TSXV: LQWD | OTCQX: LQWDF

LQWD TECHNOLOGIES CORP.

(Formerly LQwD FinTech Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM 51-102F1

FOR THE YEARS ENDED February 28, 2025 and February 29, 2024

LQWD TECHNOLOGIES CORP.
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Vancouver, BC V6E 3S7

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The following Management's Discussion and Analysis ("MD&A") is dated June 11, 2025, for the year ended February 28, 2025, and should be read in conjunction with LQWD Technologies Corp. ("LQWD" or the "Company") accompanying audited consolidated financial statements for the years ended February 28, 2025, and February 29, 2024.

These audited consolidated financial statements for the year ended February 28, 2025, 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 28, 2025, and the notes thereto for the year ended February 28, 2025. 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 9, 2025, the Company announced the appointment of Ashley Garnot as President of the Company. Mrs. Garnot will continue to serve as a director and work closely with the executive team.

On May 22, 2025, the Company engaged Renmark Financial Communications to broaden U.S. and Canadian investor outreach. The twelve-month agreement carries a fee of $7,000 per month and may be terminated with 30-days notice. Management expects the mandate to enhance market liquidity but does not anticipate a material change in cash burn.

On April 2, 2025, LQWD announced the appointment of Samuel Coyn Mateer as a non-executive director of the Company.

On January 21, 2025, the Company announced that it had qualified to trade on the OTCQX Best Market from the OTCQB Venture Market.

Between January 14, 2025, to January 28, 2025, the Company announced that it had acquired an additional ~20 Bitcoin. With these recent purchases, LQWD holds ~161 Bitcoin, representing 16.1 billion Satoshi's (Sats).

On December 23, 2024, the Company closed its non-brokered private placement, issuing 2,000,000 units at a price of $1.50 per unit for gross proceeds of $3,000,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $2.00 per share at any time up to 18 months following the closing date of the private placement.

On November 13, 2024, the Company announced that it had acquired an additional ~5 Bitcoin. These purchases brought LQWD's total to ~141 Bitcoin, representing 14.1 billion Satoshi's (Sats).

On November 7, 2024, the Company closed the second tranche of a non-brokered private placement, issuing 2,307,692 units at a price of $0.65 per unit for gross proceeds of $1,500,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $0.90 per share at any time up to 18 months following the closing date of the private placement. In connection with the second tranche of the private placement, the Company issued to the finder $27,875 in cash and 30,972 share purchase warrants.

On October 27, 2024, the Company granted 500,000 stock options that are exercisable for a period of 5 years at a price of $1.152 per share to various directors, officers, and staff members. The stock options will vest over a period of 12 months.

On October 25, 2024, the Company announced that it had acquired an additional ~16 Bitcoin and on October 29, 2024, the Company announced that it had acquired an additional ~5 Bitcoin. These purchases brought LQWD's total to ~136 Bitcoin, representing 13.6 billion Satoshi's (Sats), equating to 839 Satoshi's per LQWD share.

On October 9, 2024, the Company closed the first tranche of a non-brokered private placement, issuing 3,200,000 units at a price of $0.70 per unit for gross proceeds of $2,240,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share for a period of 5 years following the closing date with exercise prices as follows: 1/5th of the warrants will have an exercise price of $1.00 per share; 1/5th of the warrants will have an exercise price of $1.25 per share; 1/5th of the warrants will have an exercise price of $1.50 per share; 1/5th of the warrants will have an exercise price of $1.75 per share; and the remaining 1/5th of the warrants will have an exercise price of $2.00 per share. In connection with the first tranche of the private placement, the Company issued to the finder $112,000 in cash and 160,000 share purchase warrants.

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.

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.

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 OTCQX market under the symbol "LQWDF", and as of February 28, 2025, had 21,442,718 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 1,033 BTC and over 1,231,190 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 FY-2025 objective was to solidify its position as a first-mover Lightning-Network liquidity provider and convert that positioning into sustainable, fee-based value for shareholders.

The Company ended the year with $1,571,705 in cash and cash equivalents and held 161.08 BTC in treasury (Note 8), providing an economic liquidity pool in both fiat and digital assets.

The Company recorded revenue of $5,553 from transaction fees generated by its routing nodes during the year.

Management launched Lightning Service Provider ("LSP") functionality in Q4-F25 and is actively onboarding third-party nodes to leverage this service, with the goal of increasing routing throughput and fee revenue in FY-2026.

The largest cash expenditures incurred by the Company during the fiscal year included research and development of $332,026, consulting fees of $263,708, and marketing of $237,885.

The Company recorded total non-cash expenses of $1,044,777 for share-based compensation, amortization of intangible assets, amortization of property and equipment, and intangible-asset impairment.

For the year ended February 28, 2025, the Company closed the year with working capital of $21,296,093 and recorded a net loss of $2,503,635.

Management estimates the existing cash and digital-asset treasury can fund operations for at least the next 12 months, assuming operating-expense growth does not exceed 15% per annum and BTC market price remains above US$50,000.

					Years ended	
	2025 Q4	2025 Q3	2024 Q4		February 28, 2025	February 29, 2024
Revenue	$ 1,548	$ 2,739	$ 506		$ 5,553	$ 506
(Loss) income for the period	$ (1,304,179)	$ (408,639)	$ (2,597,866)		$ (2,503,635)	$ (2,021,714)

The year-over-year increase in loss reflects the deliberate ramp-up of R&D, consulting, and marketing spend required to scale the Lightning-Network platform and launch the LSP service ahead of anticipated capacity growth in FY-2026. Management believes these expenditures are foundational to achieving positive net BTC yield on treasury and EBITDA break-even within the next 24 months (see "Forward-Looking Information").

FINANCIAL RESULTS OF OPERATIONS

Selected Annual Information

For the years ended	February 28, 2025	February 29, 2024	February 28, 2023
	$	$	$
Net sales	5,553	506	4,878
Gross profit	5,553	506	4,878
Loss for the year	(2,503,635)	(2,021,714)	(9,768,948)
Loss for the year per share	(0.16)	(0.18)	(0.99)
Total assets	21,542,275	11,650,835	8,929,040
Total liabilities	181,897	248,016	216,623
Total long-term financial liabilities	-	-	-
Shares outstanding – end of year (millions)	21.4	13.23	9.78
Dividends declared	-	-	-

Loss for the Year

For the years ended	February 28, 2025	February 29, 2024	February 28, 2023
	$ (2,503,635)	$ (2,021,714)	$ (9,678,948)

The Company's operations for the year ended February 28, 2025, produced a loss of $2,503,635 compared to a loss of 2,021,714 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 28, 2025	LQWD Technologies	LQwD Financial	Skyrun	Other	Total
(Loss) income for the year	$ (1,487,864)	$ (961,615)	$ (52,512)	$ (1,644)	$(2,503,635)

Total Assets

For the years ended	February 28, 2025	February 29, 2024	February 28, 2023
	$ 21,542,275	$ 11,650,835	$ 8,929,040

The Company's total assets increased in the year by $9,891,440. This is accounted for by change in value of the digital currencies, and the depreciation and impairment of intangible assets.

Total Liabilities

For the years ended	February 28, 2025	February 29, 2024	February 28, 2023
	$ 181,897	$ 248,016	$ 216,623

The Company's total liabilities decreased in the year by $66,119. This is accounted for by increased payables.

SUMMARY OF QUARTERLY RESULTS

	Three Months Ended			
	February 28, 2025	November 30, 2024	August 31, 2024	May 31, 2024
Sales	$ 1,548	$ 2,736	$ 909	$ 360
Gross profit	$ 1,548	$ 2,736	$ 909	$ 360
(Loss) income for the period	$ (1,304,179)	$ (408,639)	$ (389,374)	$ (401,443)
(Loss) earnings per share	$ (0.06)	$ (0.03)	$ (0.03)	$ (0.03)
	February 29, 2024	November 30, 2023	August 31, 2023	May 31, 2023
Sales	$ 506	$ -	$ -	$ -
Gross profit	$ 506	$ -	$ -	$ -
Loss for the period	$ (2,597,866)	$ 1,368,517	$ (698,444)	$ (93,921)
Loss per share	$ (0.23)	$ 0.12	$ (0.06)	$ (0.01)

The Company's operations for the three months ended February 28, 2025, produced a loss of $1,304,179 compared to a loss of $2,597,866 for the same quarter in the previous year.

The loss in the current quarter of $1,304,179 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 28, 2025	November 30, 2024	August 31, 2024	May 31, 2024
Revenue	$ 1,548	$ 2,736	$ 909	$ 360
Expenses	$ 912,687	$ 429,984	$ 388,845	$ 404,247
Other items				
Foreign exchange	$ 38,954	$ 17,840	$ (2,536)	$ 1,656
Intangible asset impairment	$ (432,564)	$ -	$ -	$ -
Interest and accretion income	$ 570	$ 769	$ 1,098	$ 788

	Three Months Ended			
	February 29, 2024	November 30, 2023	August 31, 2023	May 31, 2023
Revenue	$ 506	$ -	$ -	$ -
Expenses	$ 538,172	$ 483,286	$ 49,724	$ 64,831
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)	$ -	$ -	$ -

The sales revenue has been well below the projections used to value the Intangible assets over the eight quarters and reflects a slower than projected uptake in the adoption of the Lightning Network. 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 increasing on average over the last eight quarters. The Company will try to keep the expenses flat until we see a rise in the revenue. There were minor amounts for foreign exchange and interest and accretion income for the current quarter. The last eight quarter other items include 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 intangible asset impairment and gain on sale of digital currencies of $2,987,286 and $1,849,788 respectively. The intangible asset impairment is a result from the NPV of the projected cashflow from operations related to their cash generating unit not being greater than their carrying value. The assumptions used to determine the value in use are: pre-tax discount rate of 25%, terminal growth of 0% and a 3 year cash flow forecast based on routing-volume growth of 150%, 80% and 50%. 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 results 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. The value of Bitcoin has increased from February 2024 and continues into the current quarter. 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 and recently began purchasing. 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 F2024 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 company will not appeal this decision. Going forward GST input credits will not be recoverable and this will increase the company's cost on all taxable supplies by 5%.

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 28, 2025**	**Variance**	**Comments**
Development of the Lightning Network Platform	$ 300,000	$ 300,000	$ -	The Company is on track with expected development spending
General and administrative expenses	$ 450,000	$ 450,000	$ -	The Company is on track with expected G&A spending
Unallocated Working Capital	$ 132,000	$ 132,000	$ -	
Total	**$ 882,000**	**$ 882,000**	**$ -**	

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 28, 2025**	**Variance**	**Comments**
Development of the Lightning Network Platform	$ 350,000	$ 350,000	$ -	The Company is on track with expected development spending.
General and administrative expenses	$ 300,000	$ 300,000	$ -	The Company is on track with expected G&A spending.
Total	**$ 650,000**	**$ 650,000**	**$ -**	

The following table outlines the proposed use of the proceeds of the offering completed on October 9, 2024, along with the amounts expended:

Activity or Nature of Expenditure	Proposed use of Net Proceeds	Approximate proceeds used as of February 28, 2025	Variance	Comments
Development of the Lightning Network Platform	$ 100,000	$ -	$ 100,000	The Company is on track with expected development spending on AI-based channel rebalancing and LSP products. Proceed use expected in Q1 F2026.
General and administrative expenses	$ 188,000	$ 188,000	$ -	The Company is on track with expected G&A spending.
Purchase BTC	$ 2,000,000	$ 2,000,000	$ -	The Company purchased ~21 BTC.
Share issuance	$ 112,000	$ 112,000	$ -	Finder's fees paid.
Total	**$ 2,400,000**	**$ 2,300,000**	**$ 100,000**	

The following table outlines the proposed use of the proceeds of the offering completed on November 7, 2024, along with the amounts expended:

Activity or Nature of Expenditure	Proposed use of Net Proceeds	Approximate proceeds used as of February 28, 2025	Variance	Comments
Development of the Lightning Network Platform	$ 195,000	$ -	$ 195,000	The Company is on track with expected development spending on LSP products and rolling out Stable coin support. Proceed use expected in Q2 and Q3 F2026.
General and administrative expenses	$ 700,000	$ 435,000	$ 265,000	The Company is on track with expected G&A spending.
Purchase BTC	$ 575,000	$ 575,000	$ -	The Company purchased ~5 BTC.
Share issuance	$ 30,000	$ 30,000	$ -	Finder's fees paid.
Total	**$ 1,500,000**	**$ 1,040,000**	**$ 460,000**	

The following table outlines the proposed use of the proceeds of the offering completed on December 23, 2024, along with the amounts expended:

Activity or Nature of Expenditure	Proposed use of Net Proceeds	Approximate proceeds used as of February 28, 2025	Variance	Comments
General and administrative expenses	$ 150,000	$ -	$ 150,000	The Company is on track with expected G&A spending.
Purchase BTC	$ 2,850,000	$ 2,850,000	$ -	The Company purchased ~20 BTC.
Total	**$ 3,000,000**	**$ 2,850,000**	**$ 150,000**	

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

	Three months ended February 28, 2025				
	LQWD Technologies	LQwD Financial	Skyrun	Other	Total
(Loss) gain for the period	$ (684,483)	$ (615,633)	$ (4,229)	$ 166	$(1,304,179)

LIQUIDITY AND CAPITAL RESOURCES

				Years ended	
	2025 Q4	2025 Q3	2024 Q4	February 28, 2025	February 29, 2024
Cash and cash equivalents	$ 1,571,705	$ 1,306,499	$ 1,353,065	$ 1,571,705	$ 1,353,065
Working capital	$ 21,296,093	$20,455,758	$10,734,159	$ 21,296,093	$ 10,734,159

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 28, 2025, the Company has no future capital commitments.

				Years ended	
	2025 Q4	2025 Q3	2024 Q4	February 28, 2025	February 29, 2024
Issued and outstanding shares	21,442,718	18,632,718	13,228,026	21,442,718	13,228,026
Issued and outstanding shares, fully diluted	30,853,132	28,053,132	17,575,622	30,853,132	17,575,622

During the year ended February 28, 2025, 25,000 options were exercised.

In Q4 F2025, 250,000 warrants, redeemable for $0.60 per share, and 560 warrants, redeemable for $0.85 per share, were exercised for gross proceeds of $626,000

On December 23, 2024, the Company issued 2,000,000 common shares for proceeds of $3,000,000

In November 2024, 105,000 warrants, redeemable for $0.85 per share, were exercised for gross proceeds of $89,250.

On November 7, 2024, the Company issued 2,307,692 common shares for proceeds of $1,500,000.

On October 9, 2024, the Company issued 3,200,000 common shares for proceeds of $2,240,000.

On June 6, 2024, the Company cancelled 208,000 common shares held by a service provider. These common 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 the service provider would cancel their LQWD shares of a similar value.

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:

	2025 Q4	2025 Q3	2024 Q4	Years ended February 28, 2025	February 29, 2024
Research and development	$ 43,000	$ 30,000	$ 30,000	$ 133,000	$ 120,000
Salaries	49000	36,000	36,000	157,000	144,000
Share-based compensation	131,356	63,441	-	248,928	105,708
	$ 223,356	$ 129,441	$ 66,000	$ 538,928	$ 369,708

The breakdowns for the related party transactions during the year ended February 28, 2025, are as follows:

Related Party	Role	Research and development	Salaries	Share-based compensation	Total
Barry MacNeil	CFO	$ -	$ 42,000	$ 43,898	$ 85,898
Aziz Pulatov	CTO	133,000	-	56,121	189,121
Giuseppe (Pino) Perone	Corporate Secretary	-	48,500	68,343	116,843
Ashley Garnot	Director	-	66,500	68,343	134,843
Kim Evans	Director	-	-	12,223	12,223
		$ 133,000	$ 157,000	$ 248,928	$ 538,928

At February 28, 2025, $438 (2024 - $45) is owing to key management personnel and is included in accounts payable and accrued liabilities.

During the year ended February 28, 2025, the Company was charged $12,600 (2024 - $12,000) by TAG Oil Ltd., a Canadian related company with similar key management personnel for office rent. At February 28, 2025, $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

a. At February 28, 2025, there were 21,442,718 common shares, 1,330,000 stock options, and 8,080,414 warrants outstanding.
b. At June 11, 2025, there were 22,647,064 common shares, 1,305,000 stock options, and 6,901,068 warrants outstanding.

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

SUBSEQUENT EVENTS

On April 2, 2025, the Company announced the appointment of Samuel Coyn Mateer as a non-executive director of the Company

In May and June 2025, 150,000 warrants, redeemable for $0.90 per share, 691,846 warrant, redeemable for $0.85 per share, and 337,500 warrants, redeemable for $0.60 per share, were exercised for gross proceeds of $925,569.

On May 28, 2025, 25,000 options, redeemable for $0.97 per share, were exercised for gross proceeds of $24,250.

On June 9, 2025, the Company announced the appointment of Ashley Garnot as President of the Company. Mrs. Garnot will continue to serve as a director and work closely with the executive team.

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

The competitive landscape for Lightning-Network infrastructure is increasingly diversified, spanning traditional Bitcoin miners pivoting into layer-two services and established payment platforms operating high-capacity routing nodes.

Bitcoin miners expanding into Lightning
• Marathon Digital Holdings – Anduro project: In February 2024 Marathon launched Anduro, a multi-chain layer-two aimed at extending Bitcoin utility beyond simple payments (ir.mara.com, coindesk.com). This signals large miners' intention to monetise their BTC holdings through fee-based side-chain activity rather than purely block rewards.
• Riot Platforms – HPC/LN strategy: Riot is evaluating the deployment of up to 600 MW of power into high-performance computing and Lightning routing infrastructure, repurposing excess mining capacity for fee income (riotplatforms.com, ainvest.com).

LQWD Advantage: Unlike energy-intensive miners, LQWD's yield-on-BTC model is non-energy-intensive and depends on routing fees, not block-reward economics, insulating margins from hash-rate inflation and energy-price volatility.

Payment-service competitors
• Kraken operates a public Lightning node that requires a minimum 0.01 BTC channel and ranks within the global top-5 by capacity (support.kraken.com).
• Wallet-of-Satoshi manages ~180 BTC in routing capacity across >1,300 channels, currently ranking #3 globally (1ml.com).

LQWD Position: The Company's primary node, LQwD-Canada, maintains ~39 BTC across 1,200+ channels, ranking #7 worldwide (lqwdtech.com, lqwdtech.com). Proprietary AI-driven channel-rebalancing reduces liquidity drag and allows LQWD to achieve higher sat/fee efficiency versus static-policy nodes run by custodial wallets.

Strategic implication
Management monitors the above peers as benchmarks but believes LQWD's combination of (i) low-energy, fee-based yield generation, (ii) AI-optimised liquidity deployment, and (iii) early-mover brand recognition positions the Company to capture a disproportionate share of Lightning routing growth anticipated at ≥ 45 % CAGR over the next two years.

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 28, 2025, 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 28, 2025, the contractual maturities of financial liabilities were as follows:

	Carrying Amount	Contractual Cash Flows	Within 1 Year
Accounts payable and accrued liabilities	$181,897	$181,897	$181,897
Total	$181,897	$181,897	$181,897

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 28, 2025	February 29, 2024
	Fair Value Level	Fair value through profit or loss	Fair value through profit or loss
		$	$
Financial assets:			
Digital currencies	2	19,800,292	9,612,743

The Company's digital currencies are classified as level 2. During the years ended February 28, 2025, and February 29, 2024, 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.coinmarketcap.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 other comprehensive income, based on their closing prices on February 28, 2025, would be $4,950,073.

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 OTCQX 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 ARRANGMENTS

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.