, accordingly, the Company's Adjusted EBITDA may not be comparable to similar measures used by any other Company.

Throughout this MD&A, the following terms are used, which do not have a standardized meaning under IFRS.

EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization)

- "EBITDA" represents net income or loss excluding net finance income or expense, interest, income tax or recovery, depreciation, and amortization.
- "Adjusted EBITDA" represents EBITDA adjusted to exclude share-based compensation, unrealized gain or loss on the revaluation of digital assets, unrealized gain or loss on the fair value adjustment of cryptocurrency loans and derivative instruments, impairment of goodwill, and costs associated with one-time transactions (such as restructuring costs, listing fees or acquisition-related costs).
- "Adjusted EBITDA Margin" represents Adjusted EBITDA as a percentage of revenue.

EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin are used to show ongoing profitability without the impact of non-cash or non-recurring items. We believe that Adjusted EBITDA, a non-GAAP measure, is useful in evaluating our operating performance. We use Adjusted EBITDA to evaluate our ongoing operations and for internal planning and forecasting purposes. However, Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with IFRS.

RISK FACTORS

Our business, operating results and financial condition could be adversely affected by any of the risks outlined and discussed in the Financial Statements and this MD&A.

COMPETITION

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

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

ADDITIONAL FUNDING REQUIREMENTS

Further expansion of our business in Canada and internationally will require additional capital, and the ongoing costs of operations may not generate positive cash flow for the near or long term. Although we believe we have adequate funds to operate for the foreseeable future, there is no assurance that we will be successful in obtaining the required financing for these or other purposes, including for general working capital. Our ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that we will be successful in our efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuance of additional shares from treasury, control may change, and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, we may be required to scale back our current business plan or cease operating.

MARKET RISK FOR SECURITIES

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

BITCOIN AND CRYPTOCURRENCY INDUSTRY

The further development and acceptance of the bitcoin and other cryptocurrency industry is subject to a variety of factors that are difficult to anticipate and evaluate. The use of bitcoin and other cryptocurrencies to buy and sell goods and services, among other things, is a new and rapidly evolving industry. Although it is widely predicted that bitcoin (and potentially other cryptocurrencies) will become a leading class of digital asset, it cannot be assured that this will in fact occur. Any slowing or stopping of the development in the acceptance of bitcoin and other cryptocurrencies may adversely affect an investment in us. For a number of reasons, including for example the lack of recognized security technologies, inefficient or unwilling processing of payment transactions by the existing financial system, problems in the handling of warranty claims, limited user-friendliness, inconsistent quality, and lack of clear universally applicable regulation as well as uncertainties regarding proprietary rights and other legal issues, bitcoin and other cryptocurrency activities may in fact prove in the long run to be an unprofitable means for businesses. Factors affecting the further development of the bitcoin and other cryptocurrency industry include: (i) continued worldwide growth in the adoption and use of bitcoin and other cryptocurrencies; (ii) government and quasi-government regulation of bitcoin and other cryptocurrencies and their use, or restrictions on or regulation of access to and operation of bitcoin and other cryptocurrency systems; (iii) changes in consumer demographics and public tastes and preferences; (iv) the availability and popularity of other forms or methods of buying and selling goods and services; and (v) the regulatory environment and general economic conditions and the regulatory environment related to bitcoin and other cryptocurrencies. A decline in the popularity or acceptance of bitcoin and other cryptocurrencies would harm our business.

SUBJECTION TO REGULATORY ACTIONS OR CHANGES

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

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

IMPACT OF BITCOIN AND OTHER CRYPTOCURRENCY VALUE MAY AFFECT OPERATIONS

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

CHANGES IN PRICING OF INPUTS

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

RESTRICTIONS ON BANKING

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

ACCEPTANCE OF BITCOIN AND OTHER CRYPTOCURRENCIES

Currently, there is a relatively small use of cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect our operations, investment strategies, and profitability. As relatively new products and technologies, bitcoin and other cryptocurrencies have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of bitcoin and other cryptocurrency demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of cryptocurrencies. The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their market prices, either of which could adversely impact our business.

MISUSE OF BITCOIN AND OTHER CRYPTOCURRENCIES

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

UNINSURABLE RISKS

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

CONCENTRATION RISK

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

SECURITY RISK

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

BITCOIN NETWORK RISK

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