



Fireswirl

Technologies Inc.

Interim Management Discussion and Analysis

For the three months ended March 31, 2020

May 28, 2020
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following interim Management's Discussion & Analysis ("Interim MD&A") of Fireswirl Technologies Inc. ("Fireswirl" or the "Company") for the three months ended March 31, 2020 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2019. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A and audited annual consolidated financial statements of the Company for the years ended December 31, 2019, and December 31, 2018, together with the notes thereto, and unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of May 28, 2020, unless otherwise indicated.

Additional information about the Company is available on SEDAR at (www.sedar.com) under Fireswirl Technologies Inc. and on the Company website at www.fireswirl.com.

Special Note Regarding Forward Looking Statements

This Interim MD&A contains certain forward looking statements which reflect management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities.

Statements about the Company's future plans and intentions, results, level of activities, performances, achievements or other future events constitute forward looking statements. Whenever possible, words such as "anticipate", "estimate", "may", "will", "could", "should", "expect", "plan", "intend", "believe", "estimate", "potential" or similar words, have been used to identify these forward looking statements.

The Company cautions that the forward-looking statements reflect the current views and/or expectations of the Company with respect to its performance, business, and future events. Investors are cautioned that all forward looking statements involve risks, uncertainties and assumptions, including, without limitations: those relating to a limited operating history; an uncertain regulatory environment; a competitive environment, internet viability and system infrastructure and reliability; dependence on key personnel and foreign exchange fluctuations. These risks may cause the Company's actual results to differ materially from those projected in the forward looking statements. The Company does not undertake any obligations to release publicly any revisions for updating any voluntary forward looking statements.

Factors which could cause results or events to differ from current expectations include, among other things, the impact of government legislation, the impact of competition, the ability of the Company to retain and attract qualified professionals, the impact of rapid technological and market changes, loss of business or credit risk with current and perspective major customers, general industry and market conditions, growth rates, and currency rate fluctuations. The Company disclaims any intentions or obligations to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law. No assurance can be given that actual results, performance or achievement expressed or implied by the forward looking statements within this disclosure will occur, or if they do, that any benefits can be derived from them.

Past performance has been considered in drawing conclusions with respect to the forward looking statements contained in this Interim MD&A.

OVERVIEW

Fireswirl Technologies Inc. (NEX: FSW.H), “the Company”, was founded in 1999 and operated as a software development and project management company specializing in payment platforms and online gaming software for the internet. In 2006, the Company became a publicly listed company through a reverse takeover and a \$3.2 million equity financing accompanying its qualifying transaction.

On February 3, 2017, the Company entered into a share purchase agreement, pursuant to which the Company agreed to purchase an aggregate of 60% equity interest in AMZON (HK) Limited (“AMZON”) for a total of HK\$7.2 million (approximately \$1.2 million). On December 31, 2018, the Company decided to make available for sale all of its interest in AMZON (HK) Limited and Fireswirl Asia Ltd. Assets and liabilities, and the annual operating results for both subsidiaries, as well as Fireswirl Technologies (Shenzhen) Co. Ltd and Fireswirl Technologies (Beijing) Co. Ltd of which 100% interest were held by Fireswirl Asia Ltd., were included in discontinued operation results.

On January 15, 2019, the Company consolidated its common shares on a basis of 50 old shares to 1 new share.

In March 2019, the Company’s subsidiary Fireswirl Technologies (Shenzhen) Co. Ltd. was dissolved.

In December 2019, the Company’s subsidiary Fireswirl Systems Ltd. was dissolved.

On May 23, 2019, the Company completed a debt settlement. The Company issued an aggregate of 1,612,034 common shares to settle outstanding debt totaling \$217,624.97.

On July 12, 2019, the Company sold its 60% equity interest in Amzon (HK) Limited for nominal consideration. The company had substantially impaired the value of its AMZON interest on its books as at the year ended December 31, 2018 and recorded the interest as an asset held for sale. The Company currently does not have an active business and is looking for new business opportunities.

In accordance with TSX Venture Exchange Policy 2.5, the company has not maintained the requirements for a TSX Venture Exchange Tier 2 company and is on the NEX. As of July 22, 2019, the company is subject to restrictions on share issuances and certain types of payments as set out in the NEX policies. The trading symbol for the company changed from FSW to FSW.H.

The Company currently does not have an active business and is looking for new business opportunities.

TRENDS AND ECONOMIC CONDITIONS

Management regularly monitors economic conditions and estimates their impact on the Company’s operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Over the last several years and up to the date of this MD&A conditions in the equity markets have been challenging. The Covid-19 pandemic has only exacerbated this market sentiment across a broad spectrum of sectors. The timing of the return to normalized global economic activity on the heels of the pandemic is the largest question facing the market today.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management’s going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this Interim MD&A, the Canadian federal government and the provincial government of Ontario have not introduced measures that have directly impeded the operational activities of the Company. Although cash in the Company has materially declined, management believes the business will continue and, accordingly, the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

FIRST QUARTER HIGHLIGHTS

For the three months ended March 31, 2020 ("Q1 2020"), total loss was \$24,802 compared to \$82,685 for the same period in 2019 ("Q1 2019") for the continuing operations.

Net loss for three months ended March 31, 2020 for the discontinued operations was \$nil compared to \$41,370 for the three months ended March 31, 2019.

FINANCIAL RESULTS

Continuing operations

Operating Expenses

Total operating expenses for the continuing operations for the three months ended March 31, 2020 was \$24,802 compared to \$83,566 for the three months ended March 31, 2019.

General Administration

General administration expenses for the continuing operations decreased by \$58,764 to \$24,802 for the three months ended March 31, 2020 compared to \$83,566 for the three months ended March 31, 2019.

The decrease was mainly due to the decrease of general administration activities and cost reduction initiatives in the continuing operations.

Discontinued operations

Revenue

The Company reported total discontinued operating revenue of \$nil for the three months ended March 31, 2020 compared to \$6,538 for the months ended March 31, 2019.

This decline in discontinued operating revenue was primarily attributed to the reason that entity in HK was disposed of during the year ended December 31, 2019.

Cost of sales

Cost of sales is presented as delivery charges and technical service charges and other related expenses under operating expenses according to their nature.

The cost of sale reported in discontinued operations was \$nil for three months ended March 31, 2020 compared to \$4,694 for the three months ended March 31, 2019.

The decrease of cost of sales was consistent with the decrease of operating revenue.

Operating Expenses

Total operating expenses for the discontinued operations decreased by \$43,154 to \$nil for the three months ended March 31, 2020 compared to \$43,154 for the three months ended March 31, 2019.

Operating expenses consisted of general administration expenses, and sales and market expenses which are explained below.

General Administration

General administration expenses for the discontinued operations decreased by \$27,748 to \$nil for the three months ended March 31, 2020 compared to \$27,748 for the three months ended March 31, 2019.

The decrease was mainly due to reason that entities in HK and Asia were disposed of during the year ended December 31, 2019.

Sales and Marketing

Sales and marketing expenses for the discontinued operations decreased by \$15,406 to \$nil in for the three months ended March 31, 2020 compared to \$15,406 for the three months ended March 31, 2019.

Net Loss from discontinued operations

The Company reported a net loss from discontinued operations of \$41,370 for the three months ended March 31, 2019 compared to a loss of \$nil for the three months ended March 31, 2020. The decrease in net loss is due to the reason that entities in HK and Asia were disposed of during the year ended December 31, 2019.

Net Loss from continuing operations

The Company reported a net loss from continuing operations of \$24,802 for the three months ended March 31, 2020 compared to loss of \$82,685 for the three months ended March 31, 2019.

Total net loss

The Company reported a net loss of \$24,802 for the three months ended March 31, 2020 compared to a net loss of \$124,055 for the same periods in 2019.

CASH FLOW STATEMENTS**Operating Activities**

Cash used in operating activities from continuing operations was \$1,793 and cash used in operating activities from discontinued operations was \$nil for the three months ended March 31, 2020.

The Company had no investing or financing activities during the three months ended March 31, 2020.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2020, the Company had total liabilities of \$266,643. The Company had \$6,793 in cash and cash equivalents and working capital (defined as current assets less current liabilities) deficiency of \$238,922. To the extent the Company is unable to cover its ongoing cash requirements through operations, the Company expects to raise additional equity financing to cover any shortfall. There can be no assurance that such financing and profitability will occur in the amounts and within terms expected.

RELATED PARTY TRANSACTIONS

The related party transactions are in the normal course of operations and are measured and recorded at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these consolidated financial statements are listed below:

Key management compensation

Key management includes directors (executive and non-executive), chief executive officer and chief financial officer of the Company. The compensation paid or payable to key management personnel is as follows:

Three months ended March 31,	2020	2019
Salaries and fees:		
-Salaries and consulting fees	\$ 22,500	\$ -

Key management personnel were not paid post employment benefits or other long-term benefits during the period ended March 31, 2020. As at March 31, 2020, the Company owed \$108,000 to two directors which was included in the accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing with no fixed term of repayment.

OFF BALANCE SHEET ARRANGEMENT

As at March 31, 2020 and the date of this report the Company has not entered into any off balance sheet arrangements.

FINANCIAL INSTRUMENTS

a) Fair value

Fair value is the amount at which a financial instrument could be exchanged between willing parties based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the observable inputs used to value the instrument:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The Company's financial assets include cash and cash equivalents which are classified as FVTPL. The Company's financial liabilities include accounts payable and accrued liabilities which are all classified at amortized cost.

The fair values of cash and cash equivalents and accounts payable and accrued liabilities, and due to related parties approximate their carrying values due to the short-term nature of these instruments. As at March 31, 2020, the Company did not have financial liabilities measured at fair value on a recurring basis.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash, trade receivable and due from a related party.

The Company limits its exposure to credit risk on cash by depositing only with reputable financial

institutions. Maximum credit risk related to cash and cash equivalents amounted to \$6,793 at March 31, 2020.

c) Currency risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company uses the Canadian dollar as its reporting currency for these consolidated financial statements. The Company is exposed to foreign exchange rate when the Company undertakes transactions and hold assets and liabilities in currencies other than its functional currencies. The Company currently does not use derivative instruments to hedge its exposure to those risks. As at March 31, 2020, the Company is subject to immaterial currency risk as it did not have material assets or liabilities held in currencies other than its functional currencies.

d) Interest risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest risk as at March 31, 2020.

e) Liquidity risk

The purpose of liquidity risk management is to maintain a sufficient amount of cash and cash equivalents. Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost.

As at March 31, 2020, the Company had total debt in the amount of \$266,643 due within 12 months and \$241,423 of working capital deficiency.

OUTSTANDING SHARE CAPITAL

As at the date of this report, the Company had 2,682,286 common shares, 44,000 stock options outstanding and exercisable. If all of the Company's exercisable options were exercised, the Company would have 2,726,286 common shares outstanding.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2020 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment.

Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risks and Uncertainties" in the Company's Annual MD&A for the year ended December 31, 2019, available on SEDAR at www.sedar.com.

Covid-19 Risks

The worldwide emergency measures taken to combat the COVID-19 pandemic may continue, could be expanded, and could also be reintroduced in the future following relaxation. As governments implement monetary and fiscal policy changes aimed to help stabilize economies and capital markets, we cannot predict legal and regulatory responses to concerns about the COVID-19 pandemic and related public health issues and how these responses may impact our business. The COVID-19 pandemic, actions taken globally in response to it, and the ensuing economic downturn has caused significant disruption to business activities and economies. The depth, breadth and duration of these disruptions remain highly uncertain at this time. Furthermore, governments are developing frameworks for the staged resumption of business activities. As a result, it is difficult to predict how significant the impact of the COVID-19 pandemic, including any responses to it, will be on the global economy and our business. We have outlined these risks in more detail below.

Strategic & Operational Risks

The ongoing COVID-19 pandemic could adversely impact our financial condition in future periods as a result of reduced business opportunities via acquisitions and dispositions of exploration and development properties. The uncertainty around the expected duration of the pandemic and the measures put in place by governments to respond to it could further depress business activity and financial markets. Our strategic initiatives to advance our business may be delayed or cancelled as a result.

Liquidity risk and capital management

Extreme market volatility and stressed conditions resulting from COVID-19 and the measures implemented to control its spread could limit our access to capital markets and our ability to generate funds to meet our capital requirements. Sustained global economic uncertainty could result in more costly or limited access to funding sources. In addition, while we currently have sources of liquidity, such as cash balances, there can be no assurance that these sources will provide us with sufficient liquidity on commercially reasonable terms in the future. Extreme market volatility may leave us unable to react in a manner consistent with our historical practices.

Market Risk

The pandemic and resulting economic downturn have created significant volatility and declines in financial and commodity markets. Central banks have announced emergency interest rate cuts, while governments are implementing unprecedented fiscal stimulus packages to support continued market volatility, which may continue to impact our financial condition.

SUBSEQUENT EVENTS

On May 15, 2020, the Company completed a private placement of 1,212,121 common shares at a price of \$0.0825 per share for proceeds of \$100,000. The shares issued in connection with the private placement are subject to a four-month hold period.

On May 28, 2020, the Company settled \$203,354 of debt with creditors by issuing 1,506,328 common shares of the Company. The shares issued in connection with the debt settlement are subject to a four-month hold period expiring on September 29, 2020.