



TSXV: LQWD | OTCQB: LQWDF

LQWD TECHNOLOGIES CORP.

(Formerly LQwD FinTech Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS FORM 51-102F1

FOR THE YEARS ENDED February 29, 2024 and February 28, 2023

LQWD TECHNOLOGIES CORP.
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The following Management's Discussion and Analysis ("MD&A") is dated June 27, 2024, for the year ended February 29, 2024, and should be read in conjunction with LQWD Technologies Corp. ("LQWD" or the "Company") accompanying audited consolidated financial statements for the years ended February 29, 2024, and February 28, 2023.

These audited consolidated financial statements for the year ended February 29, 2024, have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and its interpretation of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting, except for cash flow information. The MD&A supplement does not form part of the audited consolidated financial statements for the year ended February 29, 2024, and the notes thereto for the year ended February 29, 2024. All amounts are expressed in Canadian dollars unless otherwise indicated. In addition, readers are directed herein to discussions under the headings "*Forward-Looking Statements*", "*Critical Accounting Estimates*" and "*Risk Factors*".

LQWD management is responsible for the integrity of the information contained in this report and for the consistency between the MD&A and the financial statements.

CURRENT DEVELOPMENTS

CORPORATE

On June 6, 2024, the Company cancelled 208,000 shares held by a service provider. These shares were cancelled pursuant to a settlement agreement dated November 29, 2023, between parties. More specifically, on March 3, 2022 LQWD terminated the service agreement with the service provider, and requested the return of funds paid for services not provided. The parties later agreed, in accordance with the settlement agreement, that in lieu of returning the funds that the service provider would cancel their LQWD shares of a similar value.

On April 16, 2024, the Company filed a final short form base shelf prospectus with the securities commissions in each of the provinces and territories of Canada, except Quebec. This allows the Company to offer and issue up to \$50 million of common shares, warrants, subscription receipts, units, debt securities or any combination of such securities during the 25-month period that the final shelf prospectus is effective.

On January 22, 2024, the Company closed a non-brokered private placement of 1,625,000 units of the Company at a price of \$0.40 per unit for aggregate gross proceeds of \$650,000. Each unit consists of one common share of the Company and one warrant exercisable into one common share at a price of \$0.60 per share at any time up to 24 months following the closing date of the private placement.

On July 28, 2023, the Company changed its name from "LQWD Fintech Corp." to "LQWD Technologies Corp."

On June 8, 2023, LQWD closed a non-brokered private placement financing of \$882,000, upsized from \$750,000. Under the private placement, LQWD issued 1,356,846 units of the Company at a price of \$0.65 per unit. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant being exercisable for one common share at a price of \$0.85 per common share at any time up to 24 months following the closing date of the private placement with each warrant being subject to acceleration in certain circumstances.

On April 26, 2023, LQWD announced it closed a non-brokered private placement financing of \$300,000. Under the private placement, LQWD issued 468,750 units of the Company at a price of \$0.64 per unit. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant being exercisable for one common share at an exercise price of \$0.85 per common share at any time up to 36 months following the closing date of the private placement.

On April 5, 2023, LQWD announced the appointment of Alex Guidi as an independent director of the Company.

On November 14, 2022, the Company completed a share consolidation of the outstanding share capital of LQWD on the basis of ten pre-consolidation common shares for one post-consolidation share. As at November 14, 2022, the Company has 9,777,430 common shares, 597,000 stock options, 1,293,677 warrants and 400,000 performance-based warrants outstanding compared to 97,777,807 common shares, 5,970,000 stock option, 12,936,765 warrants and 4,000,000 performance based warrants pre-consolidation.

On July 18, 2022, Aziz Pulatov was appointed as Chief Technology Officer of the Company replacing Albert Szmigielski who resigned on that date.

On May 27, 2022, Peter Loretto was appointed as a director of the Company replacing Dean Sutton who resigned on that date. Mr. Loretto subsequently resigned on June 15, 2022.

On May 20, 2022, operation of coincurve.com was temporarily halted as the Company focuses on expanding its Lightning Network business.

COMPANY OVERVIEW

The Company was incorporated under the Business Corporations Act (British Columbia) and its head office is in Vancouver, British Columbia, Canada. LQWD is a technology company that is focused on developing various web-based platforms, solutions and applications. The Company's common shares trade on the TSX Venture Exchange (the "TSX-V") under the symbol "LQWD" and on the OTCQB market under the symbol "LQWDF", and as of February 29, 2023, had 13,228,026 common shares issued and outstanding.

LQWD operates a global network of Bitcoin Lightning Network routing nodes. Since the Company launched its first node in November 2021, node activity and LN presence has increased substantially, routing over 497BTC and over 370,883 transactions. LQWD's node network currently charges nominal fees, however, fees could potentially increase substantially over time, based on further adoption of the Lightning Network, which is growing at a rapid rate.

The executive team of the Company is as follows:

- Shone Anstey – Chief Executive Officer
- Barry MacNeil – Chief Financial Officer
- Aziz Pulatov – Chief Technology Officer
- Giuseppe (Pino) Perone – Corporate Secretary

OVERALL PERFORMANCE

The Company's objective for the fiscal 2024 year has been to pursue value generating opportunities for shareholders. The Company ended the year with \$1,353,065 in cash and cash equivalents. Coincurve operations were put on hold May 20, 2022, so that the Company can allocate more resources to the Lightning Network platform, which management feels will have more impact on shareholder value. The Company recorded revenue of \$506 from transaction fees from its routing nodes. The company is adding LSP services and is actively seeking out other entities interested in utilising this service to enhance their operations while generating fee revenue for LQWD.

The largest cash expenditures incurred by the Company during the fiscal year included research and development of \$208,136, salaries and benefits of \$200,492, and marketing of \$289,244. The Company recorded total non-cash expenses of \$909,713 for share-based compensation, amortization of intangible assets, amortization of property and equipment, intangible asset impairment, and offset by a gain on revaluation, and a gain on sale.

For the year ended February 29, 2024, the Company closed the year with working capital of \$10,734,159 and recorded a net loss of \$2,021,714. LQWD can fund its operations for a further 12 months.

	2024	2024	2023	Years ended	
	Q4	Q3	Q4	February 29, 2024	February 28, 2023
Revenue	\$ 506	\$ -	\$ -	\$ 506	\$ 4,878
(Loss) income for the period	\$ (2,597,866)	\$ 1,368,517	\$ (1,884,946)	\$ (2,021,714)	\$ (9,678,948)

During the year ended February 29, 2024, the Company's decrease in loss and expenditures was due to the Company's adjustment to the current world economic condition and state of the crypto currency market.

FINANCIAL RESULTS OF OPERATIONS

Selected Annual Information

For the years ended	February 29, 2024	February 28, 2023	February 28, 2022
	\$	\$	\$
Net sales	506	4,878	69,523
Gross profit	506	4,878	69,523
Loss for the year	(2,021,714)	(9,768,948)	(22,959,951)
Loss for the year per share	(0.18)	(0.99)	(3.29)
Total assets	11,650,835	8,929,040	17,985,777
Total liabilities	248,016	216,623	530,129
Total long-term financial liabilities	-	-	-
Shares outstanding – end of year (millions)	13.23	9.78	9.76
Dividends declared	-	-	-

Loss for the Year

For the years ended	February 29, 2024	February 28, 2023	February 28, 2022
	\$ (2,021,714)	\$ (9,678,948)	\$ (22,959,951)

The Company's operations for the year ended February 29, 2024, produced a loss of \$2,021,714 compared to a loss of 9,678,948 in the previous year.

The following table shows the year's loss by each company in the consolidated group to better illustrate the change in the organization.

Year ended February 29, 2024	LQWD Technologies	LQwD Financial	Skyrun	Other	Total
Income (loss) for the year	\$ 2,282,209	\$ (4,121,553)	\$ (180,357)	\$ (2,013)	\$(2,021,714)

Total Assets

For the years ended	February 29, 2024	February 28, 2023	February 28, 2022
	\$ 11,650,835	\$ 8,929,040	\$ 17,985,777

The Company's total assets increased in the year by \$2,721,795. This is accounted for by change in value of the digital currencies, the depreciation of intangible assets and the impairment of intangible assets.

Total Liabilities

For the years ended	February 29, 2024	February 28, 2023	February 28, 2022
	\$ 248,016	\$ 216,623	\$ 530,129

The Company's total liabilities increased in the year by \$31,393. This is accounted for by increased payables.

SUMMARY OF QUARTERLY RESULTS

	Three Months Ended			
	February 29, 2024	November 30, 2023	August 31, 2023	May 31, 2023
Sales	\$ 506	\$ -	\$ -	\$ -
Gross profit	\$ 506	\$ -	\$ -	\$ -
(Loss) income for the period	\$ (2,597,866)	\$ 1,368,517	\$ (698,444)	\$ (93,921)
(Loss) earnings per share	\$ (0.23)	\$ 0.12	\$ (0.06)	\$ (0.01)
	February 28, 2023	November 30, 2022	August 31, 2022	May 31, 2022
Sales	\$ -	\$ -	\$ -	\$ 4,878
Gross profit	\$ -	\$ -	\$ -	\$ 4,878
Loss for the period	\$ (1,884,946)	\$ (930,217)	\$ (3,090,348)	\$ (3,773,437)
Loss per share	\$ (0.19)	\$ (0.10)	\$ (0.32)	\$ (0.39)

The Company's operations for the three months ended February 29, 2024, produced a loss of \$2,597,866 compared to a loss of \$1,886,946 for the same quarter in the previous year.

The loss in the current quarter of \$2,597,866 reflects the Company's stage in development where it is trying to establish a new market for fee-based transaction and provisions of liquidity on the Lightning Network, a derivative of the Bitcoin blockchain. The Company has developed a new product to earn fees based on the volume of transactions and the amount of Bitcoin added to the channels to facilitate transactions. The success of the new product depends on the adoption of the Lightning Network as a payment channel and the continued rise in the price of Bitcoin to allow the liquidity in the network to increase to handle growing volumes of transactions. The results of each of the last eight quarters is shown in the above table and is comprised of three components, Revenue, General and Administrative Expenses and Other items. The breakdown of each is as follows:

	Three Months Ended			
	February 29, 2024	November 30, 2023	August 31, 2023	May 31, 2023
Revenue	\$ 506	\$ -	\$ -	\$ -
Expenses	\$ 538,172	\$ 483,286	\$ 549,724	\$ 564,831
Other items				
Foreign exchange	\$ (352)	\$ 1,226	\$ (2,129)	\$ (1,903)
Intangible asset impairment	\$ (2,987,286)	\$ -	\$ -	\$ -
Interest and accretion income	\$ 790	\$ 789	\$ 776	\$ 757
Gain (loss) on revaluation of digital currencies	\$ 986,318	\$ 1,849,788	\$ (147,367)	\$ 472,056
Gain (loss) on sale of digital currencies	\$ 77,182	\$ -	\$ -	\$ -
Derecognition of sales tax receivable	\$ (136,852)	\$ -	\$ -	\$ -

	Three Months Ended			
	February 28, 2023	November 30, 2022	August 31, 2022	May 31, 2022
Revenue	\$ -	\$ -	\$ -	\$ 4,878
Expenses (1)	\$ 751,164	\$ 786,681	\$ 805,583	\$ 1,178,881
Other items				
Foreign exchange	\$ 3,695	\$ 30,898	\$ 36,765	\$ (19,083)
Goodwill impairment	\$ (2,838,279)	\$ -	\$ -	\$ -
Interest and accretion income	\$ 1,301	\$ 132	\$ 703	\$ 428
Gain on lease modification	\$ -	\$ -	\$ 8,835	\$ -
Gain (loss) on revaluation of digital currencies	\$ 1,062,573	\$ (389,360)	\$ (1,687,037)	\$ (2,146,971)
Gain (loss) on sale of digital currencies	\$ (6,723)	\$ -	\$ (196,136)	\$ -
Write-off of property and equipment	\$ -	\$ -	\$ (19,403)	\$ (3,857)

Note 1. The above amounts have been adjusted to reflect the change to expenses where the amortization of intangible assets has been change to reflect amortization of \$257,965 per quarter instead of \$0 for Q4 2023, \$43,171 for Q3 2023, \$686,457 for Q2 2023 and \$687,916 for Q1 2023.

The sales revenue has been well below the projections used to value the Goodwill and Intangible assets over the eight quarters and reflects a slower than projected uptake in the adoption of the Lightning Network and the less than projected increase in the value of Bitcoin. The price sensitivity to transaction fees is also an area that the Company is testing to determine the amount that will affect the volume drawn to the network which have been lower than projected.

The level of expenses has been declining on average over the last eight quarters and been relatively flat the last four quarters with variations of 12% or less. The Company will try to keep the expenses at these levels until we see a rise in the revenue.

The other items include a few impairments, gains and losses and revaluations of bitcoin because of the operations and lower than expected results compared to projections. The two largest items are the goodwill and intangible asset that negatively affected income are impairments of \$2,838,279 and \$2,987,286 respectively and result from the NPV of the projected cashflow from operations related to their cash generating unit not being greater than their carrying value, resulting in the impairment. These cashflows may correct and increase in value, but with the current results the impairment was necessary. The gain (loss) on revaluation of digital currencies result from increases and decreases in the price of Bitcoin in Canadian Dollar equivalents. At the end of each quarter the number of Bitcoin held will be multiplied by the conversion rate to Canadian dollars on the end date of each quarter. The resulting revaluation will create either a gain or loss for each quarter which will have a positive or negative impact on earnings for the quarter. Over the last eight quarters the price of Bitcoin trended down for the year ended February 2023 which resulted in losses of \$3,160,795 and increased in price for the year ended February 2024 resulting in gains of \$3,160,795. Once the gain in value exceeds the previous losses recorded the excess is treated as other comprehensive income. The Company sold some Bitcoin in the last eight quarters which resulted in gains and losses in a few of the quarters. The gains are recorded when the selling price exceeds the purchase price and conversely when we sell Bitcoin for less than the purchase price, we record a loss.

During Q4 in 2024 the Company was audited by CRA for GST compliance and was found to be GST exempt and had its inputs credits disallowed causing a reduction in receivables recorded of \$136,852.

The following table outlines the proposed use of the proceeds of the offering completed on April 26, 2023, along with the amounts expended:

Activity or Nature of Expenditure	Proposed use of Net Proceeds	Approximate proceeds used as of February 29, 2024	Variance	Comments
Development of the Lightning Network Platform	\$ 100,000	\$ 100,000	\$ -	The Company is on track with expected development spending
General and administrative expenses	\$ 200,000	\$ 200,000	\$ -	The Company is on track with expected G&A spending
Total	\$ 300,000	\$ 300,000	\$ -	

The following table outlines the proposed use of the proceeds of the offering completed on June 8, 2023, along with the amounts expended:

Activity or Nature of Expenditure	Proposed use of Net Proceeds	Approximate proceeds used as of February 29, 2024	Variance	Comments
Development of the Lightning Network Platform	\$ 300,000	\$ 140,000	\$160,000	The Company is on track with expected development spending
General and administrative expenses	\$ 450,000	\$ 350,000	\$100,000	The Company is on track with expected G&A spending
Unallocated Working Capital	\$ 132,000	\$ -	\$132,000	
Total	\$ 882,000	\$ 490,000	\$392,000	

The following table outlines the proposed use of the proceeds of the offering completed on January 22, 2024, along with the amounts expended:

Activity or Nature of Expenditure	Proposed use of Net Proceeds	Approximate proceeds used as of February 29, 2024	Variance	Comments
Development of the Lightning Network Platform	\$ 350,000	\$ -	\$ 350,000	As of February 29, 2024, the Company has not yet used any funds raised in January 2024.
General and administrative expenses	\$ 300,000	\$ -	\$ 300,000	As of February 29, 2024, the Company has not yet used any funds raised in January 2024.
Total	\$ 650,000	\$ -	\$ 650,000	

LIQUIDITY AND CAPITAL RESOURCES

	Years ended				
	2024 Q4	2024 Q3	2023 Q4	February 29, 2024	February 28, 2023
Cash and cash equivalents	\$ 1,353,065	\$ 914,975	\$ 548,806	\$ 1,353,065	\$ 548,806
Working capital	\$ 10,734,159	\$ 6,689,065	\$ 4,030,902	\$ 10,734,159	\$ 4,030,902

As at the date of this report, the Company has adequate cash and working capital to fund its operations and planned capital expenditures for the next 12 months. Any additional material capital expenditures or commitments may require a source of additional financing, which may come from funds through equity financing. As at February 29, 2024, the Company has no future capital commitments.

	Years ended				
	2024 Q4	2024 Q3	2023 Q4	February 29, 2024	February 28, 2023
Issued and outstanding shares	13,228,026	11,603,026	9,777,430	13,228,026	9,777,430
Issued and outstanding shares, fully diluted	17,575,622	14,325,622	11,968,107	17,575,622	11,968,107

During the year ended February 29, 2024, no options or warrants were exercised.

On January 22, 2024, the Company issued 1,625,000 common shares for proceeds of \$650,000.

On April 26, 2023, the Company issued 468,750 common shares for proceeds of \$300,000.

On June 8, 2023, the Company issued 1,356,846 common shares for proceeds of \$882,000.

The technology business may affect the Company's ability to raise capital to acquire properties and/or pursue other opportunities in the future.

RELATED PARTY TRANSACTIONS

A related party is a person or entity that has control, joint control, significant influence over the Company or is a member of key management personnel. The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	Years ended				
	2024 Q4	2024 Q3	2023 Q4	February 29, 2024	February 28, 2023
Research and development	\$ 30,000	\$ 30,000	\$ 30,000	\$ 120,000	\$ 75,000
Salaries	36,000	36,000	41,500	144,000	224,940
Share-based compensation	-	7,461	139,466	105,708	740,532
	\$ 66,000	\$ 73,461	\$ 210,966	\$ 369,708	\$ 1,040,472

The February 28, 2023 Financial Statements originally presented related party research and development and salaries as a combined number.

The breakdown for the related party transactions during the year ended February 29, 2024, are as follows:

Related Party	Role	Research and development	Salaries	Share-based compensation	Total
Barry MacNeil	CFO	\$ -	\$ 42,000	\$ 29,052	\$ 71,052
Aziz Pulatov	CTO	120,000	-	11,103	131,103
Giuseppe (Pino) Perone	Corporate Secretary	-	42,000	32,032	74,032
Ashley Garnot	Director	-	60,000	33,521	93,521
		\$ 120,000	\$ 144,000	\$ 105,708	\$ 369,708

At February 29, 2024, \$45 (2023 - \$48,455) is owing to key management personnel and is included in accounts payable and accrued liabilities.

During the year ended February 29, 2024, the Company was charged \$12,000 (2023 - \$4,000) by TAG Oil Ltd., a Canadian related company with similar key management personnel for office rent. At February 29, 2024, \$nil (2023 - \$nil) is owing to the Canadian related company with similar key management personnel and is included in accounts payable and accrued liabilities.

All transactions and balances are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

SHARE CAPITAL

- At February 29, 2024, there were 13,228,026 common shares, 697,000 stock options, 3,450,596 warrants and 200,000 performance-based warrants outstanding.
- At June 27, 2024, there were 13,020,026 common shares, 897,000 stock options, 3,450,596 warrants outstanding and 200,000 performance-based warrants outstanding.

The Company has one class of common shares. No class A or class B preference shares have been issued.

SUBSEQUENT EVENTS

On June 6, 2024, the Company cancelled 208,000 shares held by a service provider. These shares were cancelled pursuant to a settlement agreement dated November 29, 2023, between the parties. More specifically, on March 3, 2022, LQWD terminated the service agreement with the service provider, and requested the return of the funds paid for services not provided. The parties later agreed, in accordance with the settlement agreement, that in lieu of returning the funds that the service provider would cancel their LQWD shares of a similar value.

On April 16, 2024, the Company filed a final short form base shelf prospectus with the securities commissions in each of the provinces and territories of Canada, except Quebec. This allows the Company to offer and issue up to \$50 million of common shares, warrants, subscription receipts, units, debt securities or any combination of such securities during the 25-month period that the final shelf prospectus is effective.

On March 13, 2024, the Company granted 175,000 stock options that are exercisable for a period of five years at a price of \$0.97 per share to various directors and senior officers.

On March 11, 2024, the Company granted 25,000 stock options that are exercisable for a period of five years at a price of \$0.97 per share to a consultant.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Company defines its capital as shareholders' equity, loans, and advances payable. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

COMPETITION

Competitors for acquisition opportunities include well-capitalized companies, independent companies and other companies having financial and other resources far greater than those of LQWD, thus a degree of competition exists between those engaged in acquiring attractive assets.

CRITICAL ACCOUNTING ESTIMATES

Management is required to make decisions with respect to estimates and assumptions for certain accounting policies that affect the reported amounts of assets, liabilities, revenues, and expenses. These accounting policies are discussed below and are included to highlight the critical accounting policies and practices used by the Company. Note the use of different policies and practices could create different results being reported. The Company's management reviews these estimates regularly. New information and changes in circumstance may result in changes to estimated amounts that differ materially from current estimates.

The following assessment of significant accounting policies and associated estimates is not meant to be exhaustive. In the future, the Company might realize different results from the application of new accounting standards issued by regulatory bodies.

To recognize the share-based payment expense, the Company estimates the fair value of stock options granted using assumptions related to interest rates, expected life of the option, volatility of the underlying security and expected dividend yields. These assumptions may vary over time.

The accrual method of accounting requires management to incorporate certain estimates of costs as at a specific reporting date.

PROPOSED TRANSACTIONS

The Company has no proposed transactions that have not been disclosed.

FINANCIAL INSTRUMENTS RISK

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of financial loss to the Company if counterparties do not fulfill their contractual obligations.

Cash and cash equivalents consist of cash bank balances and short-term deposits. The Company's short-term investments are held with a Canadian chartered bank and are monitored to ensure a stable return. The Company's short-term investments currently consist of term deposits and bank deposits as it is not the Company's policy to utilize complex, higher-risk investment vehicles.

The carrying amount of accounts receivable, cash and cash equivalents and restricted cash represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts. As of February 29, 2024, there were no significant amounts past due or impaired.

Market Risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Company's cash flows, net income and comprehensive income. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Foreign Exchange Risk

The Company currently does not have significant exposure to other currencies, other than digital currencies which are US dollar denominated, but this may change in the foreseeable future as the capital commitments that are expected to be carried out in United States dollars.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its purchases and capital commitments, and other financial obligations as they are due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

The Company's liquidity is dependent upon maintaining its current working capital balances, operating cash flows and ability to raise funds. To forecast and monitor liquidity, the Company prepares operating and capital expenditure budgets which are monitored and updated as considered necessary. Considering these circumstances and the Company's cash balance liquidity risk is assessed as low.

As at February 29, 2024, the contractual maturities of financial liabilities were as follows:

	Carrying Amount	Contractual Cash Flows	Within 1 Year	1 to 2 Year	2 to 3 Year	3 to 4 Years	+ 4 Years
Accounts payable and accrued liabilities	\$248,016	\$248,016	\$248,016	-	-	-	-
Total	\$248,016	\$248,016	\$248,016	-	-	-	-

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. The majority of these deposits have been in discounted instruments with pre-determined fixed yields. Interest rate movements will affect the fair value of these instruments, so the Company manages maturity dates of these instruments to match cash flow needs, enabling realization at no loss in almost all cases.

Fair Value of Financial Instruments

The carrying value of the Company's financial assets and liabilities carried at amortized cost approximates their fair value due to the short-term life of these instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value classification of the Company’s financial instruments are as follows:

		February 29, 2024	February 28, 2023
	Fair Value Level	Fair value through profit or loss	Fair value through profit or loss
		\$	\$
<i>Financial assets:</i>			
Digital currencies	2	9,612,743	3,638,698

The Company’s digital currencies are classified as level 2. During the years ended February 29, 2024, and February 28, 2023, there were no transfers between level 1, level 2, and level 3.

FINANCIAL INSTRUMENTS

The Company’s financial instruments consist of short-term investments; cheques issued in excess of funds on deposit, accounts payable and accrued liabilities. Terms of the financial instruments, where relevant, are fully disclosed in the Company’s financial statements. It is management’s opinion that the Company is not exposed to significant currency, or credit risks but is exposed to interest rate cash flow risk arising from its financial instruments and that their fair values approximate their carrying values unless otherwise noted.

DIGITAL CURRENCY AND RISK MANAGEMENT

Digital currencies are measured based on their fair values, determined using the daily weighted close price for the digital currency on www.coinbase.com.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is affected by the current and future market price of digital currencies; in addition, the Company may not be able to liquidate its inventory of digital currencies at its desired price if required. A decline in the market prices for digital currencies could negatively impact the Company’s future operations. The Company from time to time converts its digital currency but has not entered into any hedge transactions.

Digital currencies have a limited history, and the fair value historically has been very volatile. Historical performances of digital currencies are not indicative of their future price performance. The Company’s digital currencies consist primarily of Bitcoin. The impact of a 25% variance in the price of this digital currency on the Company’s earnings before tax, based on their closing prices on February 29, 2024, would be \$2,403,186.

RISKS

The Company is a technology business and has adequate cash for its current obligations but may not have sufficient cash to sustain operations indefinitely. With limited financial resources and limited revenue, there is no assurance that future funding will be available to the Company to pursue future endeavours. There is a risk that the Company could be forced to cease operations and become insolvent.

There is no guarantee that the Company will be able to attract interest to participate in an acquisition or another business opportunity. The Company’s common shares are now trading on the TSX-V under the symbol “LQWD” and on

the OTCQB market under the symbol "LQWDF". There can be no assurance that the Company's current activity and the liquid market for the Company's securities will develop, and shareholders may find it difficult to resell the securities of the Company.

The factors identified above are not intended to represent a complete list of the risks faced by LQWD. LQWD's management believes that the foregoing risks and uncertainties are a fair indication of the risks and uncertainties material to LQWD's business; however, additional risks and uncertainties, including those currently unknown to LQWD or not considered to be material by LQWD, may also adversely affect the business of LQWD.

OFF-BALANCE SHEET ARRANGEMENTS

None noted.

ADDITIONAL INFORMATION

Additional information relating to the Company and results of its operations may be found under LQWD's SEDAR profile at www.sedar.com or on LQWD's website at www.lqwdtech.com.

FORWARD LOOKING STATEMENTS

The foregoing information contains forward-looking statements within the meaning of securities laws. Forward-looking statements are statements that are not historical fact and often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or states that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking information by its nature requires assumptions and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of LQWD to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information.

Forward-looking statements in this MD&A include, but are not limited to, LQWD's overall strategic plan for assessing acquisition opportunities. In making the forward-looking statements in this MD&A, LQWD has applied certain factors and assumptions that are based on information currently available to LQWD as well as LQWD's current beliefs and assumptions made by LQWD, including that LQWD will maintain its business plan for the near and mid-term range. Although LQWD considers these beliefs and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking statements in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Such risk factors include, among others, that LQWD will be unable to fulfill or will experience delays in fulfilling a strategic plan for the near and mid-term range. Additional risk factors are noted under the heading "*Risks*". The factors identified above and in the "*Risks*" section of this MD&A are not intended to represent a complete list of the factors that could affect LQWD. Although LQWD has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.

Because forward-looking information addresses future events and conditions, it involves risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking information. These risks and uncertainties include, but are not limited to access to capital, commodity price volatility, well performance and marketability of production, transportation and refining availability and costs.

There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on

forward-looking information. LQWD does not undertake to update any forward-looking information, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.