BITCOIN WELL
TSX.V:BTCW OTCQB:BCNWF

Management's Discussion and Analysis

For the three and six months ended
June 30, 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 August 12, 2026 to assist readers in understanding our financial performance for the three and six months ended June 30, 2026. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto for the three and six months ended June 30, 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".

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

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

The Board of Directors of the Company approved this MD&A on August 12, 2026.

KEY HIGHLIGHTS OF THE 2ND QUARTER ENDED JUNE 30, 2026

- Revenue of $18.5 million for the 3-months ended June 30, 2026 (Q2 2025: $32.1 million, -43%) and $53.4 million for the 6-months ended June 30, 2026 (2025: $63.9 million, -16%).
- Over 77,000 unique users in the Bitcoin Portal as of June 30 2026 (+8% from March 31, 2026 and +58% from June 30, 2025).
    - Includes over 2,000 active customers in the month of June, a 12% improvement over May.
- Gross profit of $1.0 million for the 3-months ended June 30, 2026 (Q2 2025: $1.4 million, -24%) and $2.0 million for the 6-months ended June 30, 2026 (2025: $2.4 million, -16%).
    - Gross margin increased to 5.6% in Q2 2026 from 4.2% in Q2 2025 due to changes in sales mix and improved margins within both the Online Bitcoin Portal and Bitcoin Well Infinite business lines.
    - Year-to date gross margin held steady at 3.8% in 2026, compared to 3.8% in 2025.
- Adjusted EBITDA of negative $0.5 million for the 3-months ended June 30, 2026 (Q2 2025: negative $0.1 million) and negative $1.1 million for the 6-months ended June 30, 2026 (2025: negative $0.5 million).
- Net loss of $38 thousand for the 3-months ended June 30, 2026 (Q2 2025 : net loss of $4.2 million) and net income of $2.3 million for the 6-months ended June 30, 2026 (2025: net loss of $0.9 million). The large net income year-to-date in 2026 and nominal net loss in Q2 2026 were primarily due to non-cash fair value adjustments related to cryptocurrency loans.

- As at August 12, 2026, we continue to hold a net investment of approximately 69 bitcoin in our Bitcoin Treasury.

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 August 12, 2026, we continued to hold approximately 69 BTC in our Bitcoin Treasury with a fair value of $6.1 million as of August 12, 2026.

BUSINESS OUTLOOK AND STRATEGY

Navigating the challenging market environment of the first half of 2026, Bitcoin Well demonstrated meaningful operational resilience. While top-line revenue experienced a contraction—reporting $18.5 million in Q2 2026 and $53.4 million year-to-date, we successfully navigated these headwinds by focusing on efficiency and margin optimization. Notably, gross margins expanded significantly to 5.6% in Q2 2026, up from 4.2% in the prior year's comparative period, reflecting a higher margin revenue mix and improved performance across our core business lines.

June provided encouraging evidence of our underlying momentum, showing broad-based growth in new customer registrations, active users, and gross profit. With registered users now exceeding 77,000 and the successful deployment of operational upgrades—such as our autonomous "GhostOps" platform and AI-powered support agents—we are actively enhancing both our platform scalability and the customer experience. These internal advancements are complemented by significant strategic milestones, including our new partnership with Heritage IRA and our designation as the official Bitcoin partner for The Bitcoin Family Office Group.

We remain confident in our outlook. By prioritizing operational excellence and deepening our strategic alliances, Bitcoin Well has solidified a strong foundation for the future. We anticipate that these foundational advancements will position us to accelerate revenue growth and capture significant market opportunity as cryptocurrency market conditions normalize and improve.

Growth Execution

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

- **Total registered users** - Over 77,000 unique users signed up on the Online Bitcoin Portal as of June 30, 2026:
  - Q2 2026: Addition of 6,000 new user sign ups
  - Q1 2026: Addition of 8,000 new user sign ups
  - Q4 2025: Addition of 7,000 new user sign ups
  - Q3 2025: Addition of 8,000 new user sign ups

- **Operation Enhancements** – In Q2 2026, we launched a series of operational upgrades across our customer support and ATM operations, including:
  - Migration to a new customer success platform with AI-powered support agent - providing customers with real-time support before escalating to a human team member
  - Launched native knowledge base support in French and Spanish for the first time
  - Deployed an autonomous platform "GhostOps" that proactively monitors the Company's ATM fleet and resolves machine issues to keep them online - expected to reduce operating expenses by bringing remote machine management in-house while improving machine up time.

  We expect these initiatives will reduce recurring costs, improve gross margins, and provide customers a better overall experience.

- **Heritage IRA Partnership** – In Q2 2026, we entered a partnership with Heritage IRA Inc. ("Heritage" or "the Partner") to bring a Bitcoin IRA offering to market and enable bitcoin-funded retirement accounts directly inside the Bitcoin Portal. Implementation of this offering is in progress with a targeted launch for US customers in Q3 2026.

The partnership opens access to bitcoin ownership within tax-advantaged retirement accounts, giving customers exposure to bitcoin for retirement with the transparency of on-chain visibility into their holdings. Heritage IRA will charge a flat, wholesale rate to Bitcoin Well per account, which Bitcoin Well can pass along to the customer, subsidize for marketing and promotional reasons, or markup and earn a profit. Bitcoin Well will also earn the full spread from all transactions that occur inside the IRA account.

- **Bitcoin Family Office Group partner** – In Q2 2026, Bitcoin Well Infinite was named the official Bitcoin partner of The Bitcoin Family Office Group ("TBFOG"), a coordinated platform bringing together independent bitcoin-native firms across wealth, tax, legal, acquisition, and mining. As the official Bitcoin partner, we will exclusively provide TBFOG clients with bitcoin buying, selling, and settlement, delivered directly to the customer's personal bitcoin wallet.

Bitcoin Treasury Growth Strategy

We are also well positioned to continue to add to our Bitcoin Treasury over the coming years. 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.

SELECTED FINANCIAL INFORMATION

	Three months ended		Six months ended	
	June 30, 2026	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Revenue	**$ 18,452,484**	$ 32,100,176	**$ 53,367,075**	$ 63,902,188
Cost of coins	**17,411,122**	30,737,081	**51,320,927**	61,454,643
Gross profit	**1,041,362**	1,363,095	**2,046,148**	2,447,545
Gross profit margin	**6%**	4%	**4%**	4%
Operating expenses	**1,565,162**	1,477,001	**3,163,813**	2,916,144
Financing fees	**747,769**	805,614	**1,557,212**	1,510,766
Depreciation	**17,754**	109,653	**50,782**	216,289
Loss before other items	**(1,289,323)**	(1,029,173)	**(2,725,659)**	(2,195,654)
Other items (income)	**(1,251,255)**	3,135,039	**(4,979,407)**	(1,324,940)
Net (loss) income	**$ (38,068)**	$ (4,164,212)	**$ 2,253,748**	$ (870,714)
Adjusted EBITDA[(1)]	**$ (523,800)**	$ (113,906)	**$ (1,117,665)**	$ (468,599)
Adjusted Cash Flow[(1)]	**(788,182)**	(385,740)	**(1,639,167)**	(944,453)

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

As at	**June 30, 2026**	**Dec 31, 2025**
Cash	**$ 2,176,791**	$ 3,139,299
Working capital	**456,607**	7,986,989
Total assets	**20,692,153**	29,907,161
Shareholders' deficit	**(11,718,765)**	(7,545,275)
Long-term financial liabilities	**$ 12,422,772**	$ 15,809,716

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2026

During the second quarter of 2026, total revenue experienced a 43% contraction, dropping to $18.5 million from the $32.1 million recorded in Q2 2025. This downturn was driven by the bitcoin price drop and lower industry-wide interest. In detail, the Online Bitcoin Portal generated $8.3 million in revenue, compared to $14.6 million in the same period last year. Bitcoin Well Infinite sales decreased to $5.4 million from $11.5 million in Q2 2025, while ATM sales fell to $4.8 million from $6.0 million.

This reduction in activity and transaction volume was primarily due to adverse macroeconomic pressures within the broader cryptocurrency industry. Most notably, the market price of bitcoin dropped by 12% over the three-month period, starting at approximately CAD $95,000 on April 1, 2026, and ending below CAD $84,000 as of June 30, 2026. This trend reflects a persistent bear market throughout 2026, with bitcoin prices falling by more than 30% since the start of the calendar year.

Gross profit for Q2 2026 stood at $1.0 million, matching the performance of the preceding quarter but decreasing from the $1.3 million achieved in Q2 2025. Conversely, the company's gross margin expanded significantly to 5.6% in the second quarter of 2026, up from 4.2% in the prior year's comparative period. This margin improvement was influenced by several factors: (i) changes in revenue mix featuring a greater proportion of higher-margin ATM transactions compared to last year, and (ii) improved margins within both the Online Bitcoin Portal and Bitcoin Well Infinite business lines. Specifically, margins for the Online Bitcoin Portal grew to 2.4% (up from 1.6% in Q2 2025) and Bitcoin Well Infinite rose to 2.7% (up from 1.5% in Q2 2025). These elevated margins were realized through wider operational spreads on transactions alongside increased fee generation from expansion in the United States customer segment.

For the second quarter of 2026, operational expenses (excluding financing fees and depreciation) increased to $1.6 million, up from $1.5 million in Q2 2025. This $0.1 million rise was primarily driven by higher software and technology costs required to support expansion and customer growth in the United States, alongside increased salaries and wages from adding internal resources to drive marketing and business growth.

Financing fees decreased slightly to $0.7 million in Q2 2026 from $0.8 million in the prior year. This reduction was mainly due to lower interest rates on tranches drawn from the line of credit; specifically, the rate was reduced from 12.3% to 9.99% in April 2026, and further cut to 9.0% in June 2026. Financing fees comprise interest expenses from the line of credit, cryptocurrency loans, and convertible debt.

The Company recorded a net loss of $38 thousand for Q2 2026, a substantial improvement compared to the $4.2 million net loss in Q2 2025. Because these results are heavily influenced by bitcoin price volatility, they do not fully demonstrate the Company's core operational performance.

Excluding fair value adjustments on bitcoin-denominated assets and liabilities provides a clearer picture through the loss before other items, which was $1.3 million in Q2 2026 compared to $1.0 million in Q2 2025. This year-over-year increase in loss was primarily driven by lower gross profit and the higher operating expenses noted above.

Net income in Q2 2026 was significantly impacted by a $1.7 million non-cash gain from revaluing cryptocurrency loans, contrasting with a $3.9 million loss in Q2 2025. Under IFRS rules, cryptocurrency loans must be revalued at fair value at the end of each reporting period, with fluctuations recorded in profit and loss. Although this mark-to-market adjustment captures unrealized shifts at a given point in time, it does not represent realized cash flows or directly reflect underlying business trends.

In contrast, IFRS requires fair value adjustments for digital assets to be recorded in other comprehensive income rather than profit and loss. Consequently, unrealized value fluctuations in both digital assets and cryptocurrency loans can create substantial variance in net income (loss) without reflecting core business operations. During the three months ended June 30, 2026, the Company recorded a $2.4 million unrealized loss on digital assets in other comprehensive income (compared to a $3.9 million unrealized gain in Q2 2025), which was partially offset by the $1.7 million revaluation gain on cryptocurrency loans.

To eliminate the volatility introduced by these non-cash revaluations, Adjusted EBITDA is utilized as a more reliable measure of operational health. Driven by lower gross profit and slightly higher operating, Adjusted EBITDA for Q2 2026 declined to negative $0.5 million from negative $0.1 million in Q2 2025.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2026

Total revenue for the six months ended June 30, 2026 decreased by 16% to $53.4 million, down from $63.9 million in the same period of 2025. This contraction was primarily driven by lower revenue from the Online Bitcoin Portal, which dropped to $20.3 million from $29.8 million, and a minor reduction in ATM sales from $10.9 million to $9.4 million. These declines were partially offset by a modest increase in the Bitcoin Well Infinite segment, which rose to $23.8 million from $23.2 million in 2025. A key driver for the Infinite segment during this half-year period was a substantial $11.4 million bitcoin sale completed in February 2026.

Reflecting the trends observed in Q2 2026, the overall reduction in revenue for the first six months of 2026 is linked to prevailing macroeconomic headwinds in the cryptocurrency sector. Notably, the market price of bitcoin plunged by more than 30% year-to-date, tumbling from CAD $120,000 on January 1, 2026, to below CAD $84,000 by June 30, 2026.

The year-to-date gross margin for the first half of 2026 remained stable at 3.8%, tracking the previous year, though gross profit fell to $2.0 million from the $2.4 million recorded in 2025. Improved operational margins achieved in the Online Bitcoin Portal were completely offset by a lower margin in the Infinite segment, where the gross margin compressed from 1.7% in the prior year to 1.3%. This contraction was chiefly driven by an exceptionally large $11.4 million Infinite transaction that required a narrower margin spread due to its substantial volume.

Operational costs for the six months ended June 30, 2026, excluding financing fees and depreciation, rose to $3.2 million from $2.9 million in the prior year. This increase was primarily driven by higher software and technology-related costs to support our growth and expansion with US-based customers, alongside higher salaries and wages as we added internal resources to support marketing and business growth. These higher expenses were partially offset by lower service costs related to ATM logistics and operating costs, as well as lower consulting fees.

For the six months ended June 30, 2026, Adjusted EBITDA was negative $1.1 million, compared to negative $0.5 million in 2025. This $0.6 million decline was attributable to the increase in operating expenses and lower gross profit discussed above.

Financing fees experienced a slight increase to $1.6 million from $1.5 million in the prior year, primarily due to higher interest rates applicable to certain cryptocurrency loans and higher outstanding balances on our line of credit. As noted previously in this MD&A, this increase was partially offset by lower interest rates on tranches drawn from the line of credit; specifically, the rate was reduced from 12.3% to 9.99% in April 2026, and further cut to 9.0% in June 2026.

We recorded a $5.4 million gain related to the revaluation of cryptocurrency loans in the first six months of 2026, compared to a loss of $1.7 million in 2025. As previously noted in this MD&A, these non-cash gains and losses arise because IFRS requires us to revalue our cryptocurrency loans at fair value at the end of each reporting period, with the change recognized in profit and loss.

Driven by these revaluation adjustments, we generated net income of $2.3 million for the six months ended June 30, 2026, compared to a net loss of $0.9 million last year. Excluding other items, our loss before other items increased to $2.7 million for the six months ended June 30, 2026, from a loss of $2.2 million in 2025.

SUMMARY OF QUARTERLY RESULTS

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

	2025 - Q3	2025- Q4	2026 - Q1	2026 - Q2
Revenue	$ 34,035,308	$ 35,021,324	$ 34,914,591	$ 18,452,484
Gross profit	1,318,675	1,191,395	1,004,786	1,041,362
Gross profit %	4%	3%	3%	6%
Net income (loss)	(4,143,230)	4,220,787	2,291.816	(38,068)
Adjusted EBITDA	(255,109)	(698,156)	(593,865)	(523,800)
EPS - basic	$ (0.02)	$ 0.01	$ 0.01	$ (0.00)
EPS - diluted	(0.02)	0.01	0.01	(0.00)
Weighted average common shares outstanding:				
Basic	228,260,618	349,791,048	354,107,800	358,660,180
Diluted	228,260,618	387,976,469	367,558,401	358,660,180

During the second quarter of 2026, revenue experienced a significant contraction, falling to $18.5 million from the $34.9 million reported in Q1 2026. Driven by negative macroeconomic conditions affecting the broader cryptocurrency landscape, transaction volumes and user activity contracted across all primary service channels.

Despite this decline in revenue, gross profit held steady at $1.0 million, resulting in a substantial expansion of our gross margin to 5.6% from the 2.9% recorded in the previous quarter. This improved profitability margin was achieved through shifts in our revenue mix, specifically supported by a higher share of ATM sales and stronger performance from the Online Bitcoin Portal. Furthermore, gross margins in Q1 2026 had been compressed by a high-volume transaction within the "Infinite" segment that carried a narrower spread.

Supported by consistent quarter-over-quarter gross profit, Adjusted EBITDA registered a slight improvement, moving to negative $0.5 million from negative $0.6 million in Q1 2026. The Company posted a net loss of $38 thousand for Q2 2026, relative to a net income of $2.3 million in the prior period. This bottom-line variance was chiefly driven by adjustments in the fair value of cryptocurrency loans; Q2 2026 recorded a revaluation gain of $1.7 million, compared to a $3.7 million revaluation gain during Q1 2026.

Our revenue in Q1 2026 of $34.9 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).

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 $7.5 million decrease, falling to $0.5 million as of June 30, 2026, from $8.0 million at December 31, 2025. The largest driver of this reduction was a $7.5 million non-cash revaluation of our digital asset balances, due to a decline in the value of bitcoin during the six month period. The actual number of bitcoin held within digital assets remained similar from December 31, 2025 to June 30, 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 six months ended June 30, 2026, we also 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 are 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.

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.

During the six months ended June 30, 2026, we issued 850,000 common shares, for net proceeds of $97,558 related to the ATM Program.

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 June 30, 2026 we had a positive working capital balance of $0.5 million (December 31, 2025 – $8.0 million) and cash balances of $2.2 million (December 31, 2025 – $3.1 million). Our short-term liabilities at June 30, 2026 were $20.0 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.

In June 2026, all of the tranches advanced under the line of credit were extended for an additional 12 months and now mature in June 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 in the future.

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 80% (increased in June 2026 from 70% previously) of the Collateral (the "Loan to Value"). If the Loan to Value exceeds 80%, 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 90% (increased in June 2026 from 80% previously), 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 June 30, 2026, our line of credit was secured by 202 Bitcoin, which had a fair value of $16.8 million. This represented a Loan to Value ratio of 70%.

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 June 30, 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 June 30, 2026 would increase or decrease by $1.7 million, inventory would increase or decrease by $0.1 million, and our loans payable - crypto currency would increase or decrease by $1.2 million.

e) Interest Rate Risk

We are exposed to interest rate cash flow risk associated with our Debenture A and Debentures B as these instruments bear interest at a variable market rate. With a 100 basis point change in market interest rates, our interest expense for the three months ended June 30, 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 $3.3 million outstanding at June 30, 2026 with the Chief Executive Officer of the Company. Interest incurred on this cryptocurrency loan for the three and six months ended June 30, 2026 was $43 thousand and $86 thousand (2025 - $43 thousand and $86 thousand), respectively;

- Loans payable in cryptocurrency consisting of 10 bitcoins valued at $0.8 million outstanding at June 30, 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 and six months ended June 30, 2026 was $24 thousand and $51 thousand (2025 - $33 thousand and $70 thousand), respectively;

- In the three and six months ended June 30, 2026, we incurred $0.1 million and $0.2 million (2025 - $0.1 million and $0.2 million), respectively, in interest on a $4.1 million convertible debenture owed to BTR. Royalties payable related to the debenture were $34 thousand and $67 thousand (2025 - $39 thousand and $39 thousand), respectively. During the three months ended March 31, 2025 in the comparative year-to-date period, BTR agreed to waive all royalty payments otherwise due in exchange for an extension of the royalty for an additional period of 3 months;

- For the three and six months ended June 30, 2026, we incurred $18 thousand and $36 thousand, respectively of interest expense related to the Debentures C held by BTR. This excludes accretion expense and compares to $18 thousand and $36 thousand, respectively in 2025. As at June 30, 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 and six months ended June 30, 2026 was $0.2 million and $0.4 million (2025 - $0.1 million and $0.3 million), respectively. We began including our Vice President Operations in executive officer compensation, commencing with the 2026 fiscal year;

- Share based payments expense related to executive officers and directors for the three and six months ended June 30, 2026 was $74 thousand and $149 thousand (2025 - $15 thousand and $30 thousand), respectively;

- During the three and six months ended June 30, 2026, the Chief Executive Officer of the company purchased $0.45 million and $0.45 million (2025 - $4 thousand and $51 thousand) respectively, and sold $6 thousand and $23 thousand (2025 - $10 thousand and $14 thousand) respectively, of cryptocurrency through the Company's online platform.

- During the three and six months ended June 30, 2026, a company of which the Chief Executive Officer owns 33%, sold $31 thousand and $52 thousand (2025 - $nil and $nil) respectively, 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 368,140,235 common shares. In addition, we had the following securities potentially convertible into common shares:

i) 14,398,835 stock options, exercisable to acquire common shares at prices ranging from $0.05 to $0.31 per option;
ii) 122,471,380 warrants exercisable to acquire common shares at a price of $0.1875 per share, expiring on September 29, 2027;
iii) 23,291,985 warrants exercisable to acquire common shares at a price of $0.18 per share, expiring on September 1, 2026;
iv) 6,140,000 warrants, exercisable to acquire common shares at a price of $0.05 per share, expiring on September 7, 2028;
v) 6,906,684 warrants, exercisable to acquire common shares at a price of $0.275 per share, expiring on March 22, 2027;
vi) 8,980,956 warrants, exercisable to acquire common shares at a price of $0.30 per share, expiring on December 30, 2029;
vii) 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;
viii) 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;
ix) 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;
x) 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).

Adjusted Cash Flow

Adjusted Cash Flow is defined as Adjusted EBITDA less financing fees, excluding non-cash interest related items. Non-cash interest items include interest on cryptocurrency loans and convertible debt that were settled in common shares or are intended to be settled in common shares, non-cash interest on the line of credit where the accrued interest is added to the principal balance of the loan, and accretion expense on convertible debt.

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

	Three months ended		Six months ended	
	June 30, 2026	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Net (loss) income	**$ (38,068)**	$ (4,164,212)	**$ 2,253,748**	$ (870,714)
Financing fees	**747,769**	805,614	**1,557,212**	1,510,766
Depreciation	**17,754**	109,653	**50,782**	216,289
Fair value change - crypto loans[1]	**(1,695,666)**	3,909,995	**(5,353,403)**	1,656,892
Share based compensation	**126,690**	31,591	**253,381**	135,909
Foreign exchange loss (gain)	**238,032**	(483,655)	**415,864**	(500,549)
Gain on disposal of property and equipment	**(7,553)**	-	**(7,553)**	-
Fair value change - crypto inventory[1]	**116,940**	(269,648)	**369,191**	(113,062)
Fair value change - convertible debt	**(29,698)**	(53,244)	**(656,887)**	(25,687)
Realized gain on digital assets[1]	**-**	-	**-**	(2,478,443)
Adjusted EBITDA	**$ (523,800)**	$ (113,906)	**$ (1,117,665)**	$ (468,599)
Less: financing fees	**(747,769)**	(805,614)	**(1,557,212)**	(1,510,766)
Add: non-cash interest items[2]	**483,387**	533,780	**1,035,710**	1,034,912
Adjusted Cash Flow	**$ (788,182)**	$ (385,740)	**$ (1,639,167)**	$ (944,453)

(1) Non-cash, fair value change on the revaluation of cryptocurrency loans is partially 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; gross margin improvements in the future; future renewal or extension of existing convertible debt, 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.