

EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE QUARTER ENDING OCTOBER 31, 2021

(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 years ended April 30, 2021 and April 30, 2020. These audited consolidated financial statements 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 21, 2021. Additional information about 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:

- *In the immediate future, the impacts of COVID-19 will be our most significant risk since it affects all aspects of our business;*
- *the availability of sufficient and appropriate financing;*
- *technological change;*
- *development of new products and availability of existing products;*
- *proper performance of equipment;*
- *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 retention 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 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.

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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 shareholders meeting on January 12, 2012. The Company is a development stage company. The Company's shares trade as TSXV: YFI on the TSX Venture Exchange and as OTC Pink: KPIFF on the OTC.

The Company's head office is 408 Churchill Avenue North, Ottawa, Ontario, Canada, and the Company maintains a presence in the USA. It is developing sales and distribution capability globally.

Description of the Business

We make Wi-Fi. Better.

Edgewater Wireless (www.edgewaterwireless.com) is the industry leader in innovative Spectrum Slicing technology for residential and commercial markets. A disruptive, next-generation approach to wireless, Wi-Fi Spectrum Slicing optimizes scarce spectrum to deliver demanding applications like video, gaming, and voice applications at the highest quality-of-service possible.

Backed by 25+ patents, we develop high-performance Spectrum Slicing enabled silicon solutions, advanced, Spectrum Slicing powered Access Points and Intellectual Property (IP) licensing to OEM¹ and ODM²; service providers; and silicon manufactures.

Edgewater's physical layer Spectrum Slicing allows a frequency to be divided, or sliced, to enable more radios to operate in a given area. Think of Spectrum Slicing like moving from a single-lane road to a multi-lane highway — regardless of Wi-Fi technology.

Wi-Fi Spectrum Slicing: In-Band Wi-Fi Spectrum Slicing allows spectrum to be divided into multiple, concurrent channels within a single coverage area. For example, in the 2.4 GHz ISM band (or **any** other Wi-Fi band), Wi-Fi Spectrum Slicing can deliver Wi-Fi service on up to 3 concurrent channels (i.e. 1, 6, and 11). Using standards-compliant Wi-Fi, Wi-Fi Spectrum Slicing is a powerful approach to reducing contention and delivering the highest quality-of-service to the most users possible.

Spectrum: Spectrum relates to the radio frequencies allocated to the mobile industry and other sectors for communication over the airwaves.

MCSR™: multi-channel radio technology and is the Company's silicon solutions' product name.

The results of operations for interim periods should not be relied upon as an indication of future performance.

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 that are in term rebranded by another company (Source: https://en.wikipedia.org/wiki/Original_design_manufacturer)

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Market Opportunity

According to the Wireless Broadband Alliance (WBA), there are 8 billion Wi-Fi devices in use, and 3 billion new Wi-Fi devices were added over the last 12-months³. Wi-Fi is a ubiquitous technology connecting everything, including smartphones, iPads, and laptops, to countless other devices like cameras, thermostats, and even lightbulbs. Further, according to the latest report from the Wi-Fi Alliance, the Wi-Fi industry will contribute over \$3.3 trillion in economic value in 2021 and is expected to reach almost \$4.9 trillion in economic value by 2025.

Cisco's 2020 Internet Report⁴ indicates wired / Wi-Fi connected devices will post an annual growth rate of 11% moving from 9.6 billion devices in 2018 to 16.2 billion wired/Wi-Fi connected devices by 2023. Additionally, machine-to-machine (M2M) modules, common in Industrial IoT applications, will account for 50% of all networked devices by 2023 — representing 14.7 billion devices in 2023. Analysts at eResearch indicated⁵: the Wi-Fi chipset market was valued at US\$19.7 billion in 2020 and is estimated to reach US\$25.2 billion by 2026, growing 4.25 annually.

Wi-Fi has become a critical element of our everyday lives.

Since 1999, when Wi-Fi was first envisioned by the Institute of Electrical and Electronics Engineers (IEEE⁶), 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 a single vehicle, the single-channel radio approach works well for a few users in clean RF (radio frequency) environments. However, as the number of vehicles on the roads grows or congestion and interference increase, single-channel Wi-Fi struggles to provide the essential connectivity we rely on (IEEE paper⁷).

At Edgewater Wireless, we believe the current physical layer single-channel architecture used by ALL today's Wi-Fi systems, up to and including WiFi6E, has reached the end of its lifecycle. Edgewater's patented, physical layer multi-channel Spectrum Slicing represents the future of Wi-Fi.

Our market opportunity has two distinct tracks:

The first is the **\$5.8 billion Enterprise market⁸**. We've successfully supplied Silicon solutions (chips & modules) or complete Access Points to Service Providers, like the 5th largest cable operator, Mediacom and Fortune 500 companies like Kroger Corporation. We've displaced established incumbent players in tier-one accounts.

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

⁴ Source: (<https://www.cisco.com/c/en/us/solutions/executive-perspectives/annual-internet-report/index.html#~executive-summaries>)

⁵ <https://eresearch.com/2021/09/22/eresearch-reports/analyst-articles/edgewater-and-cmc-wireless-accelerate-commercialization-of-high-density-wi-fi-technology/>

⁶ IEEE: the IEEE, the organization best known for developing standards in the computer and electronics industry, published a research paper detailing and supporting the improvements to spectrum utilization by using multiple, narrow channels vs wide channels in high-density applications.

⁷ Daldoul, Yousri; Meddour, Djamal-Eddine and Ksentini, Adlen IEEE 802.11ac: Effect of Channel Bonding on Spectrum Utilization in Dense Environments (Source: <https://ieeexplore.ieee.org/document/7997013>)

⁸ Source: IDC Worldwide Quarterly WLAN Tracker updates (<https://www.idc.com/getdoc.jsp?containerId=prUS44264918>)

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As the press coverage indicates, the second is the **\$12.9 billion Consumer (home) market**⁹ Consumer (home) market where we've made progress with our alliance with CableLabs and with a major Tier 1 Service Provider with a recent Proof of Concept and subsequent Pilot.

Co-innovated with CableLabs, the emerging Dual Channel Wi-Fi™ standard strongly validates the value of Multiple Channels in the Home environment. The market visibility of the CableLabs approach has opened the door for much more engagement regarding our multi-channel technology, which increases the available channels well above today's Wi-Fi solutions. We are now in front of numerous suppliers in North America and Worldwide with our differentiated offer. There are fewer than ten significant terminal equipment players in the supply market: Arris, Technicolor, Hitron, Cisco, Belkin, etc. They are supplied by an even smaller number of silicon (chip) vendors such as Qualcomm, Broadcom, Intel, and others. We engaged with key decision-makers during the fiscal year and continued to build strategic relationships with major vendors.

Spectrum for unlicensed applications such as Wi-Fi is currently allocated in the 2.4 GHz and 5 GHz bands. With the number of wireless devices forecasted to increase, several regulators moved to allocate additional spectrum in the 6 GHz band. We are pleased to see the progress in allocating more spectrum to unlicensed applications like Wi-Fi. More spectrum will be instrumental in the continued success of Wi-Fi and increases the Company's opportunities.

Consumer terminal devices, such as gateways, smart TVs and set-top boxes, represent significant volumes and incumbent silicon vendors maintain strong supply positions. Contracts with individual Telcos or Cable Operators can be 10 million units for Wi-Fi-enabled gateways or modems. The market volume size for Residential CPE (customer premise equipment) (DSL, Cable, and FTTP) in the USA alone is estimated to reach **49 million units per year by 2022**¹⁰. Licensing our Intellectual Property (IP) or providing our silicon solutions to vendors and manufacturers (OEM) offers us two paths forward to reach the scale required for the residential market.

Securing licenses to use our patented Spectrum Slicing approach is one of our key opportunities and -- depending on negotiations and volumes -- could mean earning a royalty for each device/module sold, an upfront fee for past R&D and annual support fees. Notably, the business investment is relatively low compared with hardware-based production businesses as it is confined mainly to OPEX for sales, partner management, tech support, project management, and legal.

To realize the fullest potential of our differentiated approach, capital will be required for investment in silicon development, production and business development for potential licensing deals.

⁹ Source: <https://www.prnewswire.com/news-releases/home-wi-fi-router-and-extender-market-to-be-worth-us-129569-mn-by-2026-transparency-market-research-681596821.html>

¹⁰ Source: *Broadband CPE Market Tracker Q3 2018*, IHS Markit, USA.

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Discussion of Operating Results

Q2 2022 Highlights:

- Revenue in Q2 2022 was \$4,100, compared to \$nil in Q2 2021, from sales of Wi-Fi Spectrum Slicing development kit and lab system purchases.
- Gross margin in the reporting period was \$3,600, or 87.8%, compared to \$Nil in Q2 2021.
- A significant pre-payment to a global silicon supplier to secure design optimization and production of the next generation of silicon solutions was made in the reporting period.
- Net loss for Q2 2022 was \$280,738, compared to a net loss of \$188,620 for Q2 2021 as activities to complete Pilot testing and silicon design / production increased in the period.

Q2 2022 Results and Accomplishments:

Completed in March 2021, the first Proof of Concept (PoC) with a major Tier 1 Service Provider focused on 6-million devices in 750,000 homes and clearly illustrated a need for Spectrum Slicing. The PoC showed 7 to 18 times performance gains in 75% of homes surveyed. The results further validate Edgewater's physical layer Spectrum Slicing technology, allowing a frequency band to be divided, or sliced, to enable more radios to operate in a given area and demonstrate a commercial need for our technology.

Building on the successful Proof of Concept completed in March 2021, Edgewater worked closely with the Tier 1 Service Provider to progress to testing our Spectrum Slicing silicon solutions in a pilot. The pilot stage, or physical test phase, provided Edgewater with a platform to showcase the quantifiable benefits of Spectrum Slicing in residential applications, which closely mirrored the 750,000 homes in the PoC.

Subsequent to the reporting period, the Tier 1 Service Provider completed extensive tests of Edgewater's Spectrum Slicing silicon. The Tier 1 Service Provider tests compared the current physical layer single-channel architecture offered by ALL today's Wi-Fi systems, up to and including WiFi6E, to Edgewater's patented, physical layer, multi-channel Spectrum Slicing. The independent test house applied rigorous testing to validate the impact of Spectrum Slicing in both commercial and residential applications.

Highlights from the testing include:

- Results demonstrate an impressive 50% improvement in latency
- 6-12 times throughput gains for Residential Service Provider use cases from the Proof of Concept
- An independent test house conducted all tests under rigorous real-world scenarios mirroring

We are in discussions with additional Tier 1 Service Provider candidates to begin further new PoC's with separate mandates, goals and specifications. Additional PoCs with major service providers will help us illustrate broader market demand for Spectrum Slicing.

Silicon Partnerships and Alliances

An integral part of Edgewater's growth strategy is building an ecosystem of world-class silicon partnerships. The Company has been actively building alliances with several potential silicon partners to strengthen its move to capture the volume market for Spectrum Slicing. Aligning Edgewater with established and trusted volume players

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will help build the foundation for the Company to achieve its required production scale. Edgewater anticipates a timetable for volume silicon chipset production (i.e. 5M+ units) to be approximately 18-24 months, aligning with the Service Provider opportunities. The Company will continue to look at creative ways to fund growth and M&A opportunities. Capital will be required to complete silicon development or licensing of IP and development of strategic partnerships.

In the reporting period, the Company entered into a Memorandum of Understanding (MOU) for technology sharing with CMC Microsystems, manager of Canada's National Design Network© (CNDN). Under the agreement, Edgewater will provide CMC access to their Spectrum Slicing Development Kit for IoT devices in residential and industrial applications. CMC will, in-turn, facilitate access to state-of-the-art design environments (CAD), prototype services (FAB) and equipment for device validation (LAB). CMC will also provide pre-fabrication support in the form of an independent design review and validation process using members of its pan-Canadian research network.

The goal of this MOU is to accelerate the commercialization of Edgewater's Spectrum Slicing silicon solutions for use in massive IoT applications.

Industry Forums and Speaking Engagements:

1. December 9, 2021: Edgewater Wireless to Present at the SNN Network Canada Virtual Event December 7-9, 2021.
2. November 18, 2021: CMC Microsystems hosted webinar: Spectrum Slicing Development Kit for IoT
Edgewater presented its innovative Spectrum Slicing technology and its Spectrum Slicing Development Kit for IoT. Wi-Fi Spectrum Slicing optimizes performance for all devices in a coverage area. It enables spectrum to be divided, allowing more radio signals to operate in a given area — in the same band. This game-changing Wi-Fi innovation can divide, or slide, any Wi-Fi band, including the emerging 6GHz band (Wi-Fi6E). Moreover, any Wi-Fi standards-compliant device can take advantage of the technology without needing the end devices in the network to have advanced Wi-Fi capabilities. With IoT applications, supporting multiple generations of Wi-Fi standards is critical.

Press, Industry and Media Coverage:

For the reporting period, press, industry analysts and media coverage highlighted the Company's differentiated Spectrum Slicing approach. It bolstered the Company's reputation as a thought leader in Wi-Fi evolution. Highlights included:

1. November 30, 2021: Edgewater Wireless: Wi-Fi Spectrum Slicing once again demonstrates superiority Major Tier 1 Service Provider carried out extensive tests through an independent organization that demonstrates the powerful capabilities of Edgewater's silicon solutions
2. October 2021: Semiconductor Times: Licensing and Partnerships: Edgewater Wireless and CMC Microsystems (Vol. 26, Issue 10, Page 9)
3. September 23, 2021: Electronic Products and Technology: CMC and Edgewater Wireless accelerate commercialization of game-changing Technology
4. September 22, 2021: **eResearch**: Edgewater and CMC Accelerate Commercialization of High-Density Wi-Fi Technology
5. September 20, 2021: CMC Microsystems and Edgewater Wireless Accelerate Commercialization of Game-Changing Technology: Canadian organizations sign MOU to boost commercialization and seize opportunities in emerging wireless technologies
6. August 30, 2021: Edgewater Wireless Announces 2021 Fiscal Year-End Audited Results: Edgewater positioned to advance strategic initiatives in new fiscal year

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Additional press and media coverage can be found at www.edgewaterwireless.com/.

Our Vision is to Make Wi-Fi Better.

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

Our path is to solve the challenges faced by today’s Wi-Fi, where the limits of traditional Wi-Fi architecture and the physical science of limited spectrum are already reaching their breaking points, and for the next generations. Our opportunity is to solve the issues facing Wi-Fi today and over the years to come – in the home and businesses.

Together, with the support of our investors, customers and entire team, we will succeed by building and innovating around our highly differentiated Wi-Fi Spectrum Slicing technology -- which is innovative, disruptive, and is the future of Wi-Fi.

Review of Results – 2nd Quarter ended October 31, 2021 (“FY 2022”) compared to the Quarter ended October 31, 2020 (“FY 2021”)

The Company recorded a net loss of \$280,738 for Q2 FY 2022 compared to a net loss of \$188,620 for Q2 FY 2021. The increase in the loss of \$92,118 is attributable to the following:

Revenue in Q2 FY 2022 was \$4,100, compared to Q2 FY 2021 of \$Nil. Gross margin in the reporting period was \$3,568 compared to Q2 FY 2021 of \$Nil.

Sales and marketing expenses decreased by \$21,476 to \$37,683 in Q2 FY 2022 compared to \$59,159 in FY 2021. A media relations firm which had a multi-year contract expired at the beginning of the quarter was not renewed.

General and administrative expenses increased by \$96,542 to \$205,463 in Q2 FY 2022 compared to \$108,921 in Q2 FY 2020. Stock-based compensation was \$52,827 in Q2 FY 2022 compared to \$20,480 in Q2 FY 2020. Salaries and consulting services were \$64,633 in Q2 FY2021, an increase of \$13,356 from \$51,277 in Q2 FY2020. Professional fees increased by \$28,621 from the same period in Q2 FY 2021 to \$52,751 in Q2 FY 2022. Public and investor relations increased of \$21,590 in Q2 FY 2022 to \$22,195 from \$605 in Q2 FY 2021.

Product development expenses of \$40,394 were related to salaries of \$30,588, consulting fees of \$7,740 and material expenses of \$1,395 in Q2 FY2022, while expenses in Q2 FY2021 were \$6,202 consisting of consulting fees of \$5,820 as well depreciation and shipping charges totalling \$382.

Operations expenses decreased by \$9,900 to \$3,913 in Q2 FY 2022 as compared to \$13,813 in FY 2021. The decrease reflects an agreement with the landlord for reduced rent to the end of December 2021.

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Interest expenses decreased to \$73 in Q2 FY 2022 compared to \$4,380 in Q2 FY 2022. The decrease is due to interest-bearing loans being paid off in April 2021. Interest income was \$600 in Q2 FY 2022 compared to \$Nil in Q2 FY 2021.

The foreign exchange gain for Q2 FY 2022 was \$2,620 compared to a gain of \$3,855 in Q2 FY 2021. The Company carries almost \$400,000 in US payables. The swing in exchange rates can quickly create a gain or loss. At the end of April 2021, the exchange rate was \$1.23, on July 31, 2021 it was \$1.2462, and then on October 29, 2021 the rate was \$1.2368.

Common Shares Outstanding

On October 31st, 2021, there were 186,963,263 common shares issued and outstanding, compared to the 169,738,630 issued and outstanding as of October 31st, 2020. On October 31, 2021, a total of 16,317,501 stock options were outstanding, which entitled 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, 2021, 13,574,162 stock options were exercisable due to vesting provisions (October 31, 2020 – 11,357,434). As of October 32, 2021, there are 29,780,881 warrants outstanding with strike prices that ranged from \$0.20 and to \$0.375 (October 31, 2020 – 19,992,325).

Summary of Quarterly Results

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

Quarter ended	Oct 31/21	July 31/2021	April 30/21	Jan 31/21	Oct 31/20	July 31/20	April 30/20	Jan 31/20
Revenues	\$4.1	\$(0.0)	\$(0.0)	\$(0.0)	\$(0.0)	\$(0.0)	\$(10.3)	\$1.1
Revenue percentage increase (decrease) relative to preceding quarter	100%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	(90.0%)
Gross margin	\$3.6	–	–	–	–	–	\$(95.8)	\$0.3
as a percentage	87.8%	0.0%	0.0%	0.0%	0.0%	0.0%		27%
Net Loss	\$(280.7)	\$(286.4)	\$(270.8)	\$(132.1)	\$(188.6)	\$(181.9)	\$(627.2)	\$(349.1)

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Loss per share -basic and diluted	\$(0.002)	\$(0.002)	\$(0.002)	\$(0.001)	\$(0.001)	\$(0.001)	\$(0.004)	\$(0.002)
Weighted Average number of common shares Outstanding	186,693,263	186,693,263	171,061,091	169,738,630	169,738,630	169,738,630	169,738,630	169,738,630

Related party transactions

Transactions with key management personnel

The Company's compensation program provides that total compensation for senior management may include a combination of base salary, objective-based incentives and the same health and insurance benefit programs as provided to all other employees. All directors and officers are eligible to receive stock options. No options were granted in the quarter ending October 31, 2021.

Senior management personnel are not entitled to any post-employment benefits other than those available to all employees.

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, 2021, the Company incurred a net loss of \$567,183. It also experienced a negative cash flow from operating activities of \$1,032,169. There are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The continuation of the Company's operations, including product development and marketing activities, depends on the Company's ability to fund its working capital requirements through either debt or equity financing.

Financial Instruments and Other Instruments

Refer to Note 21 of the Consolidated Financial Statements for the year ended April 30, 2021.

Risk and Uncertainties

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COVID-19 Virus

On March 11, 2020, COVID-19 was declared a global pandemic by the World Health Organization. The impacts on the global economy and financial markets continue and are anticipated to continue for the foreseeable future. The Company has taken and will continue to take action to minimize the impact. However, we are conducting business with substantial modifications to our operations, and the effects on our customers have been significant.

Operationally, the Company temporarily closed its physical offices, and we are conducting business with substantial modifications to business development and sales activities. We have curtailed employee travel, participation in trade shows, speaking engagements, industry and other marketing events. Video conferencing and virtualization tools have allowed us to maintain regular contact with customers and prospects.

The pandemic's onset has impacted the Company's ability to raise the equity needed to pursue its strategic objectives. In turn, this has impacted the ability to crystallize opportunities with existing clients.

While most of our customers are essential businesses, the pandemic has significantly impacted the Enterprise and Residential Wi-Fi markets. The Enterprise Wi-Fi market, which includes stadia, venues and hospitality verticals, has been particularly hard hit, and new deployments or expansion of deployments have stalled.

The Residential Wi-Fi market dynamic has changed significantly as the movement to work-from-home (#WFH) expanded rapidly. Device density in the home has increased, and home Wi-Fi networks' performance has declined with the demands of additional devices, work-from-home and homeschooling. While the changing residential Wi-Fi environment plays favourably to the additional capacity and performance of Spectrum Slicing, lab testing, pilots, PoCs and site visits with customers and prospects have stalled as testing requires close proximity work.

We cannot estimate the long-term impact of COVID-19 on our business, financial position, operating results and cash flows. We expect COVID-19 to impact operating results for the next 12-months or more.

Market Risk

There are several influences on the market. The economic situation either in specific countries or globally, including government expenditures, monetary policy, capital availability, consumer confidence, or economic activity levels, could worsen, leading to a potential slowdown or reduction in spending on infrastructure equipment. Management also recognizes the need for prudent cash flow management and the need to target qualified sales and marketing activities representing 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 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

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through all phases of the sales cycle. Management also intends to invest in competitive intelligence and analysis relating to the market dynamics, trends in technology, and competing products as they are introduced into the market.

Operational Risk

Several circumstances 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. Should this happen and, depending on the nature of the component, the resulting impact could range from 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.

Additional capital will be required to complete silicon development, replenish inventory and licensing of Intellectual Property (IP).

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 at a single location, and lead times for fabrication may vary. Lastly, the Company has engaged with a contract manufacturer 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 have operations in more than one country to mitigate the risk of that supplier being unable to manufacture and distribute its products as needed.

Although the Company will endeavour 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.

Revenues were impacted by the lack of availability of the Company's silicon solutions. The time to design, develop, produce, and test silicon is a key factor in the monetization for the Company's products. Investment is required to complete these activities.

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 a few large customers engaged in network deployments scheduled over extended periods. With such a concentration of revenues, the Company's operating results will depend on its performance and those customers' performance to execute against their deployment plans.

Staffing and Human Resources Risk

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Management has built a core team of professionals experienced in telecommunications and network technology, product development, manufacturing, sales and marketing. The Company has a stock option program, which it believes will provide long-term incentives for key employees, consultants and directors. 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; 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.

Funding is required to recruit, pay and retain key employees.

Financial Risk

Following conservative cash management principles, the Company's standard business terms and conditions make provisions for advance payments on product orders. In cases where extended payment terms are required, shipments are backed by credit insurance facilities from agencies such as the Export Development Corporation whenever possible. Export credit risk insurance is used where appropriate.

Reliance on Strategic Relationships

In conducting its business, the Company relies on continuing existing strategic relationships and forming new ones with other wireless technology industry entities, such as joint venture parties and partners, regulatory agencies, and governmental departments. 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 relationships will be built. The Company could be materially and adversely affected by changes to such relationships or difficulties forming new ones.

International Risk

The Company continues to pursue international opportunities. Foreign opportunities face additional specific local risks, which may adversely affect the Company. Changes in legal and regulatory requirements (including tariffs and other trade barriers); less favourable intellectual property laws; any loss of key sales personnel 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 international markets. The development of new markets will require significant management attention and financial resources, including capital, to hire additional personnel.

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

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Company will rely on various intellectual property protections, including patents, copyright, trademark 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 authorization. Policing unauthorized use of intellectual property is difficult, and some foreign laws do not protect proprietary rights to the same extent as Canada and the United States laws. Furthermore, many key aspects of networking technology are governed by industry-wide standards, freely available to all market entrants. To protect 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 business's ordinary conduct, 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 fail to resolve product quality or performance issues promptly, sales may be lost and forced to pay damages. Also, because its products are sold and marketed in different countries, the products must meet many different environments' requirements and be compatible with other 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 expected that the Company will make substantial capital expenditures in product development, SG&A, production of silicon solutions, 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. If debt or equity financing is available, it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The Company's inability to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, operating results or prospects.

Additional Requirement for Capital

The Company is likely to remain cash flow negative for some time. There can be no certainty that the Company will sustain profitability or positive cash flow from its operating activities. The future of the Company is dependent

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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 the 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 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 the Company will have key person insurance in effect for management in the near term. The contributions of these individuals to the immediate operations of the Company are of central importance. In addition, the competition for qualified personnel in the communications industry is intense. There can be no assurance that the Company will be able to continue attracting and retaining all personnel necessary for the development and operation of its business. The ability to raise capital is important to retaining and recruiting personnel. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

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, seeking 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

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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

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

As of October 30, 2021, the directors, officers and advisors to the Company owned or controlled approximately 2.4% of the outstanding common shares of the Company. These shareholders may influence the outcome of most corporate actions requiring shareholder approval, including the election of directors of the Company and the approval of certain corporate transactions.

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

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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 financial, 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.

Conflicts of Interest

Certain of the directors and officers of the Company also serve as directors, officers, advisors and/or consultants of other companies involved in the telecommunications sector. To the extent that such other companies may participate in ventures which the Company may participate, there exists the possibility for such directors and officers could 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 must 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.