

## EDGEWATER WIRELESS SYSTEMS INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE QUARTER ENDING OCTOBER 31, 2022

*(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, 2022, and April 30, 2021. These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Unless otherwise noted, all dollar amounts included therein and in this MD&A are expressed in Canadian Dollars unless otherwise note. The information contained within this MD&A is current to December 16, 2022. Additional information about the Company is available on SEDAR at [www.sedar.com](http://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:*

- *the availability of sufficient and appropriate financing;*
- *technological change;*
- *development of new products and availability of existing products;*
- *the impacts of COVID-19 will continue to be a risk since it affects all aspects of our business;*
- *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 on the TSX Venture Exchange under YFI and on the OTC Pink under KPIFF.

The Company's head office is 11 Hines Road, Suite 202, Kanata, Ontario, Canada, and the Company maintains a presence in the USA.

### **Description of the Business**

We make Wi-Fi. Better.

Edgewater Wireless ([www.edgewaterwireless.com](http://www.edgewaterwireless.com)) is the industry leader in innovative Spectrum Slicing technology for residential and commercial markets. We develop advanced Wi-Fi silicon solutions, Access Points, and IP licensing designed to meet the real-world needs of service providers and their customers. With over 26 granted patents, Edgewater's Multi-Channel, Single Radio (MCSR) technology revolutionizes Wi-Fi, delivering next-generation Wi-Fi today.

Edgewater's physical layer Spectrum Slicing allows a frequency band 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. The recently completed Proof of Concept (PoC) with a major Tier 1 Service Provider showed 7 to 18 times performance gains in 75% of homes surveyed. Interestingly, homes with the most devices saw the most significant improvements.

For more information, visit [www.edgewaterwireless.com](http://www.edgewaterwireless.com).

The results of operations for the quarterly period should not be relied upon as an indication of future performance.

#### **What is Spectrum Slicing?**

Edgewater's physical layer Spectrum Slicing allows a frequency band to be divided, or sliced, to enable more radios to operate in a given area. Using advanced signal processing techniques, Spectrum Slicing creates more physical (PHY) channels/links to force multiply application layer features. For example, a packet scheduling feature on a single channel improves Wi-Fi traffic only on a single channel. With Spectrum Slicing, the same packet scheduling feature would have multiple channels, or links, to run on, force-multiplying the feature. Think of Spectrum Slicing like moving from a single-lane road to a multi-lane highway — regardless of Wi-Fi technology or application.

#### **What's the advantage of Spectrum Slicing?**

Our technology delivers the highest channel density available in the market today and fully utilizes the spectrum. More channels mean more available lanes for traffic, and like a multi-lane highway, it allows more devices to pass more traffic more efficiently.

**The result?** Real-world higher aggregate throughput and dramatically lower latency.

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### Market Opportunity

According to recent industry statistics, the global installed base of Wi-Fi devices is approaching 20 billion<sup>1</sup> and over 4 billion new Wi-Fi devices were added over the last 12-months<sup>2</sup>. 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 was projected to 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 Report<sup>3</sup> 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 indicated<sup>4</sup>: 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 (IEEE<sup>5</sup>), 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 paper<sup>6</sup>).

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 market**<sup>7</sup>. We've successfully supplied Silicon solutions (chips & modules) or complete Access Points to Service Providers, like the 5<sup>th</sup> largest cable operator, Mediacom and Fortune 500

<sup>1</sup> Source: <https://www.ekahau.com/blog/q-and-a-with-aruba-chuck-lukaszewski/>

<sup>2</sup> Monica Paolini, WBA Annual Industry Report 2019, Wireless Broadband Alliance (Source: <https://www.wballiance.com/resource/wba-annual-industry-report-2019/>) [October 2018]

<sup>3</sup> Source: (<https://www.cisco.com/c/en/us/solutions/executive-perspectives/annual-internet-report/index.html#~executive-summaries>)

<sup>4</sup> <https://eresearch.com/2021/09/22/eresearch-reports/analyst-articles/edgewater-and-cmc-wireless-accelerate-commercialization-of-high-density-wi-fi-technology/>

<sup>5</sup> 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.

<sup>6</sup> 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>)

<sup>7</sup> Source: IDC Worldwide Quarterly WLAN Tracker updates (<https://www.idc.com/getdoc.jsp?containerId=prUS44264918>)

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companies like Kroger Corporation. We've displaced established incumbent players in tier-one accounts.

The second track is the **\$12.9 billion Consumer (home) market**<sup>8</sup> where we've made progress with a major Tier 1 Service Provider which we've progressed from Proof of Concept to Pilot and commercial engagement and our alliance with CableLabs.

Co-innovated with CableLabs, the emerging Dual Channel Wi-Fi™ standard strongly validates the value of Multiple Channels in the Home environment as a powerful method to improve performance in the home. Our position has been bolstered by the recent developments in the global Wi-Fi industry as it evolves to embrace multi-channel architecture. In a significant Wi-Fi market disruption, a major vendor unexpectedly abandoned its WiFi6E market push and instead has accelerated shipments of their pre-WiFi7 silicon. Consequently, the global focus has quickly turned to WiFi7 and its flagship feature, MLO, or Multi-Link Operation, an embrace of multi-channel architecture and an acknowledgement of the limited real-world benefits of WiFi6. With MLO, the more links available, the more enhanced the feature becomes. Edgewater's Spectrum Slicing increases the available links within the Wi-Fi Spectrum by 8X or more.

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.

Technology transfer and 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, 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.

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<sup>8</sup> 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>

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### **Discussion of Q2 FY 2023 Operating Results and Accomplishments:**

#### Q2 FY 2023 Activities and Accomplishments:

- With the lifting of COVID restrictions, in-person industry events resumed, creating a platform for business development and furthering customer engagements in Europe and North America.
  - The critical narrative from Service Provider discussions at the Wireless Broadband Alliance Global Congress focused on the accelerated evolution of home Wi-Fi and the rapid shift to the new WiFi7 standard.
  - Globally, service provider concerns shifted from the pre-COVID narrative of increased ‘speeds and feeds’ to providing lower latency and better quality of service for all customers.
  - Surprisingly, several major equipment manufacturers have acknowledged the challenges facing Wi-Fi as device density and contention continue to increase.
- Further collaboration with the Major Tier 1 Service Provider included in-person sessions to discuss implementation and commercial objectives in advance of their upcoming residential Request for Proposals (RFP). We are pleased with the continued progress with our Major Tier 1 engagement and look to replicate the success with additional Tier 1 Service Providers and global equipment manufacturers.
- Retained Dr. Nima Ahmadvand (ex-MOSAID Technologies Inc.) to explore paths to Intellectual Property monetization, including IP licensing, enforcement and building a robust technology transfer program.
- In August 2022, the Company issued \$716,000 of convertible debentures bearing an interest rate of 10% per annum, payable quarterly in shares or cash at the discretion of management. Further details on the convertible debenture can be found on page 6 of this document.
- 2023 AGM: The Company held its 2023 Annual General Meeting outside the reporting period. Shareholders voted in favor of all items the Board of Directors and Management put forward. Number of Directors was set at three (3) and Brian Imrie, Ralph Garcea and Andrew Skafel were appointed.

#### **Q2 FY 2023 Operating Results:**

- We are a development stage company and revenues for Q2 FY 2023 were \$1,795
- Net loss for Q2 FY 2023 was \$266,028 compared to a net loss of \$280,738 for Q2 FY 2022

#### **Market Insights: Limitations of single-channel Wi-Fi**

Working hand-in-hand with major players in the residential and enterprise Wi-Fi spaces has provided us with deep insights into the real-world performance of Wi-Fi. Key findings from our large-scale Proof of Concept highlighted in limitations of legacy, single-channel/link architectures. In the PoC, all 2.4 GHz devices were limited to 20 MHz wide channels and 5 GHz devices were limited to either a 20-40 MHz wide channel due to real-world contention and interference issues — despite the majority of devices being capable of using much wider channels.

Why is this meaningful? When the real-world environment limits connections to narrower channels in most environments, more narrower channels offer a proven, dramatic way to deliver better performance to add devices. With Spectrum Slicing, we remove the limits faced by legacy, single-channel Wi-Fi architectures.

“We’ve been shipping equipment that can do 80 MHz channels since 2014. And (Aruba) published data, Cisco has published data... over 90% of our customers in North America are running 20 or 40 MHz channel widths” said Chuck Lakaszewski, VP and Chief Wireless Technologist, Aruba Networks.

Remarkably, the global Wi-Fi narrative is changing as, recently, major vendors, like Aruba Networks, have echoed the limitations of legacy Wi-Fi infrastructures. With the

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emergence of Wi-Fi performance metrics, the chorus of Service Providers and Vendors understanding the limitations of legacy Wi-Fi architectures is growing.

As the commercial engagement with the major Tier 1 Service Provider progresses beyond the resource-heavy technical evaluations of the PoC and Pilot, we are broadening our customer prospects to include select OEMs and vendors. Like most major Tier 1's, after specifying the technical and design requirements, the major Tier 1 Service Provider outsources the building of their residential gateways to global OEMs. With the support of the Service Provider and industry advocates, Edgewater will work directly with the OEMs to broaden our funnel (OEMs work with several customers, from service providers to branded gear manufacturers like Cisco). Edgewater is establishing a framework to include its products in gateways, mesh nodes, access points and Wi-Fi software solution vendors in the market today.

#### **Corporate Developments**

In the reporting period, the Company announced a key addition to its Intellectual Property (IP) Monetization team. The company has retained Dr. Nima Ahmadvand, a highly regarded wireless industry Intellectual Property expert, to explore multiple paths to IP monetization, including IP licensing, enforcement and building a robust technology transfer program. An expert in wireless communications, optical networking, digital signal processing and other electrical, computer and telecommunications technologies, Dr Ahmadvand brings extensive experience managing and developing patent portfolios as SVP and CTO at the leading global patent licensing firm Conversant Intellectual Property Management Inc. (currently known as MOSIAD Technologies Inc.). Before Conversant, Dr. Ahmadvand was Vice President of Research and Development at Peleton Photonic Systems. Previously, he was a senior member of Nortel Networks' Advanced Wireless Access Group, where he designed 3G wireless and cellular telecommunications systems.

In August 2022, the Company issued \$716,000 of convertible debentures bearing an interest rate of 10% per annum, payable quarterly in shares or cash at the discretion of management. The debenture is convertible at the election of the holders at any time after the date, which is four months following the date of closing of the offering and before the maturity date. The conversion is priced at \$0.12 per share and one common share purchase warrant entitling the holder to purchase one additional common share of the Company at an exercise price of \$0.23 per share for a period of three years after the closing date, subject to an acceleration provision that is triggered at the Company's election if the daily weighted average price of Company's shares is over \$0.30 for ten (10) consecutive trading days.

Outside the reporting period, the Company announced its shareholders approved the amended 10% rolling stock option plan at the annual general meeting of shareholders held on November 22, 2022. Shareholders also approved (i) setting the number of directors at three for the ensuing year; (ii) the election of Andrew Skafel, Brian Imrie and Ralph Garcea as directors of the Company; and (iii) the re-appointment of KPMG LLP as auditor of the Company for the ensuing year.

#### **Industry Forums and Speaking Engagements:**

Highlights of events include:

1. November 1, 2022: FutureCreators TV  
Edgewater's CEO, Andrew Skafel, joined a panel of industry experts and futurists to discuss the Company's disruptive approach to providing Wi-Fi networks the frequency flexibility to massively increase capacity and performance.
2. October 17-20, 2022: Wireless Broadband Alliance (WBA) Global Congress

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- Joining industry leaders and innovators at the WBA Global Congress (Amsterdam), Edgewater offered a preview of the Company's patented WiFi7 Spectrum Slicing solutions engineered for residential Wi-Fi applications.
3. September 19-22, 2022: SCTE Cable-Tec Expo  
Edgewater previewed to select industry leaders the powerful potential of the Company's multi-link silicon solutions and its opportunity to meet the needs of the emerging Wi-Fi 7 standard and its hallmark feature, Multi-Link Operation (MLO).
  4. September 15, 2022: Sequire Semiconductor Conference  
A one-day virtual event, Andrew Skafel, President and CEO of Edgewater, presented along side experts in manufacturing, engineering, as well as equipment and materials supply to the booming \$600 billion industry.
  5. August 2022: Global Industry forum  
A representative from a major Tier 1 Service Provider, supported by the Edgewater team, presented the PoC and Pilot results to personnel from several leading global service providers. Results, which highlighted the 50% lower latency and increased throughput for all devices, were well received.

#### 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 and detailed the Company's go-forward strategy. Highlights included:

1. December 6, 2022: Edgewater Announces Payment of Debenture Interest
2. November 24, 2022: Edgewater Wireless Announces Shareholder Approval of Amended Stock Option Plan, Results of AMG and Stock Option Grant
3. November 16, 2022: Edgewater Wireless Featured on Computer America
4. November 1, 2022: Edgewater Wireless to Appear on FutureCreators TV
5. October 13, 2022: Edgewater Wireless to join Wi-Fi Industry Leaders and Innovators at Wireless Global Congress 2022
6. September 26, 2022: Edgewater Wireless Announces First Quarter 2023 Financial Results
7. September 16, 2022: Edgewater to Preview Its Next Gen Wi-Fi 7 Silicon Solutions at SCTE Cable-Tec Expo 2022
8. September 13, 2022: Edgewater Wireless to Present at Sequire Semiconductor Conference on September 15<sup>th</sup>, 2022
9. September 1, 2022: Edgewater Wireless Closes First Tranche of Convertible Debenture Financing
10. August 29, 2022: Edgewater Wireless Announces Fiscal Year 2022 Financial Results
11. August 11, 2022: Edgewater Wireless Expands Intellectual Property Monetization Initiatives
12. August 4, 2022: Edgewater Wireless Announces Management and Director Lead Private Placement of up to \$1 Million of Convertible Debenture

Additional press and media coverage can be found at [www.edgewaterwireless.com/](http://www.edgewaterwireless.com/).

**Our Vision is to Make Wi-Fi. Better.**

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#### **Review of Results – Quarter ended October 31, 2022 (“Q2 2023”) compared to the Quarter ended October 31, 2021 (“Q2 2022”)**

The Company recorded a net loss of \$266,028 in Q2 FY 2023 compared to a net loss of \$280,738 for Q2 FY 2022. The decrease in the loss of \$14,710 is attributable to the following:

Revenue in Q2 FY 2023 was \$1,795, compared to Q2 FY 2022 of \$4,100.

Sales and marketing expenses decreased by \$20,878 to \$16,805 in Q2 FY 2023 compared to \$37,683 in Q2 FY 2022. The decrease is due to a reduction in consulting services from \$26,300 in Q2 FY 2022 to \$8,901 in Q2 FY 2023 along with a decrease in promotion expenditure to \$Nil in Q2 FY 2023 from \$4,128 in Q2 FY 2022. Internet support services increased \$649 to \$7,904 in Q2 FY 2023 from \$7,255 in Q2 FY 2022.

General and administrative expenses decreased by \$14,391 to \$191,072 in Q2 FY 2023 compared to \$205,463 in Q2 FY 2022. Stock-based compensation was \$14,730 in Q2 FY 2023 compared to \$52,827 in Q2 FY 2022. Salaries and consulting services were \$94,756 in Q2 FY 2023, compared to \$64,843 in Q2 FY 2022. Professional fees were \$31,689 in Q2 FY 2023 as compared to \$52,751 in Q2 FY 2022. Public and investor relations in Q2 FY 2023 were \$38,735 compared to \$22,195 in Q2 FY 2022. Other expenses in Q2 FY 2023 were \$12,847 compared to \$11,162 in Q2 FY 2022.

Product development expenses of \$6,412 in Q2 FY 2023 were related to salaries and consulting fees while in Q2 FY 2022 total product development fees were \$40,394 consisting of \$37,847 in salaries and consulting fees and material expenses of \$2,547.

Operations expenses increased by \$5,987 to \$9,900 in Q2 FY 2023 as compared to \$3,913 in Q2 FY 2022. These costs relate to the office space rental.

Interest charges increased from \$73 in Q2 FY 2022 to \$14,000 in Q2 FY 2023. The increase is related to the debenture interest cost of 10%, \$11,966 along with the interest cost of \$1,752 attributed to the office lease under IFRS 16 and other interest costs of \$282 pertaining to the Note payable repayment.

Interest income was \$2,910 in Q2 FY 2023 compared to \$600 in Q2 FY 2022. Rising interest rates and the cash raised from the convertible debenture contributed to the higher interest income.

The foreign exchange loss for Q2 FY 2023 was \$32,544 compared to a gain of \$2,620 in Q2 FY 2022. The exchange rate was \$1.2824, on July 29, 2022. On October 31, 2022 it was \$1.3649. The Company does not do any hedging and purchases of foreign exchange are made as required to fulfill obligations.

#### **Common Shares Outstanding**

On October 31, 2022, there were 186,963,263 common shares issued and outstanding, this is the same number of shares 186,963,263 issued and outstanding as of April 30, 2022. On October 31, 2022, a total of 13,915,001 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 of October 31, 2022, 12,664,994 stock options were exercisable due to vesting provisions (October 31, 2021 – 12,184,995). As of October 31, 2022, there are 29,780,881 warrants outstanding with strike prices that ranged from \$0.20 and to \$0.375 (October 31, 2021 – 29,780,881).

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#### Summary of Quarterly Results

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

Quarter ended	Oct 31/22	July 31/22	April 30/22	Jan 31/22	Oct 31/21	July 31/21	April 30/21	Jan 31/21
Revenues	\$1.8	\$(0.0)	\$11.4	\$(0.0)	\$4.1	\$(0.0)	\$(0.0)	\$(0.0)
Revenue percentage increase (decrease) relative to preceding quarter	100%	(100%)	100%	0.0%	100%	0.0%	0.0%	0.0%
Gross margin	\$1.8	–	\$10.2	–	\$3.6	–	–	–
as a percentage	100%	0.0%	89.8%	0.0%	87.8%	0.0%	0.0%	0.0%
Net Loss	\$(226.0)	\$(181.2)	\$(210.5)	\$(280.0)	\$(280.7)	\$(286.4)	\$(270.8)	\$(132.1)
Loss per share-basic and diluted	\$(0.001)	\$(0.001)	\$(0.001)	\$(0.001)	\$(0.002)	\$(0.002)	\$(0.002)	\$(0.001)
Weighted Average number of common shares Outstanding	186,693,263	186,693,263	186,693,263	186,693,263	186,693,263	186,693,263	171,061,091	169,738,630

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#### **Related party transactions**

##### **Transactions with key management personnel**

In April 2022, a director loaned the Company \$100,000 bearing an interest rate of Bank of Canada rate plus 7% with interest paid quarterly. The loan has a maturity date of April 2023. The loan was repaid in August 2022.

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, 2022, the Company incurred a loss for the fiscal year of \$447,187. For FY 2023 there was a negative cash flow from operating activities of \$367,541. 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.

#### **Subsequent events**

The Company held its Annual General Meeting on November 22, 2022. Shareholders approved the following motions (i) the approval of the 2022 employee stock option plan; (ii) the setting the number of directors at three for the following year; (iii) the election of Brian Imrie, Ralph Garcea and Andrew Skafel as directors of the Company; and (iv) the re-appointment of KPMG LLP as auditor of the Company for fiscal year 2023.

On November 22, 2022 the Company stock options were granted to directors, officers, employees and consultants at a board meeting. The total units granted were 1,540,000.

#### **Financial Instruments and Other Instruments**

Refer to Note 22 of the Consolidated Financial Statements for the year ended April 30, 2022.

#### **Risk and Uncertainties**

##### **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, particularly with silicon supply lines.

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

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testing, pilots, PoCs and site visits with customers and prospects were limited during the reporting period as testing requires close proximity work.

#### **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 most 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 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.

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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**

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 Kanata, 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 its existing relationships will continue to be maintained or that new relationships will be built. The

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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 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,

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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 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

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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 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 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

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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 31, 2022, 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 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

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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.