

## BITCOIN WELL ANNOUNCES SECOND QUARTER 2021 FINANCIAL RESULTS HIGHLIGHTED BY REVENUE GROWTH OF 405%

**Edmonton, Alberta – August 23, 2021 – Bitcoin Well Inc.** (TSXV: BTCW) (“Bitcoin Well” or the “Company”) today announced our financial and operating results for the second quarter and first half of 2021. The interim Financial Statements and Notes, as well as Management’s Discussion and Analysis (“MD&A”) for the three and six month periods ended June 30, 2021 and 2020 are available on our website and have been filed on SEDAR.

“I am excited to share the numerous transformational milestones achieved by Bitcoin Well during the second quarter. We enhanced our Board of Directors, closed a \$7 million private placement financing, and opened an over-the-counter (“OTC”) office in Calgary. We have also continued to expand, including the international acquisition of a UK bitcoin ATM operator,” said Adam O’Brien, Founder and CEO of Bitcoin Well. “Since then, Bitcoin Well has officially become the first publicly-traded bitcoin ATM company in the world<sup>1</sup> with our listing on the TSX Venture Exchange (“TSXV”) at the end of July; we have also assumed the assets of Crypto Kiosk in northern Ontario, and brought new technology solutions in-house with the proposed acquisition of Ghostlab. We look forward to building on this momentum for the second half of the year.”

### Overview

	For the three months ended,		For the six months ended,	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenue (\$000s)	\$ 41,734	\$ 8,268	\$ 69,259	\$ 14,489
Gross Profit (\$000s)	\$ 1,157	\$ 1,140	\$ 3,460	\$ 1,632
Gross Profit Margin (%)	3%	14%	5%	11%
Net Income (Loss)	\$ 30	\$ 37	\$ (4,333)	\$ (145)
Adjusted EBITDA <sup>1</sup> (\$000s)	\$ (845)	\$ 542	\$ (17)	\$ 530
Adjusted EBITDA <sup>1</sup> Margin (%)	(2.0)%	6.6%	(0.0)%	3.7%
ATM Count	169	60	169	60

<sup>1</sup> Non-IFRS measure. See Advisories – “Non-IFRS measures”.

### Q2 2021 Financial Highlights

- Revenue grew 405% to \$41.7 million relative to Q2 2020, primarily from an increase in active ATMs plus over-the-counter (“OTC”) and exchange sales. Exchange sales reflect the revenue booked when customers sell us bitcoin at one price, and we are able to sell that bitcoin to cryptocurrency exchanges at a higher price, which demonstrates the success of our OTC growth strategy. Included in Q2 2021 revenue is an outlier exchange sale transaction of \$22.0 million, which is not expected to recur in future periods. Normalized revenue with this \$22.0 million sale removed would be \$19.7 million, showcasing growth of 139% over Q2 2020.
- Average per machine revenue was \$15,156 in Q2 2021, approximately half of the Q2 2020 level, with an average per machine transaction size of \$921 compared to \$814 in the prior year. Average per machine revenue was lower primarily due to access restrictions related to the COVID-19 restrictions and the implementation of new ‘know-your-customer’ regulations that came into effect

<sup>1</sup> Based on management’s assessment of publicly-available data.

in June. As COVID-19 restrictions continue to ease, we plan to continually monitor and find creative ways to increase our machine revenues back to pre-pandemic levels.

- Although our gross profit remained consistent year-over-year, as a result of initiatives designed to support future growth plans for the remainder of 2021 and future years, we incurred significantly higher operating expenses in Q2 2021. This contributed to negative Adjusted EBITDA<sup>2</sup> of \$0.8 million for the quarter.
- Net income was positive in Q2 2021 totaling \$30 thousand compared to a loss of \$4.3 million in the previous quarter and net income of \$37 thousand in Q2 2020. The quarter-over-quarter improvement reflects the non-cash impact of the revaluation of cryptocurrency loans, a practice required under accounting standards that is undertaken each quarter.
- Our cash at the end of the quarter increased to \$9.5 million from \$4.1 million at year end 2020 and we had a working capital surplus of \$3.2 million at June 30 compared to a working capital deficit of \$2.9 million at December 31, 2020, positioning Bitcoin Well with financial flexibility to continue executing our growth strategy.

### Strategic & Operational Highlights

- Bitcoin Well expanded internationally in May of 2021 ([see our July 28<sup>th</sup> press release for acquisition details](#)) through the acquisition of Paradime LTD, operating as AlphaVend, the second largest Bitcoin ATM operator in the United Kingdom, which included 26 operated machines across England, Scotland and Wales. AlphaVend is currently conducting its operations under a temporary registration with the FCA and if any licensing changes occur that would result in a deemed non-compliance with regulations, AlphaVend's operations will cease.
- A total of 46 new ATMs were added to our portfolio during Q2 2021, resulting in Bitcoin Well having a total of 141 machines installed across Canada and 28 machines installed in the United Kingdom at the end of June, 2021. Currently, Bitcoin Well has nearly 190 ATMs in operation globally, representing an increase of more than 120% since the beginning of this year, which currently places our Company as the second largest bitcoin ATM operator in Canada and the UK based on number of machines.
- On July 30, the common shares of Bitcoin Well made their trading debut on the TSXV under the symbol "BTCW", where we are listed as a Tier 2 Technology Issuer, and the Bitcoin Well team commemorated the event by ringing the opening bell on the TSX that same morning.
- Consistent with our diversified growth strategy, Bitcoin Well rebooted our M&A strategy with the acquisition of, and investment into, companies operating or complementary to the cryptocurrency industry, both during and subsequent to the quarter end, as a way to access innovative solutions and gain exposure to growing companies, including:
  - Invested in an environmentally-friendly bitcoin mining company in June 2021 that uses stranded energy to power its fleet of bitcoin miners. This gives us an inside look to the mining industry in order to better position ourselves to strike strategic partnerships with other bitcoin miners as well as gain exposure to the bitcoin mining industry in passive form;
  - Invested in a company that uses proprietary and cutting edge biometrics, artificial intelligence, and blockchain technology to provide world-class identity verification. With access to this

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<sup>2</sup> Non-IFRS measure. See Advisories – "Non-IFRS measures".

technology, we believe Bitcoin Well can create streamlined, improved and innovative solutions for our customers' KYC (Know-Your-Customer) onboarding process;

- Acquired the assets of Crypto Kiosk Inc. in July 2021, a cryptocurrency ATM operator in northern Ontario, which consisted of 11 cryptocurrency ATMs plus associated proprietary accounts; and
- Entered into a share purchase agreement to acquire Ghostlab Inc., a software company that designs and develops software to improve the functionality and accessibility of modern financial technology and services, including bitcoin ATM machines. More details about the Ghostlab acquisition are available within our [August 11, 2021 press release](#).

### **Return of Our Chief Financial Officer**

Our Chief Financial Officer, Mandy Johnston, MBA, CPA (US), CMA (US), CSCA, has returned from a temporary leave and resumed her duties, effective immediately. With her return, Jason Vandenberg, Senior Vice President and Co-Founder of Camilla Advisory Group Inc., a management consulting firm in Edmonton, Alberta, has stepped down as Interim CFO.

We greatly appreciate Mr. Vandenberg's leadership and contributions in Ms. Johnston's absence.

### **Outlook**

With our recently secured public markets listing and enterprising consolidation strategy, the team at Bitcoin Well is excited about the opportunities ahead through the second half of 2021 and beyond. Our announced pending acquisition of software development company, Ghostlab, will enable us to offer technology that makes bitcoin more accessible and user friendly for the general public while also expanding the future potential SaaS revenue stream for Bitcoin Well. We believe that our company is well positioned to continue delivering meaningful value to stakeholders and to further advance our mission of allowing bitcoin accessibility from ocean to ocean across Canada and around the world.

Thank you for joining us on this journey.

### **About Bitcoin Well**

Bitcoin Well offers convenient, secure and reliable ways to buy and sell bitcoin through a trusted Bitcoin ATM network and suite of web-based transaction services. The Company generates revenue and based on management's assessment of publicly-available data, is the first publicly traded Bitcoin ATM company in the world, with an enterprising consolidation strategy to deliver accretive and cost-effective expansion in North America and globally. As leaders of the longest-running, founder-led Bitcoin ATM company in Canada, management of Bitcoin Well brings deep operational capabilities that span the entire value chain along with access to proprietary, cutting-edge software development that supports further expansion. Sign up for our newsletter and follow us on [LinkedIn](#), [Twitter](#), [YouTube](#), [Facebook](#), [TikTok](#) and [Instagram](#) to keep up to date with our business.

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## Reader Advisories / Forward-Looking Statements

*Statements in this press release regarding Bitcoin Well which are not historical facts are “forward-looking statements” that involve risks and uncertainties, such as the timing of expansion plans and activities, the pending acquisition of GhostLab, as well as various business objectives. Such information can generally be identified by the use of forwarding-looking wording such as “may”, “expect”, “estimate”, “anticipate”, “intend”, “believe” and “continue” or the negative thereof or similar variations. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements due to factors such as: (i) adverse market conditions, (ii) achieving all of the conditions required to close the acquisition of Ghostlab, including the approval of the TSXV, and (iii) the need for additional financing. Except as required by law, Bitcoin Well does not intend to update any changes to such statements.*

## Non-IFRS Measures

*The Company uses certain terms in this news release and within the MD&A, such as ‘adjusted EBITDA’, which do not have a standardized or prescribed meaning under International Financial Reporting Standards (IFRS), and accordingly, these measurements may not be comparable with the calculation of similar measurements used by other companies. See the table below for a reconciliation of each non-IFRS measure to its nearest IFRS measure or refer to the “Non-GAAP Measures” and “Selected Financial Information” sections in the MD&A for applicable definitions, calculations, rationale for use and reconciliations to the most directly comparable measure under IFRS. Non-IFRS measures are provided as supplementary information by which readers may wish to consider the Company's performance but should not be relied upon for comparative or investment purposes.*

*Reconciliation of Adjusted EBITDA to net income (loss)*

<b><i>\$000s</i></b>	<b>For the three months ended,</b>		<b>For the six months ended,</b>	
	<b>June 30, 2021</b>	June 30, 2020	<b>June 30, 2021</b>	June 30, 2020
Net income (loss)	<b>\$ 30</b>	\$ 37	<b>\$ (4,333)</b>	\$ (145)
Listing expense	<b>\$ 1,477</b>	-	<b>\$ 1,477</b>	-
Business acquisition and QT costs	<b>467</b>	177	<b>564</b>	239
Depreciation and accretion	<b>274</b>	141	<b>542</b>	212
Fair value change – cryptocurrency inventory	<b>(4)</b>	38	<b>(9)</b>	32
Fair value change – cryptocurrency loans	<b>(3,313)</b>	135	<b>1,946</b>	135
Foreign exchange	-	-	<b>(2)</b>	-
Income tax expense	<b>17</b>	-	<b>(478)</b>	-
Share based compensation	<b>207</b>	-	<b>282</b>	-
(Gain) loss on debt settlement	<b>(1)</b>	14	<b>(6)</b>	57
Adjusted EBITDA	<b>\$ (845)</b>	\$ 542	<b>\$ (17)</b>	\$ 530

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