EDGEWATER WIRELESS SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2025

(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, 2025 and 2024. 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 August 26, 2025. Additional information about the Company is available on SEDAR+ at *www.sedarplus.ca*.

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 unforeseen public health crises,*
- *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.

Corporate Structure

Headquartered at 11 Hines Road, Suite 202, Kanata, Ontario, Canada, Edgewater Wireless Systems Inc. (the “Company” or “Edgewater”) is a development stage company with representation in the USA and Europe. The Company’s shares trade on the TSX Venture Exchange under the symbol YFI and on the OTC Pink Sheets under the symbol KPIFF. On April 11, 2025, the Company relocated the head office to 390 March Road in Ottawa, Ontario.

Description of the Business

We make Wi-Fi. Better.

Edgewater Wireless delivers unmatched Wi-Fi QoS—bar none—by intelligently mitigating congestion, managing spectrum allocation in real-time, and autonomously reconfiguring channel and link density—driving economic gains for service providers and their customers through reduced churn, improved efficiency, and high-performance connectivity in dense environments. Redefining Wi-Fi from the silicon up, Edgewater’s patented, AI-powered Spectrum Slicing platform—delivered through the PrismIQ™ product family—breaks the limits of legacy Wi-Fi by enabling multiple concurrent channels in a single band. Wi-Fi Spectrum Slicing delivers 10x performance and up to 50% lower latency, even for legacy devices. With 26 patents and a fabless model, Edgewater is transforming the economics of Wi-Fi for service providers, OEMs, and enterprises—powering scalable, standards-aligned/leading connectivity across residential, enterprise, and Industrial IoT markets. A Silicon Catalyst portfolio company, Edgewater is building the intelligent wireless foundation for the next era of global connectivity.

Visit https://edgewaterwireless.com

Edgewater’s Spectrum Slicing technology is a Wi-Fi baseband architecture that creates multiple concurrent channels within a single band, dynamically allocating spectrum in real time to mitigate congestion and reduce latency in high-density environments. Designed to be infrastructure-friendly and compatible with existing client devices, it aims to deliver higher throughput and more predictable Quality of Service without client-side changes. The Company’s commercialization strategy focuses on silicon/IP licensing and reference designs for service providers and OEM partners, supported by ongoing R&D to integrate AI-assisted spectrum control and by a growing patent portfolio. Management believes successful execution could expand the Company’s addressable market and improve customer network economics; however, outcomes and timelines remain subject to technical, standards, and customer-adoption risks.

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

Market Opportunity

Wi-Fi is the connective tissue of the modern internet. Industry sources estimate roughly **19.5 billion Wi-Fi devices in use by the end of 2023**, with **annual product shipments topping ~4.1 billion units in 2024** as demand resumes after recent supply-chain disruptions[1,2]. At the macro level, the **annual global economic value of Wi-Fi is projected to reach nearly US $5 trillion in 2025**, underscoring the technology's central role across consumer, enterprise, and industrial settings[3].

Independent analysts now size the **Wi-Fi chipset market at US $22.5 billion in 2025**, with a projected rise to **US $29.86 billion by 2030 (CAGR ~5.8%)**[4] as shipments mix toward Wi-Fi 6/6E and Wi-Fi 7 platforms across phones, PCs, CPE, and IoT. Wi-Fi has therefore become not just ubiquitous but economically foundational.

From a technical standpoint, legacy single-channel radio designs—effective in sparse, clean RF—encounter contention, latency, and fairness issues as densities climb and adjacent-/co-channel interference grows[5]. Contemporary research and vendor analyses alike highlight how dense deployments stress CSMA/CA and how emerging workloads (AR/VR, low-latency edge, multi-gigabit backbones) require multi-link operation[6].

Market Opportunity

We see three distinct tracks:

1. **Consumer (Home) Connectivity.** We target silicon for residential gateways, mesh systems, and retail routers. Depending on scope, the **home Wi-Fi router market** is estimated around **US $4.65 billion in 2025[7]**, while the broader **broadband CPE market** (gateways, modems, ONTs, etc.) is sized at **~US $20.9 billion in 2024[8]**, expanding through the decade as service providers upgrade for multi-gigabit and Wi-Fi 7. We continue to engage Tier-1 service providers and ecosystem partners to align our silicon roadmap with managed-Wi-Fi requirements.

2. **Enterprise & Managed Networks.** In the enterprise WLAN infrastructure segment, **IDC reports quarterly market revenue of US $2.6 billion in 4Q24[9]** and **US $2.3 billion in 1Q25**, with growth underpinned by transitions to Wi-Fi 6E and Wi-Fi 7. Our in-band multi-channel/link approach is designed to improve determinism and quality of service in high-density venues without disruptive client-side changes.

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[1] Source: https://www.wi-fi.org/system/files/Economic_Value_of_Wi-Fi_Highlights_202305.pdf?utm_source
[2] Source: https://www.businesswire.com/news/home/20230410005040/en/Worldwide-Wi-Fi-enabled-Product-Shipments-Fell-for-the-First-Time-in-2022-But-Will-Continue-to-Grow-to-4.6-billion-in-2027-According-to-IDC?utm_source
[3] Source: https://6ghz.info/wp-content/uploads/2022/02/Global_Economic_Value_of_Wi-Fi_2021-2025_202109-1.pdf?utm_source
[4] Source: https://www.prnewswire.com/news-releases/wi-fi-chipset-market-worth-29-86-billion-by-2030---exclusive-report-by-marketsandmarkets-302533214.html?utm_source
[5] Source: https://www.intel.com/content/dam/www/central-libraries/us/en/documents/spectrum-needs-wi-fi-7-whitepaper.pdf?utm_source
[6] Source: https://netman.aiops.org/wp-content/uploads/2017/05/iwqos2017-pch.pdf?utm_source
[7] Source: https://www.thebusinessresearchcompany.com/report/home-use-wi-fi-router-global-market-report?utm_source
[8] Source: https://www.credenceresearch.com/report/broadband-cpe-market?utm_source
[9] Source: https://my.idc.com/getdoc.jsp?containerId=prUS53261925&utm_source

3. **Licensing of Spectrum Slicing IP.** Beyond product sales, we intend to **license our Wi-Fi Spectrum Slicing intellectual property and trade secrets** to semiconductor and platform companies seeking to differentiate performance and QoS at scale. This model complements our silicon efforts and can drive high-margin, capital-efficient growth across multiple device categories and standards generations.

Industry Trends and Market Conditions

6 GHz Spectrum Allocation: Expanding Physical Capacity for Wi-Fi

Since the earliest iterations of IEEE 802.11, unlicensed Wi-Fi primarily operated in the 2.4 GHz and 5 GHz bands. To meet surging device counts and throughput demands, regulators have begun allocating substantial new unlicensed spectrum at 6 GHz. The United States authorized 1,200 MHz for unlicensed use in 2020[10,11], and Canada followed with a framework enabling full-band operations (5,925–7,125 MHz) in 2021 (Federal Communications Commission; Innovation, Science and Economic Development Canada[12]). Across the globe, dozens of administrations have now opened all or part of the 6 GHz band for Wi-Fi, with continuing policy activity in the European Union on the upper 6 GHz range[13] (RCR Wireless; Reuters). The continued expansion of unlicensed 6 GHz materially increases spectral headroom for next-generation Wi-Fi and enlarges the addressable opportunity for the Company.

Accelerated Shift to Wi-Fi 7: Embracing Multi-Channel / Multi-Link Architectures

Market dynamics over the past 18–24 months show an accelerated pivot from Wi-Fi 6/6E to **Wi-Fi 7 (802.11be)**, reinforced by the Wi-Fi Alliance's launch of the **Wi-Fi CERTIFIED 7** program in January 2024 (Wi-Fi Alliance[14]). A defining feature of Wi-Fi 7 is **Multi-Link Operation (MLO)[15]**, which enables devices to transmit and receive across multiple bands and channels simultaneously; industry technical guidance underscores that MLO is a mandatory, cornerstone capability of the standard (Cisco; Zong et al.). Service-provider interest continues to rise: the Wireless Broadband Alliance (WBA) highlights Wi-Fi 7 momentum in its 2025 Industry Report[16] and reports trial results showing significant latency, efficiency, and throughput gains in realistic enterprise scenarios (Wireless Broadband Alliance, Industry Report 2025; Wireless Broadband Alliance, "Wi-Fi 7 Trials"[17]). Together, 6 GHz availability and MLO are accelerating RFPs and product programs for residential gateways, CPE, and enterprise WLANs, shifting near-term demand toward Wi-Fi 7-capable platforms.

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[10] Source: https://www.fcc.gov/document/fcc-opens-6-ghz-band-wi-fi-and-other-unlicensed-uses?utm_source
[11] Source: https://docs.fcc.gov/public/attachments/doc-363945a1.pdf?utm_source
[12] Source: https://ised-isde.canada.ca/site/spectrum-management-telecommunications/en/spectrum-allocation/radio-local-area-network-rlan-6-ghz-band/decision-technical-and-policy-framework-licence-exempt-use-6-ghz-band?utm_source
[13] Source: https://www.rcrwireless.com/20241209/fundamentals/global-of-6-ghz-wi-fi?utm_source
[14] Source: https://finance.yahoo.com/news/wi-fi-alliance-introduces-wi-130000467.html?utm_source
[15] Source: https://blogs.cisco.com/networking/wi-fi-7s-multi-link-operation-mlo-dissection-from-packets-to-performance?utm_source
[16] Source: https://wballiance.com/wba-industry-report-2025/?utm_source
[17] Source: https://arxiv.org/html/2309.15951v3?utm_source

Growing Industry Acknowledgment: Legacy Single-Channel Architectures Nearing End of Life

Across service-provider and enterprise deployments, the focus has shifted from headline "burst-rate" speeds to consistent quality of service and lower latency at scale. Field practice and vendor design guidance consistently recommend **20 MHz (and, in some cases, 40 MHz) channels** in high-density environments to maximize reuse and minimize adjacent-/co-channel contention—implicitly limiting the prevalence of 80/160 MHz operation in real-world networks (Cisco Systems, High-Density Wi-Fi Design[18]; Cisco Systems, Wireless RF Reference Guide[19]). This reality constrains single-channel radio architectures, which must share a single, wide channel among an ever-rising number of devices; as density and interference increase, contention and latency intensify, degrading user experience. By contrast, architectures that raise **physical link/channel density**—and thereby present more "lanes" for traffic—better align with operational practice and application demands.

What Is Spectrum Slicing?

Spectrum Slicing is Edgewater's physical-layer approach that divides ("slices") a band into more concurrently usable links/channels, enabling more radios to operate within the same area. By increasing the number of independent in-band links, Spectrum Slicing **force-multiplies application-layer features** (e.g., schedulers) and mitigates contention and interference—much like converting a single-lane road into a multi-lane highway. CableLabs' **Dual Channel Wi-Fi™** concept —one of the first industry efforts to add additional downlink-only channels alongside a primary bi-directional channel—illustrated the performance value of adding more concurrent paths; subsequent specifications and public code releases reinforced feasibility and operator interest (CableLabs, "Dual Channel Wi-Fi™"[20]; CableLabs, WR-SP-WIFI-DCW-I01-2019[21]). Spectrum Slicing generalizes and extends this multi-link principle within standard bands to elevate determinism and throughput for existing and new devices.

Advantages of Spectrum Slicing

Our patented Spectrum Slicing technology targets the **highest practical link/channel density** in the market, allowing networks to utilize available spectrum more completely and deliver **higher aggregate throughput and dramatically lower latency** across mixed client populations. As Wi-Fi 7 adoption grows and **MLO**-capable devices proliferate, platforms that expose more concurrent in-band links maximize the benefits of MLO—aligning with industry direction and service-provider KPIs (Help Net Security[22]; Business Wire[23]; Edgewater Wireless[24]).

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[18] Source: https://www.ciscolive.com/c/dam/r/ciscolive/global-event/docs/2024/pdf/BRKEWN-2087.pdf?utm_source
[19] Source: https://www.cisco.com/c/en/us/td/docs/wireless/controller/9800/technical-reference/wireless-rf-reference-guide.html?utm_source
[20] Source: https://www.cablelabs.com/technologies/dual-channel-wi-fi?utm_source
[21] Source: account.cablelabs.com
[22] Source: https://www.helpnetsecurity.com/2023/05/26/edgewater-mlx-488-wifi7-platform/?utm_source
[23] Source: https://www.businesswire.com/news/home/20250325846707/en/Edgewater-Wireless-Provides-Corporate-Update?utm_source
[24] Source: https://edgewaterwireless.com/edgewater-wireless-launches-wifi7-spectrum-slicing-platform/?utm_source

Our Products

PrismIQ™ Silicon Solutions

At our core, Edgewater is an innovation-driven, fabless semiconductor company developing groundbreaking Wi-Fi silicon solutions for residential and enterprise applications.

IP Licensing and Technology Transfer

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 result in 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.

Reference Designs and Access Point Solutions

A revolutionary approach to Wi-Fi, Edgewater's Access Point reference designs and solutions deliver groundbreaking features and functionality engineered to deliver next-generation performance for service providers, large enterprises and OEMs/ODMs. The Access Points and reference designs are the first to offer in-band Wi-Fi Spectrum Slicing, powered by Edgewater's silicon solutions. They enable multiple concurrent transmit and receive channels from a single radio, offering more physical (PHY) capacity and industry leading interference mitigation.

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.

Fiscal Year 2025 Operating Results:

- Net loss for FY 2025 was $2,056,993 compared to a net loss of $90,672 for FY 2024.
- Revenue in FY 2025 was $nil from sales compared to $13,354 in FY 2024. Revenues in FY 2024 represent select sales of Wi-Fi Spectrum Slicing access points and reference designs for commercial pilots.

Fiscal Year 2025 Activities and Accomplishments:

Corporate Developments

During the reporting period, the Company announced a series of patent applications, punctuating a pivotal moment in our product strategy. AI/ML applications are layered on the multi-channel foundation. The series of patent applications punctuates a pivotal moment in our product strategy – based on years of direct customer engagements and deep insights into the challenges associated with legacy Wi-Fi. The latest patent applications are a series of innovations targeting next-generation Wi-Fi and Wireless Communications:

- Patent #1 US Application Number 18/643,333 and International Application No. PCT/CA2024/050533, established an artificially intelligent algorithmic stack designed to decide the optimal number and width of channels in a Spectrum Slicing (multi-link) radio array based on dynamic environmental data.
- Patent #2 US Patent Application No. 18/643,386 and International Application No. PCT/CA2024/050533 established an algorithm stack designed to determine which channels within the Spectrum Slicing (multi-link) enabled radio array established with techniques in Patent #1 can be utilized for traffic or should be disengaged.
- Patent #3 (US Patent Application No. 18/643,418 and International Application No. PCT/CA2024/050533) is the third and final patent application in the series; it describes the part of the overall invention which uses the unique spectral awareness capabilities, such as those included in Edgewater's Spectrum Slicing chipset, or the Spectral Surveillance Architecture (SSA), to inform the algorithm regarding the relative health of the specific spectral band (ISM, UNII, etc.) attempting to be utilized by the channelized spectral environment. The algorithm then determines what spectral frequencies within the band utilized by the Spectrum Slicing-enabled (multi-link) radio array are clear enough from noise or interference to be fully utilized for traffic or should be disregarded or deprioritized for channelized use. The algorithmic stack detailed in this patent application describes an artificially intelligent component within the greater invention.

On June 6, 2024, the Company settled its obligation to pay an aggregate of $17,851 interest as of March 1, 2024, to the holders of its unsecured debentures issued September 1, 2022 (the "**Debentures**") through the issuance of an aggregate of 357,016 common shares of the Company at a deemed price of $0.05 per share. The shares are issued in full satisfaction of the March 1, 2024 interest payment obligation in accordance with the terms of the Debentures. The TSX Venture Exchange has approved the debt settlement.

On July 9, 2024, the Company signed a Letter of Intent with WCS Europe for Next-Generation Wi-Fi Spectrum Slicing Powered Access Point Solutions. WCS Europe is developing the new and rapidly growing Industrial Internet of Things (IIoT) market after a successful commercial pilot. The LOI builds on an earlier established and expanded distribution agreement between the Company and WCS Europe and follows a successful pilot and field deployment in a ground-breaking IIoT application. Initial deliveries of Edgewater's next-generation Wi-Fi Spectrum Slicing powered access point solutions totaling approximately $400,000 are planned for later this calendar year (subject to final commercial terms).

On July 23, 2024, the Company announced its nomination to participate in the Accelerated Growth Service (AGS) program by Innovation, Science and Economic Development Canada (ISED-ISDE), which offers support to a small number of high-growth, high-potential, qualified businesses across Canada. The rigorous nomination and subsequent deep due diligence process helped Edgewater identify federal and provincial government support such as Research and Development funding, advisory services, financing assistance and global partnership and export opportunities.

On August 6, 2024, the Company announced the nomination of Jim Skippen to the Board of Directors. The former CEO of WiLAN and one of the world's leading Intellectual Property strategists, Jim was appointed to the Board of Directors at the Company's Annual General Meeting on September 9, 2024.

On August 15, 2024, the Company responded to the unauthorized Avon River Ventures LLC news release summarizing a third-party valuation report. The Avon River press release summarized Edgewater's valuation and IP asset portfolio and valued the Company between US$90M to $180M. While pleased with the results, the Company has not received the final proprietary report and cannot comment on the details.

On August 29, 2024, the Company reached a significant silicon production milestone and commenced a shift to a North American packaging facility. Leveraging the broader Canadian silicon ecosystem, the Company has established a secure, on-shore supply line for its advanced Wi-Fi Spectrum Slicing silicon solutions. Initial Canadian packaging efforts will focus on the Company's advanced Wi-Fi RF Front Ends for use in residential, enterprise and Industrial Internet of Things ("IIoT") applications globally. Commencing in September 2024, the packaging initiative represents a significant step in bringing engineering samples to market and puts the Company on track to deliver within the next calendar year.

On September 9, 2024, the Company announced that its shareholders have approved its proposed 20% fixed stock option plan (the "New Plan") at the annual general meeting of shareholders held on September 5, 2024. Shareholders also approved: (i) setting the number of directors at four for the ensuing year; (ii) the election of Andrew Skafel, Brian Imrie, Ralph Garcea, and James (Jim) Skippen as directors of the Company, and (iii) the appointment of MS Partners LLP as auditor of the Company for the ensuing year. Shareholders holding 57,852,561 common shares of the Company (29.32% of the Company's issued and outstanding common shares) voted their shares at the meeting.

On October 28, 2024, the Company announced that it has settled its obligation to pay an aggregate of $18,047 in interest as of June 1, 2024 and $18,047 in interest as of September 1, 2024 to the holders of its unsecured debentures issued September 1, 2022 (the "**Debentures**") through the issuance of an aggregate of 360,936 and 360,936 common shares of the Company at a deemed price of $0.05 per share (the "**Shares**"). The Shares are issued in full satisfaction of the June 1, 2024, and September 1, 2024, interest payment obligation in accordance with the terms of the Debentures. The debt settlement has been approved by the TSX Venture Exchange.

On November 12, 2024, the Company announced that the world-renowned Silicon Catalyst has selected Edgewater to join their Semiconductor Incubator + Accelerator program. Joining Silicon Catalyst represents a pivotal moment for Edgewater Wireless. Engaging with over 1,200 semiconductor startups worldwide, Silicon Catalyst has admitted only 100 companies to their 24-month customized incubation and acceleration program since 2015. Edgewater is honored to be selected as one of the six incoming companies. Concurrent with Edgewater's admission to the program, Silicon Catalyst will be granted a Board Advisor position and receive 18,812,639 warrants. Each warrant (a "Warrant") entitles the holder to purchase one Common Share of the Company (a "Warrant Share") at a price of

$0.05 per Warrant Share until the date, which is 5-years following the issuance of the Warrants. The consideration is subject to the receipt of all required corporate and regulatory approvals, including the TSXV.

On November 19, 2024, the Company announced that it joined the Arm® **(NASDAQ: ARM)** Flexible Access program. Arm is the company building the future of computing, with the highest performing and most power-efficient compute platform. Achieving a significant milestone, Edgewater's next-generation Wi-Fi Spectrum Slicing solutions will take advantage of the Arm compute platform to deliver unprecedented benefits to consumers, enterprises and service providers relying on Wi-Fi networks for high-speed, low-latency connectivity. By joining the Arm Flexible Access program, Edgewater has secured unlimited design access to a broad technology portfolio, including proven IP blocks and AI modules, dramatically reducing time to market and de-risking new features and functionality development. Most importantly, the Arm Flexible Access engagement model eliminates the up-front, per-component licensing fees typical in the IP industry and enables more freedom to experiment, evaluate and innovate — the core principles of Edgewater Wireless. With this flexibility, Edgewater can explore and experiment with multiple IP options to optimize its Wi-Fi Spectrum Slicing technology, ensuring the best performance, energy efficiency, and cost-effectiveness.

On November 12, 2024, the Company announced that the world-renowned Silicon Catalyst has selected Edgewater to join their Semiconductor Incubator + Accelerator program. Joining Silicon Catalyst represents a pivotal moment for Edgewater Wireless. Engaging with over 1,200 semiconductor startups worldwide, Silicon Catalyst has admitted only 100 companies to their 24-month customized incubation and acceleration program since 2015. Edgewater is honored to be selected as one of the six incoming companies. Concurrent with Edgewater's admission to the program, Silicon Catalyst will be granted a Board Advisor position and receive 18,812,639 warrants. Each warrant (a "Warrant") entitles the holder to purchase one Common Share of the Company (a "Warrant Share") at a price of $0.05 per Warrant Share until the date, which is 5-years following the issuance of the Warrants. The consideration is subject to the receipt of all required corporate and regulatory approvals, including the TSXV.

On December 6, 2024, the Company launched a non-brokered private placement of up to 22,000,000 units ("**Units**") at a price of $0.05 per Unit for gross proceeds of up to $1,100,000 (the "**Offering**"). Each Unit will consist of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one additional common share of the Company at an exercise price of $0.08 per share for a period of two years from the closing date.

On December 13, 2024, the Company announced its intention to increase the size of its previously announced non-brokered private placement financing from $1,100,000 to $1,800,000. The Company may now issue up to 36,000,000 units of the Company at a price of $0.05 per unit. All other terms of the offering will remain the same. Please see the Company's news release dated December 6, 2024 for further information regarding the offering. The offering remains subject to TSX Venture Exchange approval.

On December 31, 2024, the Company closed its non-brokered private of 38,300,000 units of the Company (the "Units") at a price of $0.05 per Unit, for gross proceeds of $1,915,000. Each Unit is comprised of one common share and one common share purchase warrant (a "Warrant") of the Company. Each Warrant is exercisable into one common share at a price of $0.08 per share for a period of 24 months from the date of issuance. In connection with closing of the Private Placement, the Company paid cash finder's fees totaling $17,150, issued 1,533,000 common shares, and issued an aggregate of 2,314,000 finder's warrants with the same terms as above to certain finders.

On January 22, 2025, the Company announced that Nick Kepler, Chief Operating Officer with Silicon Catalyst, will join Edgewater as a Board Observer. As a Portfolio Company in the Silicon Catalyst incubator + accelerator, this strategic appointment underscores Edgewater's mission to revolutionize wireless connectivity in a rapidly expanding global market.

Nick Kepler brings extensive expertise from his decades of leadership in the semiconductor and technology sectors. As a Chief Operating Officer at Silicon Catalyst—the world's premier incubator + accelerator exclusively focused on the global semiconductor industry—Nick has been instrumental in mentoring early-stage companies to achieve breakout success. His addition to Edgewater Wireless marks a pivotal moment as the company accelerates the commercialization of its highly differentiated Wi-Fi Spectrum Slicing technology, poised to address a multi-billion-dollar global market opportunity.

On February 12, 2025, the Company settled its obligation to pay an aggregate of $18,047 interest as of June 1, 2024, and $18,047 in interest as of September 1, 2024 to the holders of its unsecured debentures issued September 1, 2022 (the "**Debentures**") through the issuance of an aggregate of 360,936 and 360,936 common shares of the Company at a deemed price of $0.05 per share (the "**Shares**"). The Shares are issued in full satisfaction of the June 1, 2024, and September 1, 2024, interest payment obligation in accordance with the terms of the Debentures. The TSX Venture Exchange has approved the debt settlement.

On February 13, 2025, the Company settled interest due June 1, 2024 and September 1, 2024 on its unsecured debentures (issued September 1, 2022) through the issuance of 360,936 + 360,936 common shares at a deemed price of $0.05 per share; the settlement was approved by the TSX Venture Exchange.

On February 25, 2025, the Company issued corrective disclosure regarding a third-party valuation communication by Avon River Ventures LLC, confirming it has not received the final valuation report and advising stakeholders to rely on verified public information, as requested by OSC Staff Notice 51-711.

On February 26, 2025, Edgewater announced CEO participation at CableLabs Winter Conference 2025 to present on intelligent Wi-Fi and IIoT, reinforcing thought-leadership with Tier-1 operators.

On March 4, 2025, the TSX Venture Exchange approved the Company's Portfolio Company Services Agreement with Silicon Catalyst, enhancing access to mentors, advisors, and in-kind partners to accelerate Wi-Fi Spectrum Slicing commercialization. On February 19, 2025, the Company issued 18,812,639 warrants, exercisable into one additional common share at a price of $0.05 per share for a period of 5 years from the date of issuance.

On March 25, 2025, the Company provided a Corporate Update highlighting roadmap execution, engagement with service providers, and near-term product milestones.

On April 9, 2025, Edgewater engaged Independent Trading Group (ITG) as market maker, subject to regulatory approval, to support orderly trading and liquidity on the TSXV.

On April 28, 2025, the Company announced participation in the CHIPS North Executive Summit (Apr. 29–30, Ottawa) to showcase Spectrum Slicing and engage policy and industry stakeholders.

Subsequent Events

On May 1, 2025, the Company settled interest due December 1, 2024 and March 1, 2025 on its unsecured debentures via share issuances (including 357,016 shares at $0.05 and 238,010 shares at $0.075), subject to TSXV approval.

On May 6, 2025, Edgewater participated in the invitation-only RDK Tech Summit 2025 (London), positioning Spectrum Slicing benefits for managed broadband and connected-home deployments.

On June 4, 2025, the Company granted 500,000 stock options to a consultant at $0.05 per share under its 20% rolling plan, vesting over 24 months.

On June 10, 2025, Edgewater reported strong interest at the Silicon Catalyst Portfolio Company Update (Silicon Valley), underscoring ecosystem engagement with semiconductor strategics.

On June 17, 2025, the Company launched a new corporate website and investor presentation to strengthen brand positioning and stakeholder engagement.

On June 26, 2025, Edgewater secured ~C$921,000 in non-dilutive grant from FABrIC (Canada’s flagship semiconductor commercialization initiative) toward a ~C$2.4 million development project, accelerating next-gen Wi-Fi chip commercialization.

On August 5, 2025, the Company initiated prototyping of an AI subsystem powered by Arm to enhance intelligent, edge-centric Wi-Fi performance in dense environments.

On August 21, 2025, Edgewater announced the CEO’s selection to join Silicon Catalyst’s “Catalysts of Innovation” panel (Sept. 4, San Jose, with Arm), expanding investor and partner visibility ahead of key milestones.

Selected Annual Financial Information

The following table sets forth selected financial information for the periods indicated, extracted from the audited consolidated financial statements for those periods.

(In thousands of Canadian dollars, except per share)

Years Ended April 30,	**2025**	2024	2023
Revenues	**$-**	$13.4	$7.6
Gross margin	**-**	12.1	7.0
Gross margin percentage	**-**	90.5%	92.1%
Sales and marketing expenses	**59.1**	62.3	113.1
General and administrative expenses	**2,016.7**	568.7	725.7
Product development expenses	**84.9**	18.9	28.3
Operations expenses	**50.6**	42.3	49.9
Loss from operations	**$(2,211.3)**	$(90.7)	$(799.4)
Significant non-cash expenses included in above expenses			
Depreciation of PPE and right-of-use assets	**17.7**	18.5	18.4
Share-based payments	**1,341.9**	74.6	108.3
Loss per share – basic and diluted	**$(0.010)**	$(0.001)	$(0.004)
Total assets	**$1,368.2**	$285.4	$323.4
Liabilities			
Accounts payable and accrued liabilities	**1,057.4**	1,409.9	1,696.4
Deferred revenue	**252.1**	252.1	252.1
Lease liability	**14.0**	19.7	36.7
Notes and loan payable	**73.3**	72.5	49.8
Deferred government assistance	**-**	-	22.9
Convertible debentures	**406.4**	181.8	359.3
Total liabilities	**1,803.2**	1,936.1	2,417.3
Cash used in operating activities	**(744.6)**	(364.6)	(673.3)

Review of Results – Year ended April 30, 2025 ("FY 2025") compared to the Year ended April 30, 2024 ("FY 2024")

The balance sheet changes in FY 2025 saw significant changes in the following areas. Current assets increased $1,086,040 from $267,134 in FY 2024 to $1,353,174 in FY 2025. Cash increased by $1,044,574 mainly as a result of the proceeds received from closing of the private placement during FY 2025. Current liabilities increased by $47,825 to $1,742,110 in FY 2025 compared to $1,694,285 in FY 2024. Current portion of convertible debentures increased by $406,424 in FY 2025 compared to $nil in FY 2024, as the convertible debentures mature on September 1, 2025. Accounts payable and accrued liabilities saw a decrease of $352,568 to $1,057,372 due to decrease in trade accounts payable and accruals, as well as accrued salaries and vacation pay in FY 2025. Non-current portion of convertible debentures decreased by $181,834 as the convertible debentures mature on September 1, 2025. Share capital increased by $1,003,867 due to shares issued for interest payments on the convertible debenture and shares issued in connection with the closing of the private placement in FY 2025. Warrants increased by $1,218,783 due to warrants issued in FY 2025. There was an increase in contributed surplus of $1,050,010 due to warrants expired of $908,391 and share-based payments of $141,619 in FY 2025.

The Company's income statement recorded a net loss of $2,056,993 in FY 2025 compared to a net loss of $90,672 for FY 2024. The increase in the loss of $1,966,321 is attributable to the following:

Revenue in FY 2025 was $nil, compared to $13,354 in FY 2024. Decreased revenues were attributed to select sales of Wi-Fi Spectrum Slicing access point solutions and reference designs to key partners for commercial pilots in FY 2024.

General and administrative expenses increased by $1,447,991 to $2,016,668 in FY 2025 compared to $568,677 in FY 2024. Stock-based compensation was $1,341,865 in FY 2025 compared to $74,613 in FY 2024. Share based payments will vary from period to period depending upon the number of stock options granted and vested during a period, and the fair value of the options as at the grant date. Consulting fees were $158,247, an increase of $85,680 from $72,567 in FY 2024. Professional fees in FY 2025 were $264,447 compared to $153,869 in FY 2024, an increase of $110,578.

Product development expenses of $84,953 were related to consulting fees of $75,548, materials of $9,315 and depreciation of $90 in FY 2025, while expenses of $18,922 in FY 2024 were related to salaries of $7,716, consulting fees of $11,100, depreciation of $106. The overall decrease in product development was attributed to a focus in intellectual property development.

The Convertible Debentures issued on September 1, 2022, are hybrid financial instruments and were elected to be recognized at fair value through profit and loss. The change in fair value of convertible debentures was $176,530 in FY 2025 compared to $(123,533) in FY 2024.

Interest expense increased by $104,400 to $110,149 in FY 2025 compared to $5,749 in FY 2024. This was mainly due to interest accrued on convertible debentures.

Common Shares Outstanding

On April 30, 2025, there were 237,860,779 (April 30, 2024 - 196,948,891) common shares issued and outstanding. On April 30, 2025, a total of 17,395,000 (April 30, 2024 - 15,645,001) 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 (April 30, 2024 - $0.05 to $0.31) per share. As of April 30, 2025, 13,283,900 (April 30, 2024 - 13,163,901) stock options were exercisable due to vesting provisions. As of April 30, 2025, there are 67,837,139 (April 30, 2024 - 25,635,133) warrants outstanding with strike prices that ranged from $0.05 to $0.10 (April 30, 2024 - $0.10 to $0.23).

Review of Results for the Q4 FY2025 ending April 30, 2025

- The Company reported no revenues in the quarter.
- Net loss for the quarter was $969,180, mainly due to share-based payments of $1,222,461, partially offset by a gain on write-off of payables of $383,625.
- On February 12, 2025 the Company settled its obligation to pay an aggregate of $18,047.12 in interest as of June 1, 2024, and $18,047.12 in interest as of September 1, 2024 to the holders of its unsecured debentures issued September 1, 2022 (the "**Debentures**") through the issuance of an aggregate of 360,936 and 360,936 common shares of the Company at a deemed price of $0.05 per share (the "**Shares**"). The Shares are issued in full satisfaction of the June 1, 2024, and September 1, 2024, interest payment obligation in accordance with the terms of the Debentures. The TSX Venture Exchange has approved the debt settlement.
- On February 19, 2025, the Company issued 18,812,639 warrants, exercisable into one additional common share at a price of $0.05 per share for a period of 5 years from the date of issuance.

Summary of Quarterly Results

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

Quarter ended	April 30, 2025	January 31, 2025	October 31, 2024	July 31, 2024
Revenues	$(0.0)	$(0.0)	$(0.0)	$(0.0)
Revenue percentage increase (decrease) relative to preceding quarter	0.0%	0.0%	0.0%	0.0%
Gross margin	-	-	-	-
Gross margin percentage	0.0%	0.0%	0.0%	0.0%
Net Income (loss)	$(969.2)	$(595.4)	$(274.3)	$(218.1)
Income (loss) per share - basic and diluted	$(0.004)	$(0.003)	$(0.001)	$(0.001)
Weighted average number of common shares outstanding	237,763,448	210,727,896	197,305,907	197,162,324

(IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

	April 30, 2024	January 31, 2024	October 31, 2023	July 31, 2023
Revenues	$(0.0)	$(0.0)	$(0.0)	$13.4
Revenue percentage increase (decrease) relative to preceding quarter	0.0%	0.0%	0.0%	76.3%
Gross margin	-	$(0.2)	-	$12.3
Gross margin percentage	0.0%	100.0%	0.0%	91.8%
Net Loss[1]	$431.0	$(93.4)	$(338.5)	$(89.8)
Loss per share - basic and diluted	$0.002	$(0.003)	$(0.002)	$(0.0005)
Weighted Average number of common shares outstanding	196,804,447	190,908,589	187,979,401	187,762,640

Related party transactions

Transactions with key management personnel and directors

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

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

During the year ended April 30, 2025, the directors and officers were granted 3,000,000 options (year ended April 30, 2024 – 2,000,000) and share-based payments of $102,337 (year ended April 30, 2024 – $52,118) were expensed as general and administrative.

During the year ended April 30, 2025, the Company incurred $182,314 (year ended April 30, 2024 – $216,414) of compensation and benefits with related parties.

Accounts payable and accrued liabilities at April 30, 2025 includes $1,969 (April 30, 2024 - $1,969) due to related parties.

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 year ended April 30, 2025, the Company incurred a loss of $2,056,993 and a negative cash flow from operating activities of $744,594. To accommodate interest payments on the convertible debenture, the Company has elected to pay interest in shares. There are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The continuation of the Company's operations, including product development and marketing activities, depends on the Company's ability to fund its working capital requirements through either debt or equity financing.

Financial Instruments and Other Instruments

Refer to Note 20 of the Consolidated Financial Statements for the year ended April 30, 2025.

Recent Accounting Pronouncements

New accounting standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after May 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company has adopted the following policy effective May 1, 2024.

IAS 1, Presentation of Financial Statements ("IAS 1")

IAS 1 was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024. There was no significant impact to the Company.

New accounting pronouncements to be adopted

At April 30, 2025, the following standards and interpretations which may be applicable to the Company, but have not yet been applied in these consolidated financial statements, were in issue but not yet effective:

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB released IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1, IFRS 18 introduces new requirements to: i) present specified categories and defined subtotals in the statement of earnings, ii) provide disclosures on management-defined performance measures in the notes to the financial statements, iii) improve aggregation and disaggregation. Some of the requirements in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. The IASB also made minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share in connection with the new standard. IFRS 18 requires retrospective application with specific transition provisions. The Company is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027 with early adoption permitted. The Company has not early adopted this IFRS.

Amendments to IAS 21

Lack of exchangeability requires an entity to use a consistent approach when exchanging a currency into another. If the currency is unexchangeable, a consistent approach must be used in determining the exchange rate and necessary disclosures.

The Company does not anticipate these amendments to have a significant impact on its financial statements.

Risk and Uncertainties

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 a particular component. Should this happen and, depending on the nature of the component, the resulting impact could range from identifying a substitute component with little to no redesign effort to the system or subsystem to affecting a redesign of a system or subsystem to accommodate a potential part change.

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

The Company endeavours to use components that are available from more than one supplier whenever possible. The Company has experience managing obsolescence issues. The Company also has four custom components that are unique and available only to the Company. They are fabricated by a large, multi-national semiconductor company that has multiple fabrication facilities around the world. In this case, these components may only be available from a single supplier at a single location, and lead times for fabrication may vary. Lastly, the Company has engaged with a contract manufacturer responsible for the assembly and distribution of the Company's products.

As part of the criteria for selecting a contract manufacturer, the Company made it a requirement for the manufacturer to have more than one site and have operations in more than one country to mitigate the risk of that supplier being unable to manufacture and distribute its products as needed.

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

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

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

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

Staffing and Human Resources Risk

Management has built a core team of professionals experienced in telecommunications and network technology, product development, manufacturing, sales and marketing. The Company has a stock option program, which it believes will provide long-term incentives for key employees, consultants and directors. The Company has also established a compensation committee to ensure that key employees are fairly compensated. The Company is headquartered in Ottawa, Ontario, where there is a substantial high-tech community; however, there is a risk that qualified personnel will not be available or, if available, will be prohibitively expensive. See "Reliance on Key Personnel" below.

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

Reliance on Key Personnel

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

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 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, 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 financings or other transactions involving the issuance of securities of the Company, which may be dilutive to current Shareholders.

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.

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 considering many factors, including the Company's operating results, financial condition and current and anticipated cash needs. There is currently no intention to pay dividends in the near term.

Conflicts of Interest

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

Resale of Shares

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