

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

This Management Discussion and Analysis ("MD&A") of Edgewater Wireless Systems Inc. should be read in conjunction with the Company's audited consolidated financial statements and related notes for the quarter ended October 31, 2018. The interim consolidated financial statements for the quarter ended October 31, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts included therein and in this MD&A are expressed in Canadian Dollars unless otherwise noted. The information contained within this MD&A is current to December 18th, 2018. Additional information of the Company is available on SEDAR at www.sedar.com.

Forward-Looking Information

Certain information contained herein including (without limitation) financial and business prospects and financial outlooks, may constitute forward-looking information which reflects management's current expectations regarding future events, conditions, plans and intentions, growth, results of operations, financial position, performance and business prospects and opportunities, future technological developments, future revenue generation, creation of new customer accounts, increased efficiency of our operations, our ability to take advantage of current market conditions, population trends, and predictions of future actions, plans or strategies. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect," "intend", "plan", "potential", "continue" and similar expressions have been used to identify such forward-looking information. In connection with such forward-looking information, certain assumptions have been made about our business, the economy and other matters. By its nature, such information is subject to certain risks and uncertainties, known and unknown, including, without limitation:

- technological change;*
- development of new products;*
- proper performance of equipment and products;*
- the risks associated with credit;*
- the exchange rate of the U.S. dollar and other currency fluctuations;*
- changes in accounting policies and estimates;*
- changes in consumer preferences, customer demand for our products and services and our ability to maintain customer relationships;*
- disruption to manufacturing and distribution activities due to labour disruptions, bad weather, natural disasters and other unforeseen adverse events;*
- the recruitment and hiring of competent personnel; and*
- the discontinuation by our suppliers of certain technologies or the exiting by one of our suppliers from the electronics market;*
- the availability of sufficient and appropriate financing.*

The above (and other) factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied in such forward-looking information. See also "Risks and Uncertainties" below. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying our projections or forward-looking information prove incorrect, our actual results may vary materially. We do not intend and do not assume any obligation to update such forward- looking information whether as a result of new information, plans, events or otherwise, unless required by law.

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

Corporate Structure

Edgewater Wireless Systems Inc. (the "Company" or "Edgewater") was incorporated on January 8, 1980 under the British Columbia Company Act and continued on January 22, 1987 under the Canada Business Corporations Act. The Company adopted its current name at a meeting of shareholders on January 12, 2012. The Company is a development stage company. The Company's shares trade on the TSX Venture Exchange under the symbol YFI.

The Company's head office is 408 Churchill Avenue North, Ottawa, Ontario, Canada and the Company maintains a presence in the USA and Europe, Middle East and Africa ("EMEA") regions.

Description of the Business

We make WiFi. Better.

Edgewater Wireless (www.edgewaterwireless.com) is an industry leader in innovative WiFi technology for residential and commercial markets. We deliver high-performance silicon solutions and advanced multi-channel WiFi access point solutions designed to meet the high-density and high quality-of-service needs of service providers and their customers. With 24+ patents, Edgewater's WiFi3™ Multi-Channel, Single Radio (MCSR) technology revolutionizes WiFi with its aera™ access point product line, delivering next-generation WiFi today.

The best solution for High-Density WiFi applications, Edgewater provides reference designs for easy OEM¹ and ODM² integration, enabling service providers to plan, build and deploy reliable, high-capacity services to meet data demand in any environment, while fewer access points means lower deployment costs.

Due to the project nature of the large-scale network deployments of high-density WiFi solutions and silicon level integration by OEM and Licensing customers of the Company's WiFi3™ products, management expects operating results to fluctuate significantly on a quarterly basis and the results of operations for interim periods should not be relied upon as an indication of future performance.

Market Opportunity

According to the WBA, there are 8 Billion WiFi devices in use today and there were 3 Billion new WiFi devices added over the last 12-months³. It is a ubiquitous technology connecting everything from our smartphones, iPads and laptops to countless other devices like cameras, thermostats and even lightbulbs. By 2021, the WBA forecasts the global market will reach 3.5 devices and connections per capita.

¹ OEM refers to Original Equipment Manufacturers or companies who manufacture products for other companies (Source: https://en.wikipedia.org/wiki/Original_equipment_manufacturer)

² ODM refers to Original Design Manufacturers or companies who manufacture products which are in term rebranded by another company (Source: https://en.wikipedia.org/wiki/Original_design_manufacturer)

³ Monica Paolini, WBA Annual Industry Report 2019, Wireless Broadband Alliance (Source: <https://www.wballiance.com/resource/wba-annual-industry-report-2019/>) [October 2018]

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

Close to 70% of smartphone traffic is carried over WiFi and the requirements are projected to rapidly grow at 47% compound annual growth rate (CAGR) over the next 5-years⁴. WiFi has become a critical element of our everyday lives.

In the USA alone, there are 110 million fixed broadband lines⁵ and the majority terminate on at least one or more WiFi Access Point in homes. Cable operators, members of CableLabs, account for over half of the fixed broadband subscriptions with Comcast's 27 million residential and 2.2 million enterprise⁶ customers and Charter's 24 million residential and 1.4 million enterprise⁷ customers taking the lion's share. The market is heavily weighted toward residential WiFi applications.

As the penetration of WiFi grows, the user experience has declined.

Since 1999, when WiFi was first envisioned by the Institute of Electrical and Electronics Engineers (IEEE), chipset manufacturers, like Broadcom, Qualcomm and the like, have universally followed the same approach relying on a single-channel radio architecture. Like a single lane road with single vehicle on it, the single-channel radio approach works well for few users in clean radio frequency (RF) environments. However, as the number of users or devices increase like vehicles on a congested road, contention / interference abound and single-channel WiFi struggles to provide the basic connectivity we rely on. (IEEE paper⁸)

Real-world impacts of contention and interference mean WiFi users experience:

- WiFi drop-outs
- Devices not connecting
- Slowdown of connection speeds
- Interruptions to service

The real-world impacts mean frustrated users. For service providers, the real-world impacts are felt directly on their bottom lines as calls to customer care and technical service call-outs ('truck-rolls') increase.

At Edgewater Wireless, we believe single-channel WiFi has quite simply reached the end of its lifecycle. The industry is ripe for innovation and change.

At Edgewater Wireless, we have developed and patented the industry's first true multi-lane highway for WiFi. Branded WiFi3™, we have developed a patented approach delivering multiple, concurrent channels of transmit and receive from a single, WiFi standards compliant radio. Implemented in custom, high-performance silicon,

Note, the Institute of Electrical and Electronics Engineers (IEEE), the organization best known for developing standards in the computer and electronics industry, published a research paper detailing and supporting the impacts on spectrum utilization of wide channels vs multiple, narrow channels in high-density applications.

⁴ Monica Paolini, WBA Annual Industry Report 2019, Wireless Broadband Alliance (Source: <https://www.wballiance.com/resource/wba-annual-industry-report-2019/>) [October 2018]

⁵ Source: "Number of fixed broadband subscriptions in the USA from 2000 to 2017 (in millions)" (www.statista.com/statistics/183614/us-households-broadband-internet-access-since-2009/)

⁶ Source: Comcast Quarterly Results (<https://www.cmcsa.com/news-releases/news-release-details/comcast-reports-3rd-quarter-2018-results>)

⁷ Source: Charter Quarterly Results (<https://ir.charter.com/static-files/5a364774-972e-416b-88f7-b77b0cf00cf6>)

⁸ Daldoul, Yousri; Meddour, Djamel-Eddine and Ksentini, Adlen IEEE 802.11ac: Effect of Channel Bonding on Spectrum Utilization in Dense Environments (Source: <https://ieeexplore.ieee.org/document/7997013>)

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

WiFi3™ Multi-Channel Single Radio (“MCSR”), has been engineered to deliver performance in high-density, high-interference applications – in Service Providers, Enterprises and the Residential market.

- High Performance Silicon solutions
 - o WiFi3™ silicon solutions and modules for large scale OEM / ODM targeting demanding applications such as residential gateways, Enterprise access points and small cells.
- High Density Access Point Solutions
 - o A complete suite of WiFi3™ powered Access Point solutions targeting demanding service provider and enterprise WiFi applications.

Discussion of Operating Results

Key highlights for the three months ended October 31, 2018 include:

- Commenced production and shipment to Kroger and others to align with deployment requirements;
- Continued to develop and implement applications designed to drive adoption of our silicon solutions in concert with industry leading, global players such as Comcast and Nokia.
- Q2 2019 revenues of \$127,900 which marked sequential quarter on quarter growth of 64.6% and growth over the same quarter a year earlier of 484%.
- Gross margin of 25.9% was a significant increase from the 9.1% achieved in the quarter ending October 31, 2017. Upon reaching volume production, our target is to achieve 45-50% Gross Margin.
- Order backlog of \$948,475

Q2 2019 Results and Accomplishments:

We had a very active second quarter

- o **Awarded Approved Vendor Status with the 5th largest Cable Operator in the USA, Mediacom Communications.** Entering the reporting period, we were awarded Approved Vendor Status with Mediacom, the 5th largest Cable Operator in the USA – a significant milestone not only in proving our innovative WiFi3™ technology, but also, in integrating our aera.io solutions and family of FLUID controllers with a major Service Provider’s network operation. This milestone puts us alongside an established, incumbent vendor and positions us for growth in the upcoming quarters. Our work with Mediacom, in the Enterprise WiFi space, establishes our foothold in the \$21.1B market and our expected activity with Mediacom shifted to the current quarter due to the impacts of Hurricane Michael on the Florida Panhandle.
- o **The closing of both tranches of our \$1.846 million private placement financing** - The proceeds from this financing enabled us to begin scaling manufacturing and production capabilities to fulfil obligations with the company’s customers and to scale for cable industry requirements with customers like Mediacom Communications; focused engineering and product development; and working capital and operating expenses. The round saw us expand our shareholder base to include a number of technology funds and sophisticated technology-focused investors.
- o **The latest enhancements to our aera™ Fluid MX controller.** The story here is twofold. Firstly, as an application, the ability to manage and control hundreds or thousands of WiFi3™ MCSR powered access points is an important feature for potential chipset customers and it will help drive adoption of our chipsets in access points for the home and business markets. Secondly,

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

the ability of this product to enhance our aera™ product line by delivering industry leading features and functionality.

- **Commercial deployment of our aera™ Fluid MX controller.** Falling closely on the heels of our product release and falling outside the reporting period, we completed upgrading of the aera™ high-density WiFi system at Wagener Stadium. Wagener continues to provide us with a showcase of our MCSR in a demanding, live environment and is an important element in generating shareholder value.
- **The resounding success of the working group provisioning demo and elevated visibility at the Wireless Broadband Alliance’s Wireless Global Congress.** Edgewater Wireless company was part of a WBA working group that included Comcast, Nokia, Global Reach and BSG Wireless that demonstrated a milestone handoff from a mobile network to a WiFi network seamlessly and securely without user intervention. With the coming of 5G, we are working alongside the giants and disruptors of the industry, who are developed applications on our chipsets. The development of industry-leading applications with global players is a huge accomplishment in driving adoption of our MCSR technology. The demo was accompanied by a speaking slot where our CEO’s presentation emphasizing the evolution of WiFi from the legacy single-channel – single lane approach -- to multi-channel – multi-lane approach based on our MCSR (Multi-Channel Single Radio) architecture
 - The Wireless Broadband Alliance (WBA) is an industry association formed to promote interoperability between operators in the WiFi industry, with the aim of providing an excellent user experience. Chaired by AT&T (NYSE: T), members of the WBA include Telco/Cable Cos, such as BT (NYSE: BT), Comcast (NASDAQ: CMCSA) and Charter (NASDAQ: CHTR), and leading technology companies such as Cisco (NASDAQ: CSCO), Intel (NASDAQ: INTC), Qualcomm (NASDAQ: QCOM), The Cloud and Nokia (HEL: NOKIA). WBA member operators collectively serve more than 2 billion subscribers and operate more than 30 million hotspots globally.
- **Organizational maturity.** In continuing our focus on building a world-class organization and strengthening our communications to both the industry and the market, we began our engagement with Brunswick Street Advisory to provide communications strategy and counsel to the company. Its owner and principal, Lela Cocoros, is an award-winning veteran of the broadband, internet and television sectors, having held senior executive positions at Tele-Communications, Inc. (TCI), AT&T Broadband, NBC Corporate and PlaceWise Digital; and consulting for clients such as Liberty Global, J:Com (Tokyo), Brighthouse Networks, IPITEK, The Cable Centre, Women in Cable Telecommunications (WICT), Mediamorph and AlcaCruz.
- **Partnering with Wesley Clover Services (“WCS”) – Europe.** Entering into the reporting period, we kicked off our partnership with WCS – Europe and at the end of the summer period, they began their marketing efforts by participating in a number of regional events.

Our Vision is to Make WiFi Better.

While Edgewater Wireless could follow the traditional, single-channel radio architecture or ‘single-lane road’ approach taken by the likes of Qualcomm, Broadcom etc., we’re innovating for the wireless future – where the exponential growth in connected devices continues to overburden the single lane roads.

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

Our path is to solve the next generation of WiFi where the limits of traditional WiFi architecture and the physical science of limited spectrum is already reaching its breaking point. Our opportunity is to solve the issues facing WiFi today, and the over years to come.

Together, with the support of our investors, our customers and our entire team, we will achieve success by building and innovating around our highly differentiated technology; WiFi3™ MCSR. WiFi3 is innovative, it is disruptive and it is the future of WiFi.

Review of 2nd Quarter Results period ended October 31, 2018 compared to the quarter ended October 31, 2017.

The Company recorded a net loss of \$714,489 for quarter ending October 31, 2018 as compared to a net loss of \$1,120,608 for quarter ending October 31, 2017. The decrease in the loss of \$406,119 can be attributed to the focus on delivering product as well as an emphasis on raising equity to improve the efficacy of product production.

Revenue in the second quarter of FY2019 was \$127,922 as compared the second quarter in FY 2018 of \$21,902, an increase of \$106,020. Gross margins for the same time period were \$33,130 and \$2,046 respectively. The increase in revenue is attributed to the steady delivery of product to our prime customer.

Sales and marketing expenses decreased to \$176,715 in the second quarter of FY 2019 as compared to \$276,937 in Q2 FY 2018. The decrease can be attributed to the elimination of our European sales agent and the focus on the North American market. The selling agency has been replaced by a distributor who is compensated on a success basis.

General and administrative expenses in the second quarter of FY 2019 dropped to \$100,222 from \$358,030 in second quarter FY 2018. This represents a decrease of \$147,888. Salaries and consulting services increased in the second quarter of FY 2019 to \$110,791 from \$102,898 in Q2/FY18. Professional fees decreased in Q2/FY19 to \$28,538 from \$48,126 Q2/FY18. Stock compensation in the second quarter was \$25,216, a \$136,065 decrease from Q2/FY18 expense of \$161,281. Stock compensation is a non-cash related expense.

Product development expenses in the second quarter FY 2019 were \$379,332 as compared to \$454,124 in Q2/FY 2018, a decrease of \$74,792. Salaries and consulting services Q2/FY19 saw expenses of \$350,168 compared to \$237,443 in Q2/FY18. This increase is related to engagement of a silicon chip manufacturer. Purchasing of material decreased to \$1,426 in Q2/FY19 compared to \$56,635 in Q2/FY18. Amortization expenses accounted for \$4,700 and \$137,001 respectively with the decrease of \$132,301 due to value of the intellectual property has been fully amortized in FY2018.

Operations expenses were \$25,198 in the second quarter of FY2019 compared to \$26,486 in second quarter of FY2018. Rent is the primary expense recorded in operations. The term of our rental agreement for these premises has been extended and will now expire on 31 DEC 2018.

Finance income was \$1,057 in the second quarter compared to \$175 in the second quarter of FY2018. The increase reflects interest earned on the equity raised in the second quarter.

The Company is likely to continue to do business with US customers and suppliers and foreign exchange adjustments will be required in future periods. Depending on fluctuations in the exchange rate between the Canadian and the American dollars, we cannot predict whether the foreign exchange adjustments will be favourable or unfavourable. We had no significant exposure to European currency during the Quarter but that could change and would need to be addressed.

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

Common Shares Outstanding

At October 31, 2018, there were 158,238,630 common shares issued and outstanding.

At October 31, 2018, a total of 10,827,501 stock options were outstanding which entitle the holders to acquire the same number of common shares at exercise prices from \$0.05 to \$0.31 per share. As at October 31, 2018 8,982,491 options were exercisable.

Following the end of the Quarter, the Board approved 4,035,000 share purchase options granted under Our Stock Purchase Plan to directors, officers, employees and consultants. The options are scheduled to vest over the next two years with 33% vesting immediately, 33% on the first anniversary of the grant and the balance, 34%, on the second anniversary of the grant. These have a maximum term of 10 years and a strike price of \$0.16. This is the first grant since February 2017, a departure from our normal practice of providing new options on an annual basis.

In addition, after the end of the quarter, one of the directors exercised 500,000 options which had been granted in December 2014. These options had a strike price of \$0.05.

There are 31,190,573 warrants outstanding with 11,538,606 warrants having a strike price of \$0.24 11,243,155 warrants having a strike price of \$0.375, 6,167,625 having a strike price of \$0.50 and the remainder of 1,742,666 having a strike price of \$0.75.

There are 7,831,176 warrants which have a strike price of \$0.375 and have an accelerated exercise provision when the daily volume weighted average trading price of the common shares of the Company on the TSX Venture Exchange (or such other stock exchange where the majority of the trading volume occurs) exceeds \$0.45 on each of the preceding 15 consecutive days.

These include 32,988 special warrants related to outstanding obligations and 3,021,076 warrants which were issued in relation to the UpRamp Fiterator program. The term of these warrants matches the term of the notes payable and will be subject to forced exercise if certain conditions are met. These warrants have a strike price of \$0.375 per common share, a term of 4 years maturing in September 2020.

Summary of Quarterly Results

(Amounts are presented in thousands of Canadian dollars except loss per share figures)

Quarter ended	Oct 31/18	July 31/18	Apr 30/18	Jan 31/18	Oct 31/17	July 31/17	April 30/17	Jan 31/17
Revenues	\$127.9	\$77.7	\$(0.6)	\$23.6	\$21.9	\$27.7	\$138.8	\$81.9
Revenue percentage increase (decrease) relative to preceding quarter	64.6%	nm	(2540)%	7.7%	(21%)	(80%)	69.5%	62.2%
Gross margin	\$33.1	\$19.8	\$(24.4)	\$20.2	\$2.0	\$0.6	\$2.7	\$48.5
- as a percentage	25.9%	25.5%	(4,066)	85.6%	9.1%	2.2%	1.9%	59.2%
Net Loss	\$(714.5)	\$(507.8)	\$(925.8)	\$(925.9)	\$(1,120.6)	\$(911.9)	\$(1,531.8)	\$(853.3)
Loss per share -basic and diluted	\$(0.005)	\$(0.003)	\$(0.006)	\$(0.006)	\$(0.008)	\$(0.007)	\$(0.011)	\$(0.006)

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

Weighted Average number of common shares outstanding	155,631,472	146,699,290	146,568,367	143,879,137	140,843,749	137,102,320	135,079,924	134,720,840
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Q2 2019 Highlights:

- For the reporting period of Q2 2019, the Company continued to execute on its shift to increase its production to fulfil purchase orders. Much of the product required outsourcing and little was supplied for material on hand.
- The Q2 2019 revenue of \$127,900 an increase from the sales of \$21,900 in Q2 2018. The increase in revenue represents the steady delivery of product to our principal customer over the quarter.
- Management has previously noted that as a development stage company, our revenue can be expected to fluctuate both in terms of magnitude and timing.
- While management and our senior sales and marketing staff continue to invest heavily in business development activities our expenses in this category decreased by \$176,715 over the period a year earlier as our focus tightened to meeting the requirements of our OEM customers and the global Cable industry.
- Gross margin in 2019 Q2 was \$33,130 an increase of \$13,290 from 2019 Q1.
- Net loss of \$714,489 in Q2/FY 2019, a decrease of \$406,119 over the same period last year of \$1,120,608.
- Foreign exchange losses during the quarter amounted to \$30,489 compared a loss of \$3,134 for Q2 2018. The Canadian dollar fluctuated between a low of \$0.7583 and a high of \$0.7811 against its US dollar counterpart.

Related party transactions

Transactions with related entities

During the quarter ended October 31, 2018, amounts totaling \$Nil (October 31, 2017 - \$Nil) were billed to the Company by Edgewater Computer Systems, Inc. ("ECSI") under the terms of a shared services agreement. Under the terms of the agreement, ECSI provides, on a part-time basis, the services of certain administrative and senior technical staff that the Company does not require on a full-time basis. ECSI also sub-leases office and laboratory space to the Company. All services billed by ECSI reflect fair market rates. ECSI is a shareholder of the Company. Included in accounts payable and accrued liabilities at October 31, 2018 was \$24,399 due to ECSI (October 31, 2017 - \$24,405).

With the successful completion of the Non-Brokered Private Placement in August/September, Mr. Duane L. Anderson, founder of EWSI, and a principal of ECSI ceased to be a reporting insider and filed on SEDI to change his status on September 9th, 2018. The Company will cease listing ECSI as a related party after this reporting period.

Transactions with key management personnel

The Company's compensation program provides that total compensation for senior management may include a combination of base salary, and objective-based incentives as well as the same health and insurance benefit programs as provided to all other employees. All directors and officers are eligible to receive stock options.

Senior management personnel are not entitled to any post-employment benefits other than those available to all employees. Severance to be paid upon the involuntary termination of a member of senior management is equivalent to three month's salary on or before completion of two years of their employment and six month's

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

salary thereafter.

Both the CEO and the CFO purchased shares in the market following the end of the period.

Liquidity

The Company is still considered to be in the development stage as it has not earned substantial revenue from the sale of its products. During the quarter ended October 31, 2018, the Company incurred a net loss of \$714,489 and negative cash flow from operating activities of \$1,425,340. There are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern because the continuation of the Company's operations, including product development and marketing activities is dependent upon the Company's ability to fund its working capital requirements through either debt or equity financing. This risk has been partially mitigated by our continued success in completing non-brokered private placements.

For the quarter ending October 31, 2018 the Company completed a non-brokered private placement issuing 11,538,606 units for \$0.16 per unit comprising one common share and one share purchase warrant which would entitle the holder to acquire one common share at a strike price of \$0.24 for gross proceeds of \$1,846,177. Each warrant have a sixty month life, expiring in August 2013. Most of the units issued are subject to a four month plus 1 day hold period. After 12 months, the warrants have a call provision if the share price trades about \$0.45 for 10 consecutive trading days.

It takes significant capital to bring product to market and to successfully execute on our sales plan but we are prudent in managing expenses to preserve cash while continuing to pursue additional financing.

Management is prepared to take advantage of market conditions for the issuance of equity, debt or some combination of each.

Management manages its cash consumption while pursuing strategic initiatives for building the business and pursuing additional financing. However, there can be no assurance that the Company will be able to generate sufficient product sales or secure the necessary financing to meet continuing needs, or if the financing is available, that it will be on terms acceptable to the Company. If the Company cannot secure additional financing on terms acceptable to it or generate sufficient product sales, the Company will have to consider additional strategic alternatives which may include, among other strategies, cost curtailments, the monetization of intangible assets, or seeking to out-license and/or divest assets. As a result, there is significant doubt as to whether the Company will be able to continue as a going concern and realize its assets and pay its liabilities as they become due. Additionally, the issuance of common shares by the Company could result in significant dilution in the equity interest of existing shareholders.

Changes in Accounting Standards

At the date of approval of the accompanying condensed interim consolidated financial statements, certain new standards, amendments and interpretations to existing standards had become effective for the first time and others which had been published but are not yet effective

Amendments to IAS 7: Disclosure Initiative: Statement of Cash Flows ("IAS 7")

In January 2016 the IASB issued amendments to IAS 7). These amendments require entities to provide disclosures that help users of the financial statements to better understand changes in liabilities that arise from financing activities, including both changes arising from cash flows and non-cash charges. These amendments became effective for periods beginning on or after January 1, 2017. The adoption of these amendments did not have a material impact on these condensed consolidated financial statements.

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses

In January 2016 the IASB issued Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12). These amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. These amendments became effective for annual period beginning on or after January 1, 2017. The adoption of these amendments did not have a material impact on the consolidated financial statements.

Changes to standards and interpretations

IFRS 9, “Financial Instruments”

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new ‘expected credit loss’ model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize effectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgement to assess the effectiveness of a hedging relationship.

Special transitional requirements have been set for the application of the new general hedging model.

The Company adopted IFRS 9 (2014) in its financial statements for the annual period which began on May 1, 2018. The adoption of the standard has not had a material impact on the Company’s condensed interim consolidated financial statements and related disclosures. See Note 3(b) to the Financial Statements which accompany this MD&A.

IFRS 15, “Revenue from Contracts with Customers”

The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. On April 12, 2016, the IASB issued Clarifications to IFRS 15, Revenue from Contracts with Customers, which is effective at the same time as IFRS 15.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The clarifications to IFRS 15

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

provide additional guidance with respect to the five-step analysis, transition, and the application of the Standard to licenses of intellectual property.

The Company adopted IFRS 15 and the clarifications in its financial statements for its fiscal period which began on May 1, 2018 using the cumulative-effect method, where the transition adjustment, if any will be adjusted in equity. See Note 3(a) to the Financial Statements which accompany this MD&A.

Our current sales model provides for the recognition of revenue at the point when goods or services have been received by the customer.

IFRS 16: "Leases"

In January 2016 the IASB issued IFRS 16 Leases. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 Leases.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on May 1, 2019. The extent of the impact of adoption of the standard has not yet been determined. See Note 3(c) to the financial statements which accompany this MD&A..

Risk and Uncertainties

Market Risk

There are a number of influences in the market. The economic situation either in specific countries or globally, including levels of government expenditures, monetary policy, capital availability, consumer confidence or levels of economic activity, could worsen leading to a potential slowdown or reduction in spending on infrastructure equipment. Management has also targeted a number of regions where growth is expected to be higher than the global average and is targeting countries that are spending on infrastructure and on large infrastructure projects. Management also recognizes the need for prudent cash flow management and the need to target qualified sales and marketing activities that represent low risk and high return.

Market risk also includes political risk and the uncertainty associated with unstable or changing governments due to political or socio-economic upheaval. The Company is dealing primarily with countries that have demonstrated a high degree of stability and, in all cases, better than typical economic strength.

Competition and competing technologies lead to competitive risks as new technologies and products are developed. Management recognizes the need to invest in research and development in order to continue to add high-value, differentiated capabilities to expand both the depth and the breadth of the product offering. Management is looking at various acquisition strategies that would enhance the Company's position in product breadth and product features based on market drivers. Management recognizes the need to ensure customer satisfaction through all phases of the sales cycle. Management also intends to invest in competitive intelligence and analysis relating to the dynamics of the market, trends in technology and in competing products as they are introduced into the market.

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

Operational Risk

There are a number of circumstances that could affect a supplier's ability to supply a component; such as financial, political, technical, natural disaster or just a business decision to no longer supply the particular component on a timely basis. In the event that this were to happen, depending on the nature of the component, the resulting impact ranges between identifying a substitute component with little to no redesign effort to the system or subsystem to affecting a redesign of a system or subsystem to accommodate a potential part change.

During the quarter the Company did experience global supply constraints of a number of key components used in its products. The Company addressed this through engineering efforts to utilize alternative components and to source from new suppliers.

The Company endeavours to use components that are available from more than one supplier whenever possible. The Company has experience managing obsolescence issues. The Company also has four custom components that are unique and available only to the Company. They are fabricated by a large, multi-national semiconductor company that has multiple fabrication facilities around the world. In this case, these components may only be available from a single supplier but the risks are mitigated by the single supplier's ability to source the components from multiple world-wide sites. Lastly, the Company has engaged with a contract manufacturer which is responsible for the assembly and distribution of the Company's products. As part of the criteria for selecting a contract manufacturer, the Company made it a requirement for the manufacturer to have more than one site and to have operations in more than one country in order to mitigate the risk of that supplier being unable to manufacture and distribute the Company's products as needed.

There are also risks associated with the development and supply of silicon for our radio cards. Management has been working proactively with designers and chip builders to mitigate this risk.

Although the Company will endeavor to have suppliers with operations in multiple countries where the Company's product could be built in order to obviate issues related to political and socio-economic changes, failure to develop multiple key suppliers will put the Company at risk that the business failure of a single-source supplier will disrupt its business.

Management also recognizes that contractual risks may create adverse issues in running the business. Management has engaged experienced contracts experts to help mitigate contractual risk with key customers. The prudent use of export insurance through organizations such as Export Development Canada ("EDC") will help to mitigate contractual and payment risks with key customers.

Particularly in its early years, the Company's revenues will occasionally be derived from few, large customers engaged in network deployments scheduled over extended periods of time. With such concentration of revenues, the Company's operating results will be highly dependent not only on its own performance but on the performance of those customers to execute against their deployment plans.

Staffing and Human Resources Risk

Management has built a core team of professionals experienced in telecommunications and network technology, product development, manufacturing, sales and marketing. The Company has implemented a stock option program that will provide long term incentive for key employees. The Company has also established a compensation committee to ensure that key employees are fairly compensated. The Company is headquartered in Ottawa, Ontario, where there is a substantial high-tech community and, as such, a large community of engineers, technologists, software developers and others experienced in the telecommunications and networking

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

market space; however, there is a risk that qualified personnel will not be available or, if available, will be prohibitively expensive. See "Reliance on Key Personnel" below.

Having said that, though there is growing evidence, not just in Ottawa but also Montreal, Toronto, Calgary and Vancouver that the market for talent has tightened significantly Over the past twelve months. This will put pressure not only on finding the required talent but also recruiting talent in an increasingly competitive market.

Financial Risk

Following the principles of conservative cash management, the Company's standard business terms and conditions make provisions for advance payment on product orders. In cases where extended payment terms may be required, shipments will be backed by credit insurance facilities from agencies such as the Export Development Corporation whenever possible. During the fiscal year ended April 30, 2018, the Company applied for and secured export credit risk insurance for sales being made to those countries where it currently considers sales to most likely occur.

Certain limits are established at the start of each insured period (usually 12 months) and applied by country and by customer.

Reliance on Strategic Relationships

In conducting its business, the Company relies on continuing existing strategic relationships and forming new ones with other entities in the wireless technology industry, such as joint venture parties and partners, and also certain regulatory agencies and governmental departments. Examples of our relationships include CableLabs and the World Broadband Alliance. While the Company has no reason to believe otherwise, there can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed and the Company could be materially adversely affected by changes to such relationships or difficulties in forming new ones.

International Risk

The Company continues to look for opportunities to expand its presence internationally. Foreign operations face additional specific local risks, which may adversely affect the Company, including: changes in legal and regulatory requirements (including tariffs and other trade barriers); less favourable intellectual property laws; any loss of key sales personnel in one of the Company's foreign offices could result in a significant loss of sales in that foreign country; changes in local tax rates and other potentially adverse tax consequences (including the cost of repatriation of earnings); collectability of accounts in foreign jurisdictions; and burdens of complying with a wide variety of foreign laws, including changing import and export regulations.

Future growth depends in large part on the ability to increase business in select international markets. This will require significant management attention and financial resources, including capital to hire additional personnel and establish additional international facilities.

Protection of the Company's Intellectual Property

The Company's success will depend, in part, on its ability to protect its rights in its intellectual property. The Company will rely on various intellectual property protections, including patents, copyright, trade-mark and trade secret laws and contractual provisions, to preserve its intellectual property rights. Despite these precautions, it may be possible for third parties to obtain and use its intellectual property without its authorization. Policing unauthorized use of intellectual property is difficult, and some foreign laws do not protect proprietary rights to the same extent as the laws of Canada and the United States. Furthermore, many key aspects of networking technology are governed by industry-wide standards, which are freely available to all market entrants. To protect

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

its intellectual property, the Company may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays and materially disrupt the conduct of its business.

Product Defects and Liability Claims

The Company is subject to proceedings and claims that may arise in the ordinary conduct of its business, which could include product and service warranty claims, which could be substantial. The Company's products are highly complex and sophisticated, and could contain design defects or software errors that are difficult to detect and correct. The Company provides product warranties. If its products fail to perform as warranted, and it fails to resolve product quality or performance issues in a timely manner, sales may be lost and it may be forced to pay damages. In addition, because its products are sold and marketed in different countries, the products must function in and meet the requirements of many different environments and be compatible with different systems.

Any failure to meet customer requirements could materially affect its business, operating results and financial condition.

The occurrence of product defects and the inability to correct errors could result in the delay or loss of market acceptance of its products, material warranty expense, diversion of engineering and other resources from its product development efforts, and the loss of credibility with its customers, manufacturer's representatives, distributors, value-added resellers, systems integrators, original equipment manufacturers and end-users, any of which could have a material adverse effect on the Company's business, operating results and financial condition.

Substantial Capital Requirements

It is anticipated that the Company will make substantial capital expenditures in product development, marketing and ongoing operations. It may have limited ability to obtain the capital necessary to undertake or complete future research programs. There can be no assurance that debt or equity financing, or cash generated by operations, will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, operating results or prospects.

Additional Requirements for Capital

The Company is likely to remain cash flow negative for some time and there can be no certainty that the Company will achieve or sustain profitability or positive cash flow from its operating activities. The future of the Company is dependent upon its ability to raise the required funding. There is no assurance that additional financing will be available on terms acceptable to the Company. Failure to obtain additional financing on a timely basis could cause the Company to reduce or terminate its operations. Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. Depending on future product development plans, the Company will require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. The Company's articles will not limit the amount of indebtedness that the Company may incur. The level of the

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive to current Shareholders.

Reliance on Key Personnel

The Company's success depends in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not anticipate that it will be able to source key person insurance at a reasonable and realistic cost for management in the near future. The contributions of these individuals to the immediate operations of the Company are likely to be of central importance. In addition, the competition for qualified personnel in the communications industry is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

In addition, the Founder, while no longer a reporting insider, retains a significant financial interest in the Company and has a continuing interest in assisting and advising on product development and extending the applications of our core products.

Third Party Credit Risk

The Company may be exposed to third party credit risk through contractual arrangements with joint venture partners, distributors of its products and other parties. In the event such entities fail to meet their contractual obligations to the Company such failures could have a material adverse effect on the Company and its cash flow from operations. The Company takes every reasonable action to mitigate this risk including, where appropriate, securing export insurance.

Income Taxes

The Company will file all required income tax returns and believes that it will be in full compliance with the provisions of the Income Tax Act (Canada) and all applicable provincial tax legislation as well as the tax laws of such other countries as the Company may establish operations in; however, such returns are always subject to reassessment by the applicable taxation authority. A successful reassessment of the Company may have an impact on current and future taxes payable.

Governmental and Regulatory Requirements

Certain components of the Company's products may be subject to current or future regulation, including relating to environmental protection; for example, lead, solder and wireless solutions. Regulatory agencies may make rulings or adopt new standards with which its solutions may need to be compliant. The timing and nature of these rulings or adoption of new standards may impact future sales to its customers, its ability to conform its solutions and/or to retain its market position. In addition, in the future, the Company may be required to comply with substance bans and product/component take-back requirements that would make the Company responsible for recycling and disposing of certain of its products/components that it has sold

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

Rapid Technological Change

The markets for the Company's products are characterized by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. The introduction by competitors of products embodying new technology and the emergence of new industry standards can render existing products obsolete and unmarketable and can exert price pressures on existing products. It is critical to the Company's success that it be able to anticipate and react quickly to changes in technology or in industry standards and successfully develop and introduce new, enhanced and competitive products on a timely basis. The Company cannot give assurance that it will successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhanced existing products by others will not render the Company's products obsolete. The process of developing new technology is complex and uncertain, and, if the Company fails to accurately predict customers' changing needs and emerging technological trends, its business could be harmed. The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources than currently anticipated in product development and enhancement efforts, and result in increased operating expenses.

Influence of Management

At December 18th, 2018, the directors and officers of the Company owned or controlled approximately 2.46% of the outstanding common shares of the Company.

The Founder, while no longer a reporting insider, retains significant holdings and has a vested interest in assisting the Company achieve its objectives.

Competition

The markets in which the Company competes are characterized by rapid change, converging technologies, and a migration to networking and communications solutions that offer relative advantages. These market factors represent a competitive threat. The Company competes with numerous vendors in each product category. The overall number of competitors providing niche product solutions may increase. Also, the identity and composition of competitors may change as activity increases in the advanced technology markets and market adjacencies. As the Company continues to expand globally, it may be subject to new competition in different geographic regions, in particular, from experienced, price-focused competitors in Asia, especially from China. It is anticipated this competition will continue in the future.

Some competitors compete across many of the same product lines, while others are primarily focused in a specific product area. Barriers to entry are relatively low, and new ventures to create products that do or could compete with the Company's products are regularly formed. In addition, some competitors may have greater resources, including technical and engineering resources. As the Company expands into new markets, it will face competition not only from our existing competitors but also from other competitors, including existing companies with strong technological, marketing, and sales positions in those markets. The Company will also sometimes face competition from resellers and distributors of its own products. Further, companies with whom the Company will have strategic alliances in some areas may be competitors in other areas.

Dividend Policy

Payment of any future dividends will be at the discretion of the Board of Directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs. There is currently no intention to pay dividends in the near term.

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL QUARTER OCTOBER 31, 2018

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

Conflicts of Interest

None of the directors and officers of the Company also serve as directors and/or officers of other companies involved in the silicon or access technology sectors.

Certain directors may from time to time serve on the boards of directors of industry associations and/or provide consultative services to other firms in the telecommunications business. The Governance committee reviews these relations and has determined that they do not at present represent any conflict to their role with Edgewater Wireless.

To the extent that such other companies may participate in ventures which the Company may wish to become involved, there exists the possibility for such directors and officers to be in a position of conflict. Such directors and officers have duties and obligations under the laws of Canada to act honestly and in good faith with a view to the best interests of the Company and its shareholders. Accordingly, such directors and officers will declare and abstain from voting on any matter in which such director and/or officer may have a conflict of interest.

Resale of Shares

The continued operation of the Company will be dependent upon its ability to generate operating revenues. There can be no assurance that any such revenues can be generated. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the shares of the Company would be diminished.