

FORWARD WATER TECHNOLOGIES CORP.

Management's Discussion and Analysis

For the Fifteen-month period ended March 31, 2025

The date of this management's discussion and analysis ("MD&A") is July 29, 2025.

The following MD&A should be read in conjunction with the audited consolidated financial statements of Forward Water Technologies Corp. ("FWTC" or the "Company") for the fifteen-month period ended March 31, 2025, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Forward-Looking Statements and Future-Oriented Financial Information

This MD&A contains forward-looking information and forward-looking statements, within the meaning of applicable Canadian securities legislation, which reflect management's expectations regarding the Company's future growth, results from operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects, future business plans and opportunities. Wherever possible, words such as "predicts", "projects", "targets", "plans", "expects", "does not expect", "budgets", "scheduled", "estimates", "forecasts", "anticipates" or "does not anticipate", "believes", "intends" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative or grammatical variation thereof or other variations thereof, or comparable terminology have been used to identify forward-looking statements.

Forward-looking statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management, in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances. Forward-looking statements in this MD&A include, without limitation, statements with respect to:

- the ability of the Company to continue as a going-concern;
- the Company's need for, and ability to obtain, additional financing;
- the continued use of the Company's services;
- the sources of the Company's revenue;
- the incurrence of legal fees in relation to defending any civil proceedings involving the Company;
- the effect of a change of control on the Company's material contracts;
- the Company's dependence on key personnel;
- the Company's ability to achieve or maintain profitability;
- the possibility of clients terminating contracts with the Company and the impact thereof;
- the ongoing costs and obligations of the Company;
- the Company's ability and intention to develop intellectual property and the Company's dependence on suppliers and skilled labour;
- growth-related risks such as capacity constraints and pressure on internal systems and controls;
- and
- the likelihood of reputational harm to the Company and the impact thereof.

Important factors that could cause actual results to differ materially from the Company's expectations include, without limitation:

- clients do not sign contracts due to the fact that they choose alternative technologies;

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

- the potential for adverse or positive tax judgments in the jurisdictions in which the Company operates or changes to applicable tax rules in such jurisdictions;
- market conditions;
- the potential for adverse or positive judgments with respect to any civil proceedings involving the Company;
- the departure of key personnel or other employees of the Company;
- changes in technology, customer preferences, or supply chains;
- potential tariffs associated with US customers
- changes in accounting policies or procedures applicable to the Company's assets;
- and other risk factors set forth in this MD&A.

While we consider the assumptions used in making these forward looking statements to be reasonable, the assumptions are inherently subject to significant business, social, privacy, economic, political, regulatory, competitive and other risks, uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking statements. Many assumptions are based on factors and events that are not within our control and there is no assurance they will prove to be correct.

Furthermore, such forward-looking statements involve a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking statements.

Although we have attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, conditions, results, or performance achievements to differ from those anticipated, estimated or intended.

Readers are cautioned that the list of assumptions and risks, uncertainties and other factors contained herein are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking information contained herein. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements contained herein are made as of the date of this MD&A and we disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as and to the extent required by applicable securities laws. The MD&A is a narrative explanation, through the eyes of management, of how FWTC and its operating subsidiary performed during the period covered by the financial statements discussed herein, and of FWTC's financial condition and future prospects. The MD&A complements and supplements FWTC's financial statements but does not form part of FWTC's financial statements.

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars (CAD). Due to rounding, certain totals, subtotals and percentages may not reconcile.

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

Reverse takeover transaction

On September 30, 2024, FWTC completed a reverse takeover transaction with Fraser Mackenzie Accelerator Corp. ("FMAC") (the "Transaction"), pursuant to which FWTC acquired all of the issued and outstanding securities of FMAC in exchange for securities of FWTC by way of an amalgamation between FMAC and 1000925180 Ontario Limited (a wholly-owned subsidiary of FWTC incorporated for the sole purpose of facilitating the Transaction). Upon completion of the amalgamation, the amalgamated corporation became a wholly owned subsidiary of FWTC. The Transaction constituted the qualifying transaction of FMAC under the policies of the TSX Venture Exchange.

Prior to the amalgamation, FWTC completed a 10 for 1 consolidation (the "Consolidation") on the basis of one post-Consolidation common share of FWTC for every ten pre-Consolidation common shares of FWTC Shares. Pursuant to the Transaction, all issued and outstanding common shares of FMAC ("FMAC Shares") were exchanged for common shares of FWTC at an exchange ratio of 0.95 of a common shares of FWTC for every one (1) FMAC Share on a post-Consolidation basis (the "Exchange Ratio") with a total of 19,542,448 post-Consolidation common shares of FWTC being issued based on the 20,571,000 FMAC Shares that were issued and outstanding. Each outstanding option and warrant to purchase an FMAC Share was exchanged for comparable FWTC options or FWTC warrants based on the Exchange Ratio with each such FWTC option or FWTC warrant entitling the holder to purchase common shares of FMAC at the applicable exercise prices, with the appropriate adjustments for the Exchange Ratio. In connection with the completion of the Transaction FMAC changed its year end to March 31 from December 31 in order to align with FWTC's historical financial year-end.

Immediately following the closing of the Transaction, there were 31,336,558 common shares of FWTC outstanding (excluding shares issued in connection with the concurrent financing or conversion of debt of FWTC), of which 19,542,448 were held by the former shareholders of FMAC (representing approximately 62.36% of the outstanding shares of FWTC) and 11,794,110 were held by the shareholders of FWTC. As the former shareholders of FMAC control FWTC following the Transaction, the Transaction was accounted for as a reverse acquisition where FMAC is deemed to be the acquirer for accounting purposes. As a result, the consolidated financial statements for the fifteen months ended March 31, 2025 represent the continuance of FMAC and reflect the identifiable assets acquired and liabilities assumed of FWTC at fair value. As the Transaction occurred on September 30, 2024, the results of operations of FWTC beginning on October 1, 2024 were included in the consolidated statements of loss. The comparative figures for the twelve-month period ended December 31, 2023 presented in these consolidated financial statements are those of FMAC alone.

FWTC is deemed to be the acquiree for accounting purposes and it has substantive processes capable of generating outputs on the date of acquisition. Therefore, the Transaction constitutes a business combination for accounting purposes and is accounted for using the acquisition method under IFRS 3.

If the Transaction had occurred on January 1, 2024, management estimates that the consolidated revenue and net loss would have been \$227,633 and \$3,209,809 respectively for the period ended March 31, 2025. Included in the consolidated statement of comprehensive income for the reporting period, the acquiree's revenue and net loss since the acquisition date were \$70,514 and \$1,500,864 respectively.

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

Major Highlights Subsequent to March 31, 2025

- On June 26, 2025, the Company signed a contract for a technology evaluation project with a Fortune 500 Europe company having global operations. The project will assess the effectiveness of FWTC's iFO water treatment technology for treating wastewater from product manufacturing.

Overview

Incorporation:

FWTC was incorporated under the laws of the Province of Ontario on December 1, 2016 and its operating subsidiary is Forward Water Technologies Inc ("FWTI"). FWTI is a corporation incorporated pursuant to the laws of the Province of Ontario on October 11, 2012 dedicated to the commercialization of its proprietary forward osmosis ("FO") technology.

FMAC was incorporated under the laws of the Province of Ontario on February 9, 2022.

Technology, sectors, and revenue models:

The Company's FO technology allows businesses to clean their wastewater that would otherwise require costly disposal. The technology also enables the reclamation of up to 90% of the waste as clean water and the return of this valuable resource to the environment. Alternatively, the clean water can be reused by manufacturing operations to reduce a customer's overall water consumption and environmental footprint.

FWTC extracts clean water through a membrane utilizing a FO method. Without using applied pressure, applied energy, or forced filtration FWTC's FO process rejects virtually all impurities and separates only the clean water from the waste stream. The Company has now completed full commercial design of modular transportable containerized equipment and is prepared to deliver this equipment to end users.

FWTC is targeting three sectors:

- a) Industrial wastewater: to divert hazardous waste disposal currently transported and injected into wells or incinerated.
- b) Brine Management: the concentration of brines where the dissolved materials in the brine or the concentrated brines themselves have value. For example, the concentration of brines containing valuable minerals such as lithium become easier to process leading to a lower cost of recovery.
- c) Food and beverage: to manufacture product concentrates, water is removed through the passive filtering process which is vastly superior to thermal concentrates that erode the flavor and aroma components due to excessive heating. Target products are in fruit juices, alcoholic beverages such as beer and wines, coffee and teas, herbal extracts, and nut milks.

FWTC has developed three revenue models:

- a) Build Own Operate: FWTC constructs a facility for on-site operation and operates the equipment as a service. Customer pays a fee for each cubic meter of wastewater treated.
- b) Build Operate Transfer: FWTC constructs a facility for on-site operation and operates the equipment as a service. Over time, and pursuant to service contracts and purchase agreements,

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

operations are taken over by the customer. Service and maintenance contracts will continue post-transfer.

- c) Licensing: Addressing foreign markets FWTC intends to license the technology with well-established equipment providers and operators. It is anticipated that this will generate transfer fees and on-going royalties.

As noted above, as a result of the completion of the Transaction and in accordance with applicable securities laws, the consolidated financial statements for the fifteen months ended March 31, 2025 represent the continuance of FMAC and reflect the identifiable assets acquired and liabilities assumed of FWTC at fair value. As the Transaction occurred on September 30, 2024, the results of operations of FWTC beginning on October 1, 2024 were included in the consolidated statements of loss. Due to the foregoing, the discussion below of the fifteen months ended March 31, 2025 largely relates to the results of FMAC as disclosed in the financial statements for such period and the comparative figures relate to FMAC.

Selected Annual Information

	Reporting Period End		
	2022 *	2023	2025 **
	\$	\$	\$
Total revenue	-	-	70,514
Net loss and comprehensive loss	(66,194)	(124,389)	(1,678,555)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.05)
Total assets	247,929	1,510,214	3,744,565
Total non-current liabilities	-	-	-
Cash dividends declared	-	-	-

* FMAC was incorporated on February 9, 2022

** 2025 results are a fifteen month reporting period

The three year period has been spent building the commercial demonstration unit and full commercialization of the FO process, including the expansion into the direct lithium extraction segment.

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

Results of Operations

	For the three months ended March 31, 2025	For the three months ended December 31, 2024 *	For the fifteen months ended March 31, 2025	For the twelve months ended December 31, 2023
Revenue	\$ 13,633	56,881	\$ 70,514	\$ -
Expenses:				
General and administrative	293,622	579,893	1,072,751	148,457
Selling and marketing	939	21,166	22,105	-
Research and development	238,084	130,842	368,926	-
Listing expenses	-	-	28,502	8,759
Foreign exchange loss (income)	(14,066)	30,287	16,221	-
	518,579	762,188	1,508,505	157,216
Net loss before the undernoted	(504,946)	(705,307)	(1,437,991)	(157,216)
Other expense (income):				
Amortization of deferred capital contributions	-	(1,056)	(1,056)	-
Finance income	(7)	(295)	(46,965)	(32,827)
Finance costs	29,477	18,501	38,585	-
Transaction costs	250,000	-	250,000	-
	279,470	17,150	240,564	(32,827)
Net loss and comprehensive loss	\$ (784,416)	\$ (722,457)	\$ (1,678,555)	\$ (124,389)
Loss and comprehensive loss per share				
Basic and diluted	(0.016)	(0.015)	(0.053)	(0.007)
Weighted average number of shares outstanding				
Basic and diluted	49,761,421	49,174,592	31,446,410	17,563,911

*The three month comparison used for this reporting is for the three months ended December 31, 2024, not for the period of March 31, 2024 since the comparison would be with FMAC only

Revenue:

Revenue for the three months ended March 31, 2025 was \$13,633, \$43,248 lower than the three months ended December 31, 2024. Revenue for the fifteen months ended March 31, 2025 was \$70,514 compared to \$nil for the twelve months ended December 31, 2023.

Expenses:

General and administrative – general and administrative expenses for the three months ended March 31, 2025 were \$293,622, a \$286,271 increase over the three months ended December 31, 2024. General and administrative expenses for the fifteen months ended March 31, 2025 were \$1,072,751, an increase of \$924,294 compared to the twelve months ended December 31, 2023. For both the three months and twelve months period, the increase is primarily related to expenses incurred in evaluating opportunities for a

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

qualifying transaction concluded on September 30, 2024 and regulatory and professional fees related to being a publicly listed company.

Selling and marketing – selling and marketing expenses for the three months ended March 31, 2025 were \$939, compared to \$21,166 for the three months ended December 31, 2024. Selling and marketing for the fifteen months ended March 31, 2025 were \$22,105 compared to \$nil for the twelve months ended December 31, 2023.

Research and development – research and development expenses for the three months ended March 31, 2025 were \$238,084 compared to \$130,842 for the three months ended December 31, 2024. Research and development expenses for the fifteen months ended March 31, 2025 were \$368,926, compared to \$nil for the twelve months ended December 31, 2023

Listing expenses – listing expenses for the three months ended March 31, 2025 were \$nil, compared to \$nil for the three months ended December 31, 2024. Listing expenses for the fifteen months ended March 31, 2025 were \$28,502, compared to \$8,759 for the twelve months ended December 31, 2023.

Foreign exchange loss - foreign exchange loss or gain is a result of the changes in foreign currency amounts being settled through accounts payable. The payables are primarily related to tools and equipment purchased in USD. Foreign exchange loss for the three months ended March 31, 2025 was a credit of \$14,066, compared to a loss of \$30,287 for the three months ended December 31, 2024. Foreign exchange loss for the fifteen months ended March 31, 2025 was \$16,221 compared to \$nil for the twelve months ended December 31, 2023.

Other Expense (Income):

Amortization of deferred capital contributions - deferred capital contributions represent the unamortized and unspent balances of designated grants and funding received for the purchase of equipment. The amortization of capital contributions is recorded as income in the statement of loss and comprehensive loss. The amortization of deferred capital contributions for the three months ended March 31, 2025 was \$nil compared to \$1,056 for the three months ended December 31, 2024. The amortization of deferred capital contributions for the fifteen months ended March 31, 2025 was \$1,056 compared to \$nil for the twelve months ended December 31, 2023.

Finance income - finance income represents interest earned on GICs. Finance income for the three months ended March 31, 2025 was \$7 compared to \$295 for the three months ended December 31, 2024. Finance income for the fifteen months ended March 31, 2025 was \$46,965 compared to \$32,827 for the twelve months ended December 31, 2023

Finance costs – finance costs for the three months ended March 31, 2025 were \$29,477 compared to \$18,501 for the three months ended December 31, 2024. Finance costs for the fifteen months ended March 31, 2025 were \$38,585 compared to \$nil for the twelve months ended December 31, 2023.

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

Transaction costs – transaction costs for the three months ended March 31, 2025 were \$250,000 compared to \$nil for the three months ended December 31, 2024. Transaction costs for the fifteen months ended March 31, 2025 were \$250,000 compared to \$nil for the twelve months ended December 31, 2023

Net Loss and Earnings per Share:

The net loss and comprehensive loss for the three months ended March 31, 2025 was a loss of \$784,416 compared to a loss of \$722,457 for the three months ended December 31, 2024. On a per share basis, this translated into a net loss per basic and diluted share of \$0.016 for the three months ended March 31, 2025, compared to a loss per basic and diluted share of \$0.015 compared to the three months ended December 31, 2024 .

The net loss for the fifteen months ended March 31, 2025. was a loss of \$1,678,555 compared to a loss of \$124,389 for the twelve months ended December 31, 2023. On a per share basis, this translated into a net loss per basic and diluted share of \$0.053 for the fifteen months ended March 31, 2025, compared to a loss per basic and diluted share of \$0.007 for the twelve months ended December 31, 2023.

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

Total Assets and Liabilities:

	March 31, 2025	December 31, 2023
Assets		
Current assets:		
Cash	\$ 673,249	\$ 235,986
Short-term investment certificate	11,203	1,271,912
Amounts receivable	38,181	2,316
Prepaid expenses	48,782	-
	771,415	1,510,214
Property and equipment	1,577,896	-
Intangible assets	1,114,286	-
Goodwill	280,968	-
	\$ 3,744,565	\$ 1,510,214
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payables and accrued liabilities	\$ 274,907	\$ 24,594
Current portion of bank loan payable	6,672	-
Deferred capital contributions	8,356	-
Debenture payable	50,000	-
Current portion of license liability	110,442	-
	450,377	24,594
Bank loan payable	31,901	-
Loan payable	242,109	-
License liability	266,046	-
	990,433	24,594
Shareholders' Equity:		
Share capital	3,712,635	1,488,456
Warrants	629,426	-
Contributed surplus	281,209	187,747
Deficit	(1,869,138)	(190,583)
	2,754,132	1,485,620
	\$ 3,744,565	\$ 1,510,214

Total assets were \$3,744,565 as of March 31, 2025, an increase of \$2,234,351 over the period ended December 31, 2023 primarily as a result of the Transaction.

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

Current liabilities as of March 31, 2025 were \$450,377, an increase of \$425,783 over the period ended December 31, 2023 primarily as a result of the Transaction.

Statement of Cash Flows:

	For the fifteen months ended March 31, 2025	For the twelve months ended December 31, 2023
Cash provided by (used in):		
Operating activities:		
Net loss	\$ (1,678,555)	\$ (124,389)
Items not involving cash:	222,225	100,353
Changes in non-cash operating working capital:	(697,618)	56,491
Net cash (used in) provided by operating activities	(2,153,948)	32,455
Financing activities:		
Issuance of capital stock	-	1,557,100
Repayment of bank loan payable	(3,947)	-
Proceeds from issuance of subscription receipts	1,700,000	-
Issuance costs	(172,605)	(247,328)
Interest paid	(1,968)	-
Net cash from financing activities	1,521,481	1,309,772
Investing activities:		
Purchase of property and equipment	(205,481)	-
Redemption (purchase) of short-term investment certificate	1,271,912	(1,271,912)
Cash obtained from reverse takeover transaction	3,299	-
Net cash from (used in) investing activities	1,069,730	(1,271,912)
Increase in cash	437,263	70,315
Cash, beginning of period	235,986	165,671
Cash, end of period	\$ 673,249	\$ 235,986

Net cash outflows from operating activities:

For the fifteen months ended March 31, 2025, net cash flows used in operating activities were \$2,153,948 compared to cash provided of \$32,455 for the twelve months ended December 31, 2023. The increase in outflows was primarily due to higher net loss as described above, non-cash items in the same period in the prior year that did not repeat in the fifteen months ended March 31, 2025 (share based compensation), partially offset by lower cash provided by working capital in 2024 relative to 2023 (primarily deferred finance costs in the same period in the prior year that did not repeat, offset by the use of cash for accounts payable).

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

Net cash from financing activity:

For the fifteen months ended March 31, 2025, net cash provided from financing activity was \$1,521,481, compared to \$1,309,772 for the twelve months ended December 31, 2023. Both periods reflect financing activities, with the prior year period activity related to the initial public offering of FMAC and the current period related to a concurrent financing for the Transaction.

Net cash flows from investing activities:

Net cash from investing activities for the fifteen months ended March 31, 2025 was \$1,069,730, compared to net cash used of \$1,271,912 for the twelve months ended December 31, 2023 primarily as a result of the redemption of a short term investment certificate.

Quarterly Results:

The following is a summary of the Company's financial results for the last eight quarters for which financial statements have been prepared:

	Mar 25	Dec 24	Sep 24	Three Months Ended		Dec 23	Sep 23	Jun 23
	\$	\$	\$	Jun 24	Mar 24	\$	\$	\$
Net and comprehensive gain/(loss)	(784,416)	(722,457)	(164,312)	(9,792)	2,422	5,468	9,347	(32,055)
Basic loss per share	(0.03)	(0.02)	(0.01)	(0.00)	0.00	0.00	0.00	(0.00)
Total Assets	3,744,565	4,672,626	6,194,029	1,493,972	1,505,223	1,510,214	1,492,189	1,481,304

Significant Projects:

In December 2021, FWTC began the building of a mobile demonstration unit which can be placed on a customer's site to allow for a longer term (3-4 month) performance of the FO technology at industrial throughput that is not achievable in a laboratory setting. The unit was completed on November 4, 2024.

Breakdown of Material Expense:

General and administrative

	For the three months ended March 31, 2025	For the three months ended December 31, 2024 *	For the fifteen months ended March 31, 2025	For the twelve months ended December 31, 2023
General and administrative	\$ 293,622	579,893	\$ 1,072,751	\$ 148,457
Office, administration and other	116,079	14,615	142,888	18,121
Consulting, contracts and professional fees	113,788	369,219	670,049	29,983
Salaries and benefits	63,755	190,813	254,568	-
Stock based compensation	-	5,246	5,246	100,353

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

General and Administrative expenses for the three months ended March 31, 2025 were \$293,622, a decrease of \$286,271 compared to the three months ended December 31, 2024 primarily due to lower consulting fees and salaries as a result of cost reduction efforts. The comparative period includes FMAC only whereas the current period includes FMAC and the results of FWTC after the date of the Transaction.

General and Administrative expenses for the fifteen months ended March 31, 2025 were \$1,072,751, an increase of \$924,294 compared to the twelve months ended December 31, 2023 primarily due to the fact that the comparative period includes FMAC only where as the current period includes FMAC and the results of FWTC after the date of the Transaction.

Research and development:

Research and development expenses for the three months ended March 31, 2025 were \$238,084 compared to \$130,842 for the three months ended December 31, 2024. Research and development expenses for the fifteen months ended March 31, 2025 were \$368,926 compared to \$nil for the twelve months ended December 31, 2023.

Property and equipment:

	Equipment	Construction in progress	Mobile Equipment	Total
Cost				
December 31, 2022 and 2023	\$ -	\$ -	\$ -	\$ -
Reverse takeover transaction	9,411	1,447,414		1,456,825
Additions	-	194,292	11,189	205,481
Reallocation to mobile equipment		(1,641,706)	1,641,706	-
March 31, 2025	9,411	-	1,652,895	1,662,306
Accumulated depreciation				
December 31, 2022 and 2023	-	-	-	-
Depreciation	2,112	-	82,298	84,410
March 31, 2025	2,112	-	82,298	84,410
Net book value				
March 31, 2025	\$ 7,299	\$ -	\$ 1,570,597	\$ 1,577,896

Mobile equipment consists of the spend for the mobile commercial demonstration unit that had a total cost of \$1.7 million. The unit was completed in November, 2024.

Outstanding Share Capital:

As of the date of this MD&A, the Company has outstanding share capital of:

Shares: 49,761,421

Warrants: 12,927,690

Options: 2,066,365

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

Refer to the Financial Statements for more details of the capital structure.

Off-Balance Sheet Arrangements:

There are no off-balance sheet arrangements.

Related Party Transactions:

a) Loans payable:

In April 2018, FWTC's original shareholder sold 66% of FWTI to two unrelated parties.

FWTI issued a \$300,000 loan payable to the original shareholder of FWTI payable upon FWTI obtaining one million (\$1,000,000) in gross revenue, with repayments calculated as 5% of gross margin and payable within 30-days of receipt of related revenue. The loan expired on April 27, 2023 and was renewed with a maturity date of April 30, 2024. The loan payable was subsequently renewed with a maturity date of April 30, 2029. As of September 30, 2024, the fair value of the loan payable was determined to be \$237,201 using discount rate of 12.45%, as part of the liabilities assumed as part of the reverse takeover transaction (note 4). In addition, the loan has interest thereon at 6% per annum, payable semi-annually on October 31 and April 30 in each year until April 30, 2029.

During the three months ended March 31, 2025, the Company issued 115,285 shares to settle interest payable of \$9,453. During the three months ended March 31, 2025, \$4,908 of accretion expense related to the loan payable was recognized and included in finance costs in the consolidated statements of loss and comprehensive loss.

As at March 31, 2025, the carrying value of the loan payable is \$242,109 and the amount of accrued interest outstanding on the loan payable is \$2,412 included in accounts payable and accrued liabilities.

(b) Key management personnel:

	For the fifteen months ended March 31, 2025		For the twelve months ended December 31, 2023	
Salaries and benefits	\$	94,500	\$	-
Share-based compensation		1,402		100,353
	\$	95,902	\$	100,353

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

During the fifteen month period ended March 31, 2025, the Company incurred consulting fees of \$72,735 to WD Numeric Corporate Services, for the services of Mike Willetts to act as Chief Financial Officer of the Company.

Subsequent Events:

As of the date of approval of this MD&A, the Company has determined that there were no subsequent events to report.

Going Concern Risk:

This MD&A has been prepared on the basis of accounting principles applicable to a going concern. However, in common with many early-stage enterprises engaged in product commercialization, there is significant doubt about the appropriateness of the use of the going concern assumption because the Company has a history of losses and negative cash flows from operations.

The ability of the Company to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon the continued support from its shareholders, and on its ability to achieve and maintain profitable operations in the future. The Company's ability to establish profitable operations in the future is dependent upon securing additional funding and financing arrangements. On September 11, 2024 and September 26, 2024, FMAC completed closings of a private placement of an aggregate of 15,887,850 subscription receipts ("Subscription Receipts") at a price of \$0.107 per Subscription Receipt for aggregate gross proceeds of \$1,700,000. Immediately prior to the closing of the Transaction and for no additional consideration, each Subscription Receipt automatically converted into one unit (the "FMAC Units") with each FMAC Unit consisting of one FMAC Share (which was exchanged for 0.95 of a post-Consolidation common share of FWTC on closing of the Transaction) and one-half of one FMAC Share purchase warrant, (each whole such warrant a "Concurrent Financing Warrant"). Following completion of the Transaction, each Concurrent Financing Warrant entitled the holder to purchase common shares of the FWTC based on the Exchange Ratio at a purchase price of \$0.1579 per share.

For the fifteen months ended March 31, 2025 the Company had a loss and comprehensive loss of \$1,678,555 and an accumulated deficit of \$1,869,138. Due to the facts mentioned above, there is material uncertainty that may cast doubt on the Company's ability to continue as a going concern.

The Company's financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for the financial statements, then adjustments would be necessary to the carrying amount of assets, the reported revenue and expenses, and the balance sheet classifications used.

Financial Risks and Concentration of Risk:

(a) Currency risk

The Company is exposed to financial risks as a result of exchange rate fluctuations and the

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

volatility of these rates. In the normal course of business, the Company may purchase property and equipment and services denominated in U.S. dollars and carry currency risk related to cash and license liability denominated in U.S. dollars. The Company does not currently enter into forward contracts to mitigate this risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Company is expected to incur losses and generate negative cash flows from operations in the near term. The Company prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

The following table details the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flows:

At March 31, 2025	Carrying amount	Total contractual cash flows	Repayable within 1 year or on demand	Repayable more than 1 year but less than 2 years	Repayable more than 2 years but less than 5 years
Accounts payables and accrued liabilities	\$ 274,907	\$ 274,907	\$ 274,907	\$ -	\$ -
Bank loan payable	38,573	38,573	10,139	10,139	18,295
Debenture payable	50,000	50,000	50,000	-	-
Loan payable	242,109	300,000	-	-	300,000
License liability	376,488	431,730	143,910	143,910	143,910
	\$ 982,077	\$ 1,095,210	\$ 478,956	\$ 154,049	\$ 462,205

At December 31, 2023	Carrying amount	Total contractual cash flows	Repayable within 1 year or on demand	Repayable more than 1 year but less than 2 years	Repayable more than 2 years but less than 5 years
Accounts payables and accrued liabilities	\$ 24,594	\$ 24,594	\$ 24,594	\$ -	\$ -
	\$ 24,594	\$ 24,594	\$ 24,594	\$ -	\$ -

The Company may need shareholders' support, conduct asset sales, issue equity or incur additional debt to repay financial obligations as they become due until operations generate sufficient positive cash flows to pay financial liabilities. The Company believes it has sufficient funds to meet current obligations but will need to gain incremental customer traction and/or raise additional capital at some future point in order to meet future obligations.

c) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. The maximum exposure to credit risk is the Company's cash and amounts receivable balance. Substantially all the Company's cash is deposited with financial institutions in Canada that are of high-credit quality to minimize credit risk exposure. The Company is exposed to credit risk with respect to amounts receivable. The Company performs ongoing credit evaluations of its customers and maintains provisions for potential credit losses. As at March 31, 2025, no amounts receivable were considered past due.

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

(d) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to cash flow interest rate risk as its bank loan bears interest at the bank's variable prime rate plus 2.54% per annum.

(e) Capital risk management

The Company's capital is composed of shareholders' equity, bank loan payable, loan payable and debenture payable. The Company's objective in managing capital is to safeguard the Company's assets and ensure the Company's ability to continue as a going concern. The Company manages its capital structure through regular reviews of financial information to ensure adjustments can be made to be in line with changes in the economic conditions and to maintain value for the shareholder.

The Company's capital is made up of the following:

	March 31, 2025	December 31, 2023
Shareholders' equity	\$ 2,754,132	\$ 1,485,620
Bank loan payable	38,573	-
Loan payable	242,109	-
Debenture payable	50,000	-
	<u>\$ 3,084,814</u>	<u>\$ 1,485,620</u>

Business Risks and Uncertainties:

1. Key Personnel

FWTC's success has depended on and continues to depend upon its ability to attract and retain key management. The Company does not maintain key person life insurance policies on any employees. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. If the Company does not have the ability to retain employees and attract and retain sufficient additional employees or scientific and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Company and results of operations of the business and could limit the Company's ability to develop and market its services and products. The loss of any of the Company's senior management or key employees could materially adversely affect the Company's ability to execute its business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all.

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

2. Dependence on Suppliers and Skilled Labor

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour and equipment. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of any major equipment contemplated by the Company's capital expenditure program may be significantly greater than anticipated by the Company's management and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of the Company.

3. Tariffs

On February 1, 2025, the President of the United States issued an Executive Order effective February 4, 2025 imposing a 25% tariff on most Canadian imports, and a 10% tariff on Canadian energy products. Although a brief 30-day pause was negotiated in early February, the tariffs resumed in early March and remain in effect. In reaction, Canada implemented retaliatory measures. Further escalation remains possible, including U.S. plans to increase tariffs if no trade agreement is reached. The imposition and potential escalation of tariffs could materially adversely affect the Corporation's cost of goods sold, profit margins, and overall financial performance. Disruptions may include changes in supply chain costs, product pricing, customer demand, and competitive position. The Company continues to closely monitor trade policy developments, including potential exemptions and will work to identify mitigation strategies such as supply-chain relocation and alternate sourcing, pricing strategies. There is no assurance, however, that such strategies will fully offset adverse effects should tariffs be expanded or prolonged.

4. Rapid Technology Change

The Company operates in a competitive marketplace; there are no guarantees that the Company can maintain or expand its advantages. The Company invests significantly in the development of products and continually seeks to improve its current product offerings. The success of the Company continues to depend upon market acceptance of its new products, its existing products and its ability to refine and enhance current product lines.

5. Negative Cash Flow

The Company has incurred losses since its inception. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future.

6. Clients May Terminate Accounts

Clients may terminate their relationship with FWTC at any time, subject to the terms of the contractual agreements between FWTC and such clients.

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

7. Ongoing Costs and Obligations

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increase compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company's efforts to grow the business may be costlier than expected, and FWTC may not be able to increase revenue enough to offset any higher operating expenses. FWTC may incur significant losses in the future for a number of reasons and unforeseen expenses, difficulties, complications and delays, and other unknown events. If FWTC is unable to achieve and sustain profitability, the market price of the common shares may significantly decrease.

8. Additional Financing

The operation of FWTC's facilities and business are capital intensive. In order to execute the anticipated growth strategy, FWTC may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to FWTC when needed or on terms which are acceptable.

The Company's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit FWTC's growth and may have a material adverse effect upon future profitability or the ability of the Company to continue as a going concern. FWTC may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for FWTC to obtain additional capital and to pursue business opportunities, including potential acquisitions.

9. Change of Control on Material Contracts

It is possible that material contracts to which FWTC is a party may be subject to review or termination upon a change of control. While FWTC is not aware of any counterparty which may wish to terminate a material contract, should any such contracts be terminated, FWTC will lose the benefit of the contract as well as subsequent usage or subscription revenue associated with that contract depending on the services rendered.

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

10. Success of Quality Control Systems

The quality and safety of the Company's products and services are critical to the success of its business and operations. As such, it is imperative that the Company's (and its service providers') quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although the Company strives to ensure that all its customers and partners have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the Company's business and operating results.

11. Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

12. Reputational Harm

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes pride in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

13. Legal Proceedings

In the course of the Company's business, the Company may from time to time have access to confidential or proprietary information of third parties, and these parties could bring a claim against the Company asserting that it has misappropriated their technologies and improperly incorporated such technologies into its products. The Company has implemented processes and internal protocols to safeguard such third-party's proprietary rights in order to mitigate such risks but there is no guarantee that such processes and protocols will be successful in all cases. Due to these factors, there remains a constant risk of intellectual property litigation affecting the Company's business. In the future, the Company may be made a party to litigation involving intellectual property

FORWARD WATER TECHNOLOGIES CORP.

MD&A (Cont'd)

For the Fifteen-month period ended March 31, 2025

matters and such actions, if determined adversely, could have a material adverse effect on the Company.

14. Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS accounting principles.

TSX Venture Exchange-listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) processes to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

Additional information related to the Company can be found on the Company's profile on www.sedarplus.ca.