



# BITCOIN WELL

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

Management's Discussion and Analysis

For the three months ended  
March 31, 2026

(Expressed in Canadian Dollars)

## INTRODUCTION

This Management's Discussion and Analysis ("MD&A") for Bitcoin Well Inc. ("Bitcoin Well", the "Company", "we", "us", or "our") was prepared as of May 6, 2026 to assist readers in understanding our financial performance for the three months ended March 31, 2026. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto for the three months ended March 31, 2026 (the "Interim Financial Statements") and the audited annual consolidated financial statements for the year ended December 31, 2025 (the "Annual Financial Statements"). The Interim Financial Statements were prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) using accounting policies consistent with International Financial Reporting standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

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

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

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

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

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

The Board of Directors of the Company approved this MD&A on May 6, 2026.

### **KEY HIGHLIGHTS OF THE 1ST QUARTER ENDED MARCH 31, 2026**

- Revenue of \$34.9 million for the 3-months ended March 31, 2026 (Q1 2025: \$31.8 million, +10%).
  - Bitcoin Well Infinite revenue of 18.3 million in Q1 2026 (+57%).
  - Online Bitcoin Portal revenue of 12.0 million in Q1 2026 (-21%).
  - ATM revenue of \$4.6 million in Q1 2026 (-7%)
- Over 71,000 unique users in the Bitcoin Portal as of March 31, 2026 (+11% from December 31, 2025 and +82% from March 31, 2025).
- Gross profit of \$1.0 million for the 3-months ended March 31, 2026 (Q1 2025: \$1.1 million, -7%).
  - Gross margin declined to 2.9% in Q1 2026 from 3.4% in Q1 2025 due to lower margin spread on a large Bitcoin Well Infinite sale transaction.
  - The scalable growth to the Bitcoin Portal and Bitcoin Well Infinite should increase gross profit, even with a lower margin, as we expect revenue to continue growing, especially as the bitcoin market continues to hold steady and recover.
- Adjusted EBITDA of negative \$0.6 million for the 3-months ended March 31, 2026 (Q1 2025: negative \$0.4 million).

- Decrease due largely to increased investments in marketing and advertising initiatives to promote growth of the Online Bitcoin Portal and Bitcoin Well Infinite.
- Net income of \$2.3 million for the 3-months ended March 31, 2026 (Q1 2025: \$3.3 million). The net income in both Q1 2026 and Q1 2025 were primarily due to non-cash fair value adjustments related to cryptocurrency loans and digital assets.
- At March 31, 2026, we continued to hold a net investment of approximately 69 bitcoin in our Bitcoin Treasury (current fair value of \$7.7 million as at May 6, 2026).

## **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 170 Bitcoin ATMs across Canada
  - Highest margin business unit
- Non-custodial bitcoin platform (Online Bitcoin Portal)
  - Launched in Q4 2022
  - Serves customers in Canada and USA
  - Automatic self-custody (no bitcoin held on platform, safer for the customer)
  - High growth potential and high scale business unit

- Bitcoin Well Infinite (Bitcoin Concierge Service)
  - 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
  - Highest growth-potential business unit

### **Bitcoin Treasury**

In late 2024, we adopted a bitcoin treasury strategy, initially acquiring 7.53 BTC (our "Bitcoin Treasury"). In fiscal 2025, we completed several additional purchases, increasing our total Bitcoin Treasury to approximately 69 BTC at December 31, 2025. As at March 31, 2026, we continued to hold approximately 69 BTC in our Bitcoin Treasury with a fair value of \$7.7 million as of May 6, 2026.

### **BUSINESS OUTLOOK AND STRATEGY**

Our focus in the first quarter of 2026 remained on expanding our online presence in both Canada and the United States. Despite a challenging bitcoin market during this period, our financial results were resilient, with revenue climbing to \$34.9 million for the three months ending March 31, 2026. This sustained performance confirms the strength of the customer base we have built over recent years and validates the effectiveness of our marketing strategy in driving stable, sustainable growth.

Our core objective was to develop a scalable business model capable of performing well in a growing bitcoin market while also withstanding market downturns. Our financial results for the start of the year confirm that we have made great progress towards this goal.

We are confident in our outlook for continued revenue growth and customer base expansion in the upcoming quarters. Furthermore, we expect this growth to accelerate significantly as the price of bitcoin recovers and the market enters its next bull phase.

## Growth Execution - Online

Highlights of our business growth and strategic milestones achieved over the past quarter included:

- **Total registered users** - Over 71,000 unique users signed up on the Online Bitcoin Portal in Canada as of March 31, 2026:
  - Q1 2026: Addition of 8,000 new user sign ups
  - Q4 2025: Addition of 7,000 new user sign ups
  - Q3 2025: Addition of 8,100 new user sign ups
  - Q2 2025: Addition of 7,800 new user sign ups
- **United States Growth** - Our Bitcoin Portal is continuing to build momentum in the United States:
  - The platform generated over USD \$9 million in transaction volume from January 2025 through March 2026, driven by a user base that grew from approximately 11,000 registered users in 2024 to over 20,000 as of March 31, 2026.
  - Our internal data indicates that customers who complete their first transaction demonstrate strong loyalty, with repeat transaction rates exceeding 65%.

## Bitcoin Treasury Growth Strategy

We are also well positioned to continue to add to our Bitcoin Treasury over the coming quarters. We have 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, including through additional equity private placements.

Our ultimate goal is to have Bitcoin Well hold enough BTC in the future to make us one of the largest productive bitcoin treasury companies in the world.

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

For the three months ended March 31, 2026

**SELECTED FINANCIAL INFORMATION**

<b>For the three month ended March 31</b>	<b>2026</b>	<b>2025</b>
Revenue	<b>\$ 34,914,591</b>	\$ 31,802,012
Cost of coins	<b>33,909,805</b>	30,717,562
<b>Gross profit</b>	<b>1,004,786</b>	1,084,450
Gross profit margin	<b>3%</b>	3%
Operating expenses	<b>1,598,651</b>	1,439,143
Financing fees	<b>809,443</b>	705,152
Depreciation	<b>33,028</b>	106,636
Loss before other items	<b>(1,436,336)</b>	(1,166,481)
Other items	<b>3,728,152</b>	4,459,979
<b>Net income</b>	<b>\$ 2,291,816</b>	\$ 3,293,498
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$ (593,865)</b>	\$ (354,693)
<b>Adjusted Cash Flow<sup>(1)</sup></b>	<b>(850,985)</b>	(558,713)

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

<b>As at</b>	<b>March 31, 2026</b>	<b>Dec 31, 2025</b>
Cash	<b>\$ 2,387,899</b>	\$ 3,139,299
Working capital	<b>3,453,479</b>	7,986,989
Total assets	<b>23,541,381</b>	29,907,161
Shareholders' deficit	<b>(9,657,669)</b>	(7,545,275)
Long-term financial liabilities	<b>\$ 13,376,301</b>	\$ 15,809,716

**RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2026**

Total revenue for Q1 2026 reached \$34.9 million, a 10% increase from the \$31.8 million reported in Q1 2025. This growth was driven by the Bitcoin Well Infinite segment, which saw a substantial 57% increase in revenue, climbing from \$11.7 million in Q1 2025 to \$18.3 million. A significant bitcoin sale transaction of \$11.4 million in February 2026 was the major contributor to this segment's revenue in Q1 2026.

Conversely, revenue from the Online Bitcoin Portal declined to \$12.0 million, down from \$15.2 million in Q1 last year, and ATM sales decreased slightly from \$4.9 million to \$4.6 million. These lower transaction volumes and activity levels were attributed to negative macroeconomic factors within the cryptocurrency sector. Specifically, the market price of bitcoin experienced a sharp decline of over 20% during the quarter, falling from CAD \$120,000 on January 1, 2026, to under CAD \$95,000 by March 31, 2026.

Gross profit for the first quarter of 2026 was \$1.0 million, remaining stable but representing a slight decrease from the \$1.1 million recorded in the comparable quarter of 2025. However, the gross margin declined to 2.9% in Q1 2026, down from 3.4% in the prior year. This margin compression was primarily due to a large "Infinite" segment transaction, which was executed at a lower margin spread due to its significant size. Consequently, the gross margin within the Bitcoin Well Infinite segment fell to 0.9% in Q1 2026 from 1.8% in Q1 2025.

Partially mitigating this overall decline were higher margins achieved by the Online Bitcoin Portal segment, which increased to 2.0% in Q1 2026 from 1.5% in the same quarter last year. The gross margin on ATM sales in Q1 2026 remained relatively consistent with the prior year.

Operational expenses for Q1 2026, excluding depreciation and financing fees, rose to \$1.6 million from \$1.4 million in the previous year. The \$0.2 million increase was largely attributable to higher marketing and advertising investments to promote user growth on the Online Bitcoin Portal and Bitcoin Well Infinite, higher salaries and wages as we added internal resources to support marketing and business growth; and higher software and technology related costs to support our growth and expansion with customers located in the United States. The higher expenses were partially offset by lower service costs related to ATM logistics and operating costs.

Adjusted EBITDA for Q1 2026 was negative \$0.6 million, compared to negative \$0.4 million in Q1 2025. The \$0.2 million decline was attributable to the increase in operating expenses discussed above and a slightly lower gross profit in Q1 2026.

Financing fees rose to \$0.8 million in Q1 2026, up from \$0.7 million in the previous year. The increase was primarily attributed to higher outstanding balances on our line of credit and higher interest rates applicable to certain of our cryptocurrency loans. Our financing fees consist of interest costs related to our convertible debt, cryptocurrency loans, and line of credit.

In Q1 2026, we reported net income of \$2.3 million, compared to net income of \$3.3 million in Q1 2025. These figures include the impact of bitcoin price fluctuations, and therefore do not accurately reflect the Company's underlying financial performance. A more accurate representation is the loss before other items, which excludes fair value changes related to bitcoin-denominated assets and liabilities. This metric shows a loss of \$1.4 million in Q1 2026, compared to \$1.2 million in Q1 2025. The higher loss in 2026 was primarily due to higher operating expenses, and a slightly lower gross profit, as discussed above.

A significant factor in the net income for Q1 2026 was a \$3.7 million gain tied to the revaluation of cryptocurrency loans (compared to a \$2.3 million gain in Q1 2025). 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.

For the three months ended March 31, 2026

During the three months ended March 31, 2026, we recognized a \$5.1 million unrealized loss (Q1 2025 - \$4.7 million unrealized loss) on digital assets in other comprehensive income, which was partially offset by a \$3.7 million gain (Q1 2025 - \$2.3 million gain) on the revaluation of cryptocurrency loans.

## SUMMARY OF QUARTERLY RESULTS

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

	2025 - Q2		2025 - Q3		2025 - Q4		2026 - Q1	
Revenue	\$	32,100,176	\$	34,035,308	\$	35,021,324	\$	34,914,591
Gross profit		1,363,095		1,318,675		1,191,395		1,004,786
Gross profit %		4%		4%		3%		3%
Net income (loss)		(4,164,212)		(4,143,230)		4,220,787		2,291,816
Adjusted EBITDA		(113,906)		(255,109)		(698,156)		(593,865)
EPS - basic	\$	(0.02)	\$	(0.02)	\$	0.01	\$	0.01
EPS - diluted		(0.02)		(0.02)		0.01		0.01
Common shares outstanding								
Basic		221,753,749		228,260,618		349,791,048		354,107,800
Diluted		221,753,749		228,260,618		387,976,469		367,558,401

Our revenue in Q1 2026 of \$35.0 million was consistent with the revenue reported in the previous quarter ended December 31, 2025. Higher revenue from the Bitcoin Well Infinite segment was offset by lower volumes within the Online and ATM segments. Our gross profit declined to \$1.0 million from \$1.2 million in Q4 2025 due to a lower gross margin. The margin compression was primarily due to a large "Infinite" segment transaction, which was executed at a lower margin spread due to its significant size.

Adjusted EBITDA improved to negative \$0.6 million, compared to negative \$0.7 million in the prior quarter, due to lower operating expenses, and in particular lower marketing and advertising expenses. We generated positive net income of \$2.3 million and \$4.2 million, respectively in both Q1 2026 and Q4 2025. The major variance was largely due to the fair value changes in cryptocurrency loans. Specifically, Q1 2026 included a fair value revaluation gain of \$3.7 million on these loans, compared to a revelation gain of \$5.6 million in Q4 2025.

In Q4 2025, revenue saw a slight increase, rising to \$35.0 million from \$34.0 million in Q3 2025. This growth was primarily driven by higher revenue from the Bitcoin Well Infinite business segment. However, despite the revenue increase, gross profit declined from \$1.3 million in Q3 2025 to \$1.2 million in Q4 2025 due to a lower gross margin. Adjusted EBITDA declined to negative \$0.7 million, compared to negative \$0.3 million in the prior quarter. This was a result of higher operating expenses, specifically in marketing and advertising, salaries and wages, and software and technology-related costs supporting marketing and business growth initiatives.

A significant shift occurred in net income, which turned positive at \$4.2 million in Q4 2025, compared to a net loss of \$4.1 million in Q3 2025. This major variance was largely due to the fair value changes in cryptocurrency loans. Specifically, Q4 2025 included a fair value revaluation gain of \$5.6 million on these loans, contrasting sharply with the revaluation loss of \$1.9 million recorded in Q3 2025.

In Q3 2025, our revenue rose to \$34.0 million from \$32.1 million in the previous quarter, driven primarily by increased ATM sales and growth in our Online Bitcoin Portal. Despite this, gross profit remained relatively stable compared to the prior quarter. This was due to a reduced gross margin on ATM sales, which was negatively impacted by a non-recurring cash shrinkage of \$0.1 million in Q3 2025, resulting from ATM thefts. This non-recurring loss also contributed to a slight weakening in Adjusted EBITDA for the quarter.

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 2024, due to 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 growth in gross profit from our Online and Bitcoin Well Infinite business segments.

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 appropriate 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

Our working capital saw a \$4.5 million decrease, falling to \$3.5 million as of March 31, 2026, from \$8.0 million at December 31, 2025. The largest driver of this reduction was a \$5.1 million non-cash revaluation of our digital asset balances, due to a decline in the value of bitcoin during the quarter. The actual number of bitcoin held within digital assets remained the same from December 31, 2025 to March 31, 2026.

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. During the three months ended March 31, 2026, we utilized our ATM Program to help maintain our liquidity position. We may also complete additional equity and debt capital raises in the future to help maintain or improve our liquidity position.

## **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 months ended March 31, 2026, we issued 850,000 common shares, for net proceeds of \$97,558 related to the ATM Program.

We intend to use the net proceeds from the ATM Program, together with our current cash resources, to fund general corporate purposes, including ongoing operations and/or working capital requirements; to 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.

### **b) Liquidity Risk**

Liquidity risk is the risk that we are not able to meet our financial obligations as they come due. As at March 31, 2026 we had a positive working capital balance of \$3.5 million (December 31, 2025 – \$8.0 million) and cash balances of \$2.4 million (December 31, 2025 – \$3.1 million). Our short-term liabilities at March 31, 2026 were \$19.8 million (December 31, 2025 – \$21.6 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 portions of loans payable – crypto currency and convertible debt (excluding \$0.2 million 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.

Subsequent to March 31, 2026, all of the tranches advanced under the line of credit were renewed for an additional 12 months and now incur interest at 9.99% per annum and mature in various tranches in April 2027. In addition, the convertible debentures that are scheduled to mature in Q1 2027 are also subject to an automatic one year extension. However, there is no guarantee the tranches advanced under the line of credit or the convertible debentures will be extended by the lenders.

### **Line of Credit**

Our line of credit is 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.

As of March 31, 2026, our line of credit was secured by 202 Bitcoin, which had a fair value of \$19.2 million. This represented a Loan to Value ratio of 59%.

Our approach to managing liquidity risk is to ensure that we will have sufficient liquidity to meet liabilities when due. During the year ended December 31, 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 also completed an equity private placement for net proceeds of \$12.2 million in September 2025.

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

### **c) Foreign Currency Risk**

We are exposed to foreign currency risk in relation to our line of credit, which is denominated in USD. Based on the balance of the line of credit denominated in USD at March 31, 2026, a 5% increase or decrease in the exchange rate would result in a gain or loss of \$0.6 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.

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.

A decline in the market prices for cryptocurrencies could negatively impact our future operations. We have not hedged the conversion of our inventory into sales. Cryptocurrencies have a limited history, and the fair value historically has been volatile. Historical performance of cryptocurrencies is not indicative of their future price performance. Our inventory consists primarily of Bitcoin and Ethereum.

With a 10% change to the price of bitcoin, our digital assets at March 31, 2026 would increase or decrease by \$1.9 million, inventory would increase or decrease by \$0.1 million, and our loans payable - crypto currency would increase or decrease by \$1.4 million.

#### **e) Interest Rate Risk**

We are exposed to interest rate cash flow risk associated with our Debenture A and Debentures B as these instruments bear interest at a variable market rate. With a 100 basis point change in market interest rates, our interest expense for the three months ended March 31, 2026 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 \$3.8 million outstanding at March 31, 2026 with the Chief Executive Officer of the Company. Interest incurred on this cryptocurrency loan for the three months ended March 31, 2026 was \$43 thousand (Q1 2025 - \$43 thousand);
- Loans payable in cryptocurrency consisting of 10 bitcoins valued at \$0.9 million outstanding at March 31, 2026 with Beyond the Rhode Corp (BTR), a company controlled by Terry Rhode, a director of Bitcoin Well. Interest incurred on this cryptocurrency loan for the three months ended March 31, 2026 was \$27 thousand (Q1 2025 - \$37 thousand);
- In Q1 2025, we incurred \$0.1 million (Q1 2025 - \$0.1 million) in interest on a \$4.1 million convertible debenture owed to BTR. Royalties payable related to the debenture were \$34 thousand in Q1 2026, compared to \$nil in Q1 2025. During the comparative three months ended March 31, 2025, BTR agreed to waive all royalty payments otherwise due in exchange for an extension of the royalty for an additional period of 3 months.
- In the first quarter of 2025, we incurred \$18 thousand of interest expense related to the Debentures C held by BTR. This excludes accretion expense and compares to \$18 thousand in the first quarter of 2025. As at March 31, 2026, BTR held a principal amount of \$900,000 of the Debentures C.
- Salaries, fees, and other short term benefits paid to executive officers and directors for the three months ended March 31, 2026 was \$0.2 million (Q1 2025 - \$0.2 million); and
- Share based payments expense related to executive officers and directors for the three months ended March 31, 2026 was \$74 thousand (Q1 2025 - \$15 thousand).

For the three months ended March 31, 2026

- During the three months ended March 31, 2026, the Chief Executive Officer of the company purchased \$1 thousand (2025 - \$42 thousand), and sold \$17 thousand (2025 - \$nil) of cryptocurrency through the Company's online platform.
- During the three months ended March 31, 2026, a company of which the Chief Executive Officer owns 33%, sold \$22 thousand (2025 - \$13 thousand) of cryptocurrency through the Company's online platform.

### DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, we have issued and outstanding 359,516,209 common shares. In addition, we had the following securities potentially convertible into common shares:

- 14,598,835 stock options, exercisable to acquire common shares at prices ranging from \$0.05 to \$0.31 per option;
- 122,471,380 warrants exercisable to acquire common shares at a price of \$0.1875 per share, expiring on September 29, 2027;
- 23,291,985 warrants exercisable to acquire common shares at a price of \$0.18 per share, expiring on September 1, 2026;
- 6,140,000 warrants, exercisable to acquire common shares at a price of \$0.05 per share, expiring on September 7, 2028;
- 6,906,684 warrants, exercisable to acquire common shares at a price of \$0.275 per share, expiring on March 22, 2027;
- 8,980,956 warrants, exercisable to acquire common shares at a price of \$0.30 per share, expiring on December 30, 2029;
- 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 share, expiring on March 22, 2027;
- 334,782 compensation 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 share, expiring on December 30, 2029;
- Convertible debt in the principal amount of \$4.1 million convertible into 16,400,000 common shares at a price of \$0.25 per share;
- Convertible debt in the principal amount of \$1.1 million convertible into 7,471,567 common shares at a price of \$0.15 per share; and

- xi) Convertible debt in the principal amount of \$2.0 million convertible into 8,695,652 common shares at a price of \$0.23 per share.

## **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, 2025, 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, 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, non-recurring start-up costs, or business acquisition related costs).

For the three months ended March 31, 2026

### 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 income to Adjusted EBITDA and Adjusted Cash Flow for each of the periods presented in this MD&A follows:

For the three month ended March 31	2026	2025
<b>Net income</b>	<b>\$ 2,291,816</b>	\$ 3,293,498
Financing fees	<b>809,443</b>	705,152
Depreciation	<b>33,028</b>	106,636
Fair value change - crypto loans <sup>(1)</sup>	<b>(3,657,737)</b>	(2,253,103)
Share based compensation	<b>126,691</b>	104,318
Foreign exchange loss (gain)	<b>177,832</b>	(16,894)
Fair value change - crypto inventory	<b>252,251</b>	156,586
Fair value change - convertible debt	<b>(627,189)</b>	27,557
Realized gain on digital assets	-	(2,478,443)
<b>Adjusted EBITDA</b>	<b>\$ (593,865)</b>	\$ (354,693)
Less: financing fees	<b>(809,443)</b>	(705,152)
Add: non-cash interest items <sup>(2)</sup>	<b>552,323</b>	501,132
<b>Adjusted Cash Flow</b>	<b>\$ (850,985)</b>	\$ (558,713)

(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 Online Bitcoin 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.