EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL QUARTER JANUARY 31, 2019

(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 fiscal year ended April 30, 2018 and the unaudited condensed interim consolidated financial statements for the quarter ended January 31, 2019 which 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 March 25, 2019. Additional information of the Company is available on SEDAR at www.sedar.com.

Forward-Looking Information

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

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

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

Corporate Structure

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

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

Description of the Business

We make WiFi. Better.

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

The Company began to adopt new branding for our multi-channel radio technology and is transitioning to the term MCSR™ from the channel denoted WiFi3™ to better reflect current and future product iterations.

The best solution for High-Density WiFi applications, Edgewater provides reference designs for easy OEM[1] and ODM[2] integration, enabling service providers to plan, build and deploy reliable, high-capacity services to meet data demand in any environment, while fewer access points means lower deployment costs.

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

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

Market Opportunity

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

Close to 70% of smartphone traffic is carried over WiFi and the requirements are projected to rapidly grow at 47% compound annual growth rate (CAGR) over the next 5-years[4]. WiFi has become a critical element of our everyday lives.

In the USA alone, there are 110 million fixed broadband lines[5] and the majority terminate on at least one or more WiFi Access Points in homes. Cable Broadband operators, members of CableLabs (https://www.cablelabs.com/about-cablelabs), account for over half of the fixed broadband subscriptions, with Comcast's 27 million residential and 2.2 million enterprise[6] customers and Charter's 24 million residential and 1.4 million enterprise[7] customers taking the lion's share. The market is heavily weighted toward residential WiFi applications.

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

Since 1999, when WiFi was first envisioned by the Institute of Electrical and Electronics Engineers (IEEE), chipset manufacturers, like Broadcom, Qualcomm and the like, have universally followed the same approach relying on a single-channel radio architecture. Like a single-lane road with a single vehicle on it, the single-channel radio approach works well for few users in clean RF (Radio Frequency) environments. However, as the number of vehicles on the roads grows, or interference grows, single-channel WiFi struggles to provide the basic connectively we rely on. (IEEE paper[8])

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

At Edgewater Wireless, we have developed and patented the industry's first true multi-lane highway for WiFi. Branded MCSR™, we have developed a patented approach delivering multiple, concurrent channels of transmit and receive from a single, WiFi standards compliant radio. Implemented in custom, high-performance silicon, Multi-Channel Single Radio (MCSR™), has been engineered to deliver performance in high-density, high-interference applications – in Service Providers, Enterprises and the Residential market.

Built on a rich patent portfolio of 24 patents and growing, the Company has two main areas of business:

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

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

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

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

[8] Daldoul, Yousri; Meddour, 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)

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

Discussion of Operating Results

We are pleased to present the operating results for the quarter:

- Q3 2019 revenues of $188,871, which marked a sequential quarter on quarter growth of 47.7% and an eight ("8") times growth factor over the same quarter a year earlier:
    - For the reporting period, we continued to regularly supply our major customer and continue to ramp production capabilities;
    - Revenue and backlog (pipeline) represent an increase in customer diversity over the previous quarter as we deepened relationships in the Cable Broadband Industry with repeat business received late in the period from existing customers.

- Gross Margins of 24.7% held constant from the previous two quarters representing a strong focus on cost containment. Upon reaching volume production, our target is to achieve 45-50% Gross Margin;
- Order backlog of $888,480 which represented increased customer diversity. This backlog was $948,475 as of the date of our report 18 DEC 18 in our MD&A reporting for 2019 Q2 and was $1,173,447 on 28 MAR 18 for the MD&A reporting on 2018 Q3. Our backlog reports are updated to the reporting date rather that the end of quarter dates to give a more current snapshot.

Q3 2019 Results and Accomplishments:

For the reporting period, we:

- **Worked alongside industry giants and disruptors developing and implementing software applications designed to drive adoption of our silicon solutions in the residential and enterprise markets**.

- Key highlights include:

    - **The resounding success of the** Wireless Broadband Alliance (WBA) (https://www.wballiance.com/about-us/) Cellular to WiFi handover featuring Edgewater Wireless technology **at the WBA's Wireless Global Congress:** Edgewater Wireless was part of a WBA working group that included Comcast, Nokia, Global Reach and BSG Wireless that demonstrated a milestone handoff from a mobile network to a WiFi network seamlessly and securely without user intervention. With the coming of 5G, we are working alongside the giants and disruptors of the industry, who are developing applications on our chipsets. The development of industry-leading applications with global players is a huge accomplishment in driving adoption of our MCSR™ technology. The demo was accompanied by a speaking slot where our CEO presented the evolution of WiFi from the legacy single-channel – single lane approach -- to multi-channel – multi-lane approach based on our MCSR™ (Multi-Channel Single Radio) architecture
    - **Global Invacom Selects Edgewater Wireless for Bx-WiFi Partnership:** *Revolutionary high-density WiFi platform to be used for Bx-WiFi development*. Outside the reporting period, our application focus led to the commercial partnership with Global Invacom, the

BBC and the European Space Agency (EUSA) for the contracted Broadcast WiFi (Bx-WiFi) application. The mix of hardware and software revenues will fluctuate based on the integration cycles with OEM / ODMs developing products using our silicon solutions or application development partners leveraging our innovative silicon capabilities to drive large scale customer demand.

- **The latest enhancements to our aera™ Fluid MX controller:** The story here is twofold. Firstly, as an application, the ability to manage and control hundreds or thousands of MCSR™ powered access points is an important feature for potential chipset customers, and it will help drive adoption of our chipsets in access points for the home and business markets. Secondly, the ability of this product to enhance our aera™ product line by delivering industry leading features and functionality.

    - ***Commercial deployment of our aera™ Fluid MX controller.*** Falling closely on the heels of our product release, we completed upgrading of the aera™ high-density WiFi system at Wagener Stadium. Wagener continues to provide us with a showcase of our MCSR™ in a demanding, live environment and is an important element in generating shareholder value.

- **Strengthening IP portfolio:** Outside the reporting period, we were granted a patent by the United States Patent Office (USPTO) for Automatic Gain Control (AGC) for a multi-channel / wideband communication system. Protecting our unique approach by building a strong family of patents is a key element of our strategy to create a strong foundation for shareholder value.

- **Initiated first phase of design improvements to our silicon technology with a major European vendor:** During the reporting period, we completed the first phase of design improvements geared to establishing a platform for scale and creating the foundation for growth in the higher volume residential market.

- **Increased focus on industry and corporate communications:** Strategically positioned to capture industry momentum post-Consumer Electronics Show (CES) and pre-Mobile World Congress (MWC), we kicked off a series of webinars and marketing activities designed to raise our profile on the global stage. Our first webinar, The Numbers Game Explained, put context around industry marketing numbers and began to sketch our vision for a multi-lane future and the second in the series put context around the limitations of the single lane approach. (https://www.edgewaterwireless.com/partners/webinars/). These webinars and various other targeted marketing efforts create a platform that positions Edgewater Wireless as an industry thought leader in highdensity WiFi.

Our Vision is to Make WiFi Better.

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

Our path is to solve for the next generation of WiFi, where the limits of traditional WiFi architecture and the physical science of limited spectrum are already reaching their breaking points. Our opportunity is to solve the issues facing WiFi today, and over the years to come – in the home and in businesses.

Together, with the support of our investors, our customers and our entire team, we will achieve success by building and innovating around our highly differentiated technology; MCSR™.

MCSR™ is innovative, it is disruptive, and it is the future of WiFi.

Review of 3rd Quarter Results period ended January 31, 2019 compared to the quarter ended January 31, 2018.

The Company recorded a net loss of $813,100 for quarter ending January 31, 2019 as compared to a net loss of $925,896 for quarter ending January 31, 2018. The decrease in the loss of $112,796 can be attributed to a continued growth in sales and a reduction in sales and marketing expenses as we focused on delivering product. Also, a significant part of the loss in Q3/19 can be attributed to non-cash stock compensation expense created with the issue of share options to employees, directors and contractors, which increased from $158,284 in Q3/18 to $311,749 in Q3/19.

After adjusting for these non-cash charges our “burn” rate decreased from an average of $255,870 per month in 2018 Q3 to $164,450 per month in 2019 Q3, a substantial reduction in cash deployment. Our fiscal plan calls for this to increase over the next few quarters but will continue to represent serious prudent capital allocation.

Revenue in the third quarter of FY2019 was $188,871 as compared the third quarter in FY 2018 of $23,559, an increase of $165,312. Gross margins for the same time period were $46,752 (24.7%) and $20,229 (85.6%) respectively. The considerable difference in gross margins during the quarters is attributed to the shift from services revenue in 2018 Q3 to product revenue in 2019 Q3. Since the beginning for our current fiscal year, we have mainly been shipping product and, our gross margins have been tightly clustered at 25.5% in Q1, 25.9% in Q2 and 24.7% in Q3 which is impressively consistent given our stage in the transition from a development company to a production company.

During the quarter the company continued a steady supply of product to a major customer and, late in the period increased customer diversity with repeat business from a major Cable operator.

Sales and marketing expenses decreased to $113,133 in the third quarter of FY 2019 as compared to $336,639 in FY 2018. The year-over-year difference is attributable to a focus on the North American market from our involvement with our European sales partner, Evolve, in the same quarter a year earlier.

General and administrative expenses in the third quarter of FY 2019 increased to $505,105 from $351,383 in the third quarter FY 2018. The increase of $153,722 can be attributed to the non-cash expense of stock options granted in November 2018 where one-third of the options vested immediately, thereby increasing the non-cash expense in the quarter by $153,465 to $311,749 compared to $158,284 in Q3/FY18. Other expenses of note are salaries and consulting services, which were $91,564 in the current quarter as compared to $108,635 in Q3/FY18; professional fees recorded $14,497 in the quarter as opposed to $30,664 in Q3/FY18, reflecting tighter expense controls.

Product development expenses in the third quarter FY 2019 were $212,496 as compared to $247,222 in Q3/FY 2018, a decrease of $34,726. This includes work our engineering team has started on the next generation of silicon in preparation for tape out.

Salaries and consulting services Q3/FY19 saw expenses of $185,702 compared to $217,291 in Q3/FY18. Materials purchases were $1,252 in the quarter compared to $8,957 in Q3/FY18. Amortization expenses accounted for $4,463 in the quarter and $3,764 in Q3/FY18.

Operations expenses were $27,322 in the third quarter of FY2019 compared to $25,837 in third quarter of FY2018. Rent is the primary expense recorded in operations.

Finance income was $187 in the third quarter compared to $403 in the Q3/FY18. This represents interest earned on funds held in an interest-bearing account

The Company is likely to continue to do business with US customers and suppliers. Foreign exchange adjustments will be required in future periods. Depending on fluctuations in the exchange rate between the Canadian and the American dollars, we cannot predict whether the foreign exchange adjustments will be favourable or unfavourable.

Common Shares Outstanding

At January 31, 2019, there were 158,738,630 common shares issued and outstanding.

At January 31, 2019, a total of 14,362,501 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 January 31, 2019 9,814,041 options were exercisable.

During the quarter, one of the directors exercised 500,000 options which were granted in December 2014. The options had an exercise price of $0.05, netting $25,000 to the Company's treasury.

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

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

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

Summary of Quarterly Results
(***Amounts are presented in thousands of Canadian dollars except loss per share figures***)

Quarter ended	Jan 31/19	Oct 31/18	July 31/18	Apr 30/18	Jan 31/18	Oct 31/17	July 31/17	April 30/17
Revenues	$188.9	$127.9	$77.7	$(0.6)	$23.6	$21.9	$27.7	$138.8
Revenue percentage increase (decrease) relative to preceding quarter	47.7%	64.6%	nm	(2540)%	7.7%	(21%)	(80%)	69.5%
Gross margin	$46.7	$33.1	$19.8	$(24.4)	$20.2	$2.0	$0.6	$2.7
- *as a percentage*	*24.7%*	*25.9%*	*25.5%*	*(4,066)*	*85.6%*	*9.1%*	*2.2%*	*1.9%*
Net Loss	$(813.1)	$(714.5)	$(507.8)	$(925.8)	$(925.9)	$(1,120.6)	$(911.9)	$(1,531.8)
Loss per share -basic and diluted	$(0.005)	$(0.005)	$(0.003)	$(0.006)	$(0.006)	$(0.008)	$(0.007)	$(0.011)

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

Weighted Average number of common shares outstanding	158,711,456	155,631,472	146,699,290	146,568,367	143,879,137	140,843,749	137,102,320	135,079,924

Q3 2019 Highlights:

- For the reporting period of Q3 2019, the Company continued to execute on its shift to an early stage production company from a development stage company as we continued to fulfil purchase orders.
- The Q3 2019 revenue of $188,871 was entirely comprised of product sales, while in Q3/FY18 there were no product sales, only service revenue of $23,559. Conversely, there was no service revenue in Q3/FY19.
- Management has previously noted that as the Company transitions from a development stage company to a production company, our revenue can be expected to fluctuate both in terms of magnitude and timing, and our gross margin can be expected to fluctuate as well.
- Sales, marketing and business development expenses were down sharply to $113,133 from $268,171 on a year over year basis as we sharply curtailed our advertising and promotion budget but did represent a modest increase from the $100,222 recorded in 2019 Q2.
- Gross margin in 2019 Q3 was $46,752, an increase of $26,523 from 2018 Q3.
- Net loss of $813,100 in Q3/FY 2019, a decrease of $112,796 over the same period last year of $925,896.
- Foreign exchange losses during the quarter amounted to $3,589 compared a gain of $19,810 for Q3/FY18. The Canadian dollar fluctuated between a low of $0.7330 and a high of $0.7640 against its US dollar counterpart.

Related party transactions

Transactions with related entities

Prior to the period, the founder, former Chairman and Chief Technology Officer saw his combined holding reduced below the reporting threshold and ceased to be a reporting insider. This was duly recorded on SEDI.

Also, during the period, a Director provided bridge financing for receivables totalling $90,000 for a period not to exceed June 30th, 2019 at a nominal interest rate of 12% to be paid upon the repayment of the facility.

Transactions with key management personnel

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

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

In November 2019, the Company granted a total of 4,035,000 options to directors, key management personnel as well as employees and consultants involved in the day-to-day operations. These options are exercisable at $0.16 per unit for one common share. The options vest 1/3 immediately, 1/3 on the 1st anniversary date of the grant and 1/3 on the 2nd anniversary of the grant.

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 January 31, 2019, the Company incurred a net loss of $813,100 and negative cash flow from operating activities of $397,960. There are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern because the continuation of the Company's operations, including product development and marketing activities is dependent upon the Company's ability to fund its working capital requirements through either debt or equity financing. This risk has been partially mitigated by our continued success in completing non-brokered private placements.

For the quarter ending January 31, 2019 the Company realized $25,000 from the exercise of 500,000 options for the equivalent number of common shares.

It takes significant capital to bring product to market and to successfully execute on our sales plan but we are prudent in managing expenses to preserve cash while continuing to pursue additional financing. Management is consistently prepared to take advantage of market conditions for the issuance of equity, debt or some combination of either.

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

Changes in Accounting Standards

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

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

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

IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses

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

Changes to standards and interpretations

IFRS 9, "Financial Instruments"

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

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

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

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

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

IFRS 15, "Revenue from Contracts with Customers"

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

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

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

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

IFRS 16: Leases

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

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

The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on May 1, 2019. The extent of the impact of adoption of the standard has not yet been determined but is not expected to be material.

See Note 3 (c) to the financial statements which accompany this MD&A.

Risk and Uncertainties

Market Risk

There are a number of factors which influence the market. The economic situation either in specific countries or globally, including levels of government expenditures, monetary policy, capital availability, consumer confidence or levels of economic activity, could worsen leading to a potential slowdown or reduction in spending on infrastructure equipment. Management has also targeted a number of regions where growth is expected to be higher than the global average and is targeting countries that are spending on infrastructure and on large infrastructure projects

Management also recognizes the need for prudent cash flow management and the need to target qualified sales and marketing activities that represent low risk and high return.

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

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

Operational Risk

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

The Company endeavours to use components that are available from more than one supplier whenever possible. The Company has experienced managing obsolescence issues. The Company also has custom silicon 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 where multiple wafer processes are used. Similar to our industry peers, the Company leverages developments in the silicon foundries to reduce silicon component costs and to improve radio performance. The Company plans to evolve key silicon components. In this case, these components may only be available from a single supplier but the risks are mitigated by the single supplier's ability to source the components from multiple world-wide sites. Lastly, the Company has engaged a contract manufacturer which is responsible for the assembly and distribution of the Company's products. As part of the criteria for selecting a contract manufacturer, the Company made it a requirement for the manufacturer to have more than one site and to have operations in more than one country in order to mitigate the risk of that supplier being unable to manufacture and distribute the Company' products as needed.

At the beginning of the Quarter, the Company engaged a development house to begin work on the next generation of our silicon solutions based on our patents and proven technology.

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

Management also recognizes that contractual risks may create adverse issues in running the business. Management has engaged experienced contracts experts to help mitigate contractual risk with key customers and suppliers.

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 deployments scheduled over extended periods of time. With any concentration of revenues from a limited number of customers, the Company's operating results will be highly dependent not only on its own performance but on the performance of those customers to execute against their plans.

Staffing and Human Resources Risk

Management has built a core team of professionals experienced in telecommunications and network technology, product development, manufacturing, sales and marketing. The Company has implemented a stock option program that will provide long term incentive for key employees. The Company has also established a compensation committee to ensure that key employees are fairly compensated. The Company is headquartered in Ottawa, Ontario, where there is a substantial high-tech community and, as such, a large community of engineers, technologists, software developers and others experienced in the telecommunications and networking space; however, there is a risk that qualified personnel will not be available when required or, if available, will be prohibitively expensive. See "Reliance on Key Personnel" below.

Having said that, there continues to be growing evidence, not just in Ottawa, but also Montreal, Toronto, Calgary and Vancouver that the market for talent has tightened significantly over the past one to two years. This will put pressure not only on finding the required talent but also recruiting talent in an increasingly competitive market.

Financial Risk

Following the principles of conservative cash management, the Company's standard business terms and conditions make provisions for advance payment on product orders. In cases where extended payment terms are required, shipments are backed by credit insurance facilities from agencies such as the Export Development Corporation whenever possible. The Company secured a further one year 's export credit risk insurance for sales being made to those countries where it currently considers sales to most likely occur to extend that insurance through March 31, 2020. Limits are established and applied on a country by country and customer by customer basis.

Reliance on Strategic Relationships

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

International Risk

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

Future growth may depend on the Company's ability to increase business in international markets. This will require significant management attention and financial resources, including capital to hire additional personnel and establish additional international facilities.

Protection of the Company's Intellectual Property

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

Product Defects and Liability Claims

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

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

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

Substantial Capital Requirements

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

Requirement for Additional Capital

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

Issuance of Debt

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

Dilution

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

Reliance on Key Personnel

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

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

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 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

March 25th, 2019, the directors and officers of the Company owned or controlled approximately 2.5 % of the outstanding common shares of the Company. These shareholders may significantly 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 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

One of our directors is chair and advisor to a telecoms service provider which does not compete with Edgewater Wireless. None of the other directors or officers of the Company serve as directors and/or officers of any other company 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 directors and officers to be in a position of conflict. Such directors and officers have duties and obligations under the laws of Canada to act honestly and in good faith with a view to the best interests of the Company and its shareholders. Accordingly, these directors and officers will declare and abstain from voting on any matter in which such director and/or officer may have a conflict of interest.

Resale of Shares

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