



**INTERIM MANAGEMENT'S DISCUSSION AND
ANALYSIS
FOR THE THREE MONTHS ENDED
MARCH 31, 2022**

Wi2Wi

Management Discussion and Analysis

(All amounts in US Dollars unless noted otherwise)

Forward-Looking Statements:

This MD&A includes information that is forward-looking in nature. Such statements concern the future earnings of the Company, its operations, its financial results and its financial condition. These forward-looking statements can be identified through use of expressions such as “believe”, “foresee”, “anticipate”, “estimate”, “expect” and other similar types of terms and are based on the information available at the time that they were made and on the good faith of management according to information available at that time. We wish to advise the reader that by their very nature, forward-looking statements include an element of uncertainty and the actual results may be significantly different from the assumptions and estimations described in the forward-looking statements. The actual results will be affected by numerous factors over which the Company has no influence. Consequently, we recommend against placing undue trust in such forward-looking statements since future events and actual results may differ significantly from any forecasts. Unless otherwise stipulated under current law, the Company does not intend to update these statements to take into account new facts or future events and it makes no undertaking to do so.

Management Discussion

The following management discussion and analysis (“MD&A”) is a review of operations, current financial position and outlook for Wi2Wi Corporation (“Wi2Wi” or the “Company”). It is dated May 11, 2022 and should be read in conjunction with the Unaudited Condensed Interim Consolidated Financial Statements for periods ended March 31, 2022 and 2021 and Audited Consolidated Financial Statements for years ended December 31, 2021, 2020 and 2019 which are available on SEDAR at www.sedar.com.

All dollar amounts are in thousands of United States Dollars, unless otherwise noted.

Corporate Strategy and Overview

Wi2Wi is a vertically integrated manufacturer providing end to end wireless connectivity solutions, precision timing devices, frequency control devices and microwave filters to the global market. Wi2Wi’s miniaturized wireless System-in-Package (SiP) connectivity solutions are well accepted in the global market for Internet of Things (IoT), Industrial Internet of Things (IIoT/M2M/Industry 4.0) and portable device embedded applications worldwide.

Headquartered in San Jose, California, the heart of the Silicon Valley with manufacturing operations in Middleton, Wisconsin, the industrial belt of North America, Wi2Wi provides leading-edge wireless connectivity solutions, customized precision timing devices, frequency control products and Microwave Filters for customer applications worldwide with substantial savings on time-to-market, cost and system-integration. Wi2Wi also leverages its technology along with tier-1 global partnerships with industry leading silicon valley and supply chain companies, serving several Fortune-500 customers.

Wi2Wi’s strategic objective is to service the unique needs of each customer by providing wireless integration solutions, thereby speeding up the customer’s design, development and manufacturing cycle and reducing the end product overall cost. Wi2Wi’s products and value-added services provide highly integrated, rugged, robust and reliable, multifunctional wireless integration solutions with integrated software, customised frequency control devices, timing devices and microwave filters for customer applications globally. *Wi2Wi distinguishes itself from commodity grade products, having developed best in class products with integrated software, broader temperature ranges, longer useful lives, and greater robustness and ultimately providing end to end solutions to its global customer base. The Company also provides custom software to its wireless connectivity customers.*

Wireless connectivity is the primary communication back bone of Internet of Things (IoT) and customer’s needs are unique due to the nature of the application of their end products and the level of wireless integration expertise they possess. To service such unique needs, Wi2Wi has created three distinct product architectures and supported by integrated software. The product architecture and software are based on the best known, rapidly adopting and fastest growing global wireless standards. The wireless connectivity modules are based on 802.11ac, 802.11 a/b/g/n, 802.11 ac/a/b/g/n, Bluetooth, Bluetooth smart ready, 802.11ac, NFC and dual mode BT (Smart ready BLE4.2) combo and GNSS (navigation) modules based on various constellations such as GPS, BeiDou and GLONASS.

The Company has created a standard design platform for its frequency control devices, precision timing devices and microwave filters. This platform allows the Company to easily customize and meet the highest application demand from customers and timely service to customers with rugged, robust and reliable products cost effectively. Such cost-effective customization with superior performance is mandatory in the markets such as avionics, space, industrial, medical and defense. Wi2Wi’s products and value-added services are highly desirable in these markets.

Wi2Wi manufactures its frequency control devices, precision timing devices and microwave filters in the manufacturing plant located in Middleton, Wisconsin. Manufacturing of wireless connectivity products are outsourced. The Company has the following certifications:

- Restrictions on Hazardous Substances (RoHS): design and manufacturing control program for the output of “Lead-Free” (Pb-Free) products

- Department of Defense
- MIL-STD-790 Product Assurance Certified
- Qualified Products List: MIL-PRF-55310 Oscillator, Crystal Controlled MIL-PRF-3098 Crystal Units, Quartz
- DSCC Laboratory Suitability Certified
- MIL-PRF-38534 Hybrid Microcircuit Certified
- Qualified Manufacturer's List
- ISO 9001:2015 FM 75597 ISO Certified Quality Management System
- REACH Compliant Registration, Evaluation, Authorization and Restriction of Chemicals
- ESD Program, employee training certification
- IPC 610 Electronics Acceptance Criteria, employee training and certification
- IPC/EIA-J Class 2 solder joint industry standard training and certification
- ISO 14644 1&2, Class 7 (FED-STD 209E Class 10,000 Clean Room)

Highlights of 2022

- On April 18, 2022, the Company announced its audited consolidated financial results for the fiscal year ended December 31, 2021.
- The Company continues to expand its customer base.
- The Company continues to invest in research and development in all product lines.

Results of Operations:

The consolidated financial statements for the three months ended March 31, 2022 and 2021 form an integral part of this MD&A. All amounts are expressed in thousands of U.S. dollars unless otherwise noted.

Summary of Quarterly Results:

The following table presents selected quarterly financial data for the last eight quarters.

Statement of results	2022	2021	2021	2021
In thousands of Dollars	Q1	Q4	Q3	Q2
	\$	\$	\$	\$
Revenue	1,592	1,670	1,651	1,619
Income (loss) from operations	(331)	(369)	55	44
Net income	(371)	142	8	(2)
Statement of results	2021	2020	2020	2020
In thousands of Dollars	Q1	Q4	Q3	Q2
	\$	\$	\$	\$
Revenue	1,513	1,414	1,515	1,808
Income (loss) from operations	(302)	(401)	(422)	(204)
Net income/(loss)	(352)	126	(473)	(243)

Revenue

	Three Months Ending March 31, 2022	Three Months Ending March 31, 2021
In thousands of Dollars	\$	\$
Revenue	1,592	1,513

Revenues for the three months ended March 31, 2022 and 2021 were \$1,592 and \$1,513 respectively.

Although, the Company had planned 10% organic growth in 2022 over 2021 based on the key customer's commitment, the COVID-19 related shutdown faced by customers significantly affected the revenue. The revenue increase by 5% compared to the previous year. The

decrease in planned organic growth in revenue is primarily due to the slow down and subsequent shut down of the Company's key customer's made according to the local and federal regulations to control the COVID-19 pandemic. The customers that were faced with slow down or shut down rescheduled their open orders to subsequent months. The duration of such customer slow down or shut down are still unknown to the Company. As part of the "Essential Critical Infrastructure", the Company is continuing its manufacturing operations and product shipment to the customers under the strict guidance of local government and healthcare professionals. The Company expects revenue to grow once the shutdown is fully lifted and the customers come back to their normal work routine.

Disaggregated Revenue

Revenue from contracts with customers by product family and geographical areas as it best depicts how the nature, timing and uncertainty of our revenue and cash flows are affected by economic factors. See details in the table below.

For the three months ended March 31,	2022	2021
Product Family		
Frequency Control	\$ 1,587	\$ 1,507
Connectivity	5	6
	\$ 1,592	\$ 1,513
For the three months ended March 31,		
Geographical Area		
United States	\$ 1,335	\$ 1,334
Foreign Countries	257	179
	\$ 1,592	\$ 1,513

Gross Profit

	Three Months Ending March 31, 2022	Three Months Ending March 31, 2021
In thousands of Dollars	\$	\$
Gross profit	160	177
Gross profit %:	10%	12%

Cost of revenues consist of the costs of parts; costs incurred with contract manufacturers to assemble and test the Company's products, as well as the direct and indirect costs incurred to control and test the in-house and outsourced manufacturing and supply chain.

Gross profit for the three months ended March 31, 2022 and March 31, 2021 was \$160 and \$177 respectively. Gross margin decreased 2% for the three months ended on March 31, 2022 over 2021. The decrease in the margins was due to the change of product mix that shipped and vendor material increases. The Company needs certain revenue to absorb the fixed expenses. The Company typically ships a wide range of products to its customers which results in consistent planned margins compared to previous quarters. Some of the high margin products planned to ship were rescheduled to the subsequent months by the customers which was the result of COVID-19 related slow down and shut down. The Company continues to work on increasing the gross margin.

Gross margins can fluctuate depending on the product mix shipped in that period. The frequency control products are manufactured in house and are very labour intensive, and on average, yield gross margins in the region of 28% which is significantly higher than the competitors in the same markets and sectors. Wireless connectivity solutions products yield margins typically over 50%. The Company continues to invest in new machinery and manufacturing yield and such efforts have resulted in increased margin.

Research and Development Expenses

In thousands of Dollars	Three Months Ending March 31, 2022	Three Months Ending March 31, 2021
	\$	\$
R&D	97	96

Research and development (R&D) expenses consist primarily of expenses related to the design of the Company's products and development of prototypes. Research and development expenses for the three months ended March 31, 2022 and 2021 were \$97 and \$96 respectively. The Company continues off shoring certain R&D to optimize its budget.

The Company continues to invest in R&D and diversifying its product offering in complementary market sectors. The Company continues to receive sample orders for prototyping for the new products released in the previous year. Depending on the applications and the market, product qualification can take up to three years. The Company doesn't announce any new products until it completes all product related qualifications. The Company also does not recognise a design win until the end customer product certification and qualification is complete.

Selling, General and Administrative Expenses (SG&A)

In thousands of Dollars	Three Months Ending March 31, 2022	Three Months Ending March 31, 2021
	\$	\$
SG&A	394	383

Revenue for connectivity solutions is generated through the distributor network. These partners will hold inventory and ship to customers when orders are received through the Wi2Wi sales network or through their own infrastructure. The Wi2Wi sales network is managed through the sales staff and inside sales staff, who are supported by a global network of specialized representatives who are compensated based on the level of revenue they generate each quarter.

SG&A expenses for the three months ended March 31, 2022 and March 31, 2021 were \$394 and \$383 respectively, increase of 3%. The increase for the three months ended March 31, 2022 as compared to 2021 was primarily due to wages, benefits, and investor relations expenses.

Other Income/Expenses

In thousands of Dollars	Three Months Ending March 31, 2022	Three Months Ending March 31, 2021
	\$	\$
Other		
Other Income (expense)	(1)	(4)
Total	(1)	(4)

Three months ended March 31, 2022 and March 31, 2021 was primarily due to loss on currency translation.

Interest Income (Expense)

In thousands of Dollars	Three Months Ending March 31, 2022	Three Months Ending March 31, 2021
	\$	\$
Interest (expense)	(39)	(46)
Interest income	-	-

Interest income (expense) for the three months ended March 31, 2022 and 2021 was \$(39) and \$(46) respectively. Interest expense in 2022 and 2021 relates to the new standard IFRS 16 for Leases and the imputed interest on the leased facilities.

Legal proceedings

From time to time, third parties have asserted, and may in the future assert claims against the Company related to disputes in the normal course of business. At this time, there are no such claims against the Company which are expected to be material to the Company's results of operations or financial condition.

Liquidity and Capital Resources:

As of March 31, 2022, the Company had cash of \$1,623 compared to \$1,883 as of December 31, 2021. The Company had a net working capital of \$5,052 as of March 31, 2022 compared to working capital of \$5,107 as at March 31, 2021. Shareholders' equity was \$6,144 compared to \$6,515 at March 31, 2022 and December 31, 2021 respectively. The Company generated negative cash flow during the three months ended March 31, 2022 of \$(100) comparing to negative \$(42) for the three months ended March 31, 2021. The Company has managed capital by budgeting for its working capital needs, and securing debt and equity financing in order to fund its operations.

In January 2021, the Company obtained a second Paycheck Protection Program Loan with the U.S. Small Business Administration in the amount of \$550. The Paycheck Protection Program (PPP) is a \$669-billion business loan program established by the 2020 [US Federal government Coronavirus Aid, Relief, and Economic Security Act](#) (CARES Act) to help certain businesses, self-employed workers, sole proprietors, certain nonprofit organizations, and tribal businesses continue paying their workers.

The PPP allows entities to apply for low-interest private loans to pay for their payroll and certain other costs. The amount of a PPP loan is approximately equal to 2.5 times the applicant's average monthly payroll costs. The loan proceeds may be used to cover payroll costs, rent, interest, and utilities. The loan may be partially or fully forgiven if the business keeps its employee counts and employee wages stable. The PPP is implemented by the [U.S. Small Business Administration](#). The PPP loan that the Company received was forgiven in full on August 25, 2021, (November 10, 2020 for first PPP Loan) and has been recognized as other income within profit or loss.

In January 2021 the Company also received an Economic Injury Disaster Loan (EIDL) in the amount of \$150. EIDL provides the necessary working capital to help small businesses impacted by a disaster survive until normal operations resume. This is provided by the U. S. Small Business Administration. Installment payments, including principal and interest, will begin thirty (30) months from the date of the promissory note. The balance of principal and interest will be payable thirty (30) years from the date of the promissory note. Interest will accrue at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date(s) of each advance.

In January 2021, the Company qualified for the Employee Retention Credit. Employee Retention Credit for the year ended December 31, 2021 of \$526 was included in cost of revenues \$381 research and development \$49 and selling, general and administrative \$96 expenses within profit or loss.

The Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted December 27, 2020, made a number of changes to the employee retention tax credits previously made available under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), including modifying and extending the Employee Retention Credit (ERC), for 2021.

As a result of the new legislation, eligible employers can now claim a refundable tax credit against the employer share of Social Security tax equal to 70% of the qualified wages they pay to employees after December 31, 2020, through September 30, 2021. Qualified wages are limited to \$10,000 per employee per calendar quarter in 2021. Thus, the maximum ERC amount available is \$7,000 per employee per calendar quarter.

Share Capital:

The Company's outstanding Common Shares are 152,933,313 and 152,688,019 at March 31, 2022 and 2021, respectively.

There were no changes to Common Shares of 152,933,313 as of May 11, 2022.

Investment Activities

Cash flow related to investment activities consisted of expenditures for property and equipment. In the three months ended March 31, 2022, capital expenditures amounted to \$31 compared to \$10 in the three months ended March 31, 2021. The Company will be looking to increase its capital budget over the next 24 months.

Off Balance Sheet Arrangements

There were no off balance sheet transactions entered into during the year, nor are there any outstanding as of the date of this MD&A.

Related Party Transactions

The remuneration of key management personnel of the Corporation, includes both members of the Board of Directors and leadership team, which includes the CEO and CFO, is set out below in aggregate:

For three months ended March 31,	2022	2021
Officer compensation	\$ 77	\$ 60
Share based compensation	-	-
Benefits and other personnel costs	16	12
Share based compensation current directors	-	7
Travel expenses current directors	-	-
	\$ 93	\$ 79

Application of Critical Accounting Policies

The significant accounting policies used by the Company and critical accounting estimates and judgments made by the Company are disclosed in Notes 5 and 6 to the audited consolidated financial statements for the years ended December 31, 2021 and 2020, which are available on Sedar at www.sedar.com.

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The emergence of new information and changed circumstance may result in actual results or changes to estimate amounts that differ materially from current estimates. The following discussion identifies the critical accounting policies and practices of the Company and helps assess the likelihood of materially different results being reported.

Inventories

Inventories are recorded at the lower of average cost or net realizable value. Charges for excess and obsolete inventory are recorded based on inventory age, shipment history and forecasted demand. The Company's business is subject to technology changes which may cause selling prices to change rapidly. Moreover, the markets that the Company serves can be volatile and actual results may vary from the Company's forecast or other assumptions, potentially impacting the Company's inventory valuation and resulting in material effects on its profit or loss.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight line method over estimated useful lives of:

- Three years for computer equipment and software;
- Five years for office furniture and fixtures;
- Five to ten years for machinery and equipment;
- Over the shorter of lease or estimated useful life of leasehold, whichever is shorter.

Useful lives, residual values, and depreciation and amortization methods are reviewed at least annually, and any changes in previous estimates are accounted for prospectively.

Financial Instruments

Financial assets and financial liabilities, including derivatives, are recognized on the consolidated statement of financial position when the Company becomes a party to the financial instrument or derivative contract.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost, using the effective interest rate method. The effective interest rate

method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as measured at amortized cost unless they are designated as measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to the Company's own credit risk are recorded in other comprehensive income.

Expected Credit Losses and Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

For trade accounts receivable, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date. Trade accounts receivable are stated net of the loss allowance.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis and management's estimates include providing for 100% of specific customer balances when it is deemed probable that the balance is uncollectable.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including aging and turnover, credit worthiness, credit concentration, the existence of third-party insurance, customer relationships, and forward looking macro-economic factors in the measurement of the expected credit losses associated with trade accounts receivable.

The Company measures expected credit losses by considering the risk of default over the contract period and incorporates forward-looking information into its measurement. Recoveries of trade accounts receivable previously written off are recorded in profit or loss when received.

The Company's financial instruments are accounted for as follows:

	Classification	Measurement
Cash and restricted cash	Amortized cost	Amortized cost
Trade accounts receivable	Amortized cost	Amortized cost
Investment in Legend Oil and Gas Ltd.	FVTPL	Fair value
Accounts payable	Amortized cost	Amortized cost
Accrued liabilities	Amortized cost	Amortized cost
Warrant liability	FVTPL	Fair value
Note Payable	Amortized cost	Amortized cost
Economic Injury Disaster Loan	Amortized cost	Amortized cost

Income Taxes

The Company applies the asset and liability approach to recording current and deferred taxes. Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable income is probable. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enacted or substantively enacted date.

Management periodically reviews the Company's provision for income taxes and deferred tax assets and liabilities to determine whether the overall tax estimates are reasonable. When management performs its assessments, it may be determined that an adjustment is required. These adjustments, if required, may have a material impact on the Company's consolidated financial position and profit or loss.

Foreign Currency Translation

The Company's presentation currency is the USD, being the currency in which revenue is generated and significant business activities are conducted. The functional currency of each of Wi2Wi Inc. and Wi2Wi LLC, is their local currency of USD. The functional currency of Wi2Wi (India) PRIVATE LIMITED is its local currency of Rupees. The functional currency of Wi2Wi Corporation is its local currency of Canadian dollars.

Foreign currency translation, transactions in other than the functional currency

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. As at a reporting date, assets and liabilities denominated in a foreign currency are translated into the functional currency, as follows:

- Foreign currency monetary items are translated using the spot exchange rate in effect at the reporting date; and
- Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate(s) in effect as at the date(s) on which fair value was determined.

Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation as at a reporting date of assets and liabilities denominated in foreign currencies are reflected in profit or loss. There were no significant gains or losses arising from transactions denominated in currencies other than the functional currency for the Years ended December 31, 2021 and 2020.

Foreign currency translation, non-USD functional currency entities

For the preparation of the consolidated financial statements, all assets and liabilities are translated into the presentation currency of U.S. dollars ("USD") using the foreign exchange rate in effect as at the reporting date with Net and comprehensive income (loss) accounts translated using the average exchange rate for the reporting or applicable period. Translation adjustments arising from changes in exchange rates are reported as a component of other comprehensive income and form part of the cumulative translation account in shareholders' equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation account related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for promised goods or services, net of expected returns. The Company's performance obligations are satisfied at a point in time.

The Company generally has one performance obligation in its arrangements involving the sale of frequency control and connectivity products. When the terms of a contract include the transfer of multiple products, each distinct product is identified as a separate performance obligation. Generally, satisfaction occurs when control of the promised goods is transferred to the customer in exchange for consideration in an amount for which we expect to be entitled. Generally, control is transferred when legal title of the asset moves from the Company to the customer. We sell our products to a customer based on a purchase order, and the shipping terms per each individual order are primarily used to satisfy the single performance obligation. However, in order to determine control has transferred to the customer, the Company also considers:

- when the Company has a present right to payment for the goods;
- when the Company has transferred physical possession of the goods to the customer;
- when the customer has the significant risks and rewards of ownership of the goods;
- when the customer has accepted the goods.

Significant Judgments

Certain of the Company shipments include a limited return right. In accordance with IFRS 15 the Company recognizes revenue net of expected returns. A few distributors have stock rotation rights and have 60 days after a 12 month period to return inventory, at the Company's approval, from the first order placed for any new product. Returned product has historically been insignificant.

Research and Development

Research costs are expensed and development costs are capitalized as an asset if certain criteria are satisfied. The costs incurred in the three months ended March 31, 2022 and March 31, 2021 respectively, did not satisfy the criteria and therefore were expensed.

Share-Based Payments

The Company has a stock option plan and issues stock options to directors, employees and other service providers. The fair value of options granted to employees, including directors, is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. All share-based remuneration is recognized as an expense in profit or loss with a corresponding credit to contributed surplus. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs and the amount originally credited to contributed surplus are allocated to share capital. Where equity instruments are granted to persons other than employees, profit or loss is charged with the fair value of goods and services received. When the value of the goods or services cannot be specifically identified, they are measured at the fair value of the share-based payment.

Effective May 2017 the Company has a Restricted Share Unit Plan which was established as a method by which equity-based incentives may be awarded to the directors, officers and employees of, and consultants to, the Company to recognize and reward their significant contributions to the long-term success of the Company and to align their interests more closely with the shareholders of the Company.

The fair value of the Restricted Share Units ("RSUs") are measured at fair value at the date of grant and are expensed as compensation costs over the vesting period with a corresponding increase in contributed surplus. Fair value is determined as the average of the highest and lowest selling price of the Company's common stock on the day the RSUs are issued. Upon vesting of the RSUs the amount originally credited to contributed surplus is allocated to share capital.

IFRS

New standards and interpretations adopted January 1, 2022:

No new standards were effective for annual periods beginning on or after January 1, 2022, which had a material impact on the Company's consolidated financial statements.

New standards and interpretations:

There are no new standards not yet adopted that are expected to have a material impact on the Company's consolidated financial statements.

Non-GAAP Measures

The Company has not used non-GAAP measures in this MD&A.

Risk Factors

The Company's business is subject to significant risks and uncertainties and past performance is no guarantee of future performance. The risks and uncertainties described below are those which the Company currently believe to be material, and do not represent all of the risks that the Company faces. Additional risks and uncertainties, not presently known, may become material in the future or those risks that are currently believed to be immaterial may become material in the future. If any of the following risks actually occur, alone or in

combination, the Company's business, financial condition and results of operations, as well as the market price of our common shares, could be materially adversely affected.

Litigations

From time to time, third parties have asserted, and may in the future assert claims against the Company related to disputes in the normal course of business. At this time, there are no such claims against the Company which are expected to be material to the Company's results of operations or financial condition.

Lengthy Sales Cycle

The Company's customers will typically perform numerous tests and extensively evaluate its products before incorporating them into their systems. The time required for the testing, evaluation and design of the Company's products into a customer's equipment can take 18 months or more. Because of this lengthy sales cycle, the Company may experience a delay between the time when it increases expenses for research and development and sales and marketing efforts and the time when it generates higher revenues, if any, from these expenditures. In addition, the delays inherent in its lengthy sales cycle raise additional risks of customer decisions to cancel or change product plans. When it achieves a design win, there can be no assurance that the customer will ultimately ship products incorporating its products. The Company's business could be materially adversely affected if a significant customer curtails, reduces or delays orders during the sales cycle or chooses not to release products incorporating the Company's products. The Company's customers are not obligated to purchase products that the Company has designed for them and may cancel their orders at any time.

Competition

The Company will face significant competition. The market for IoT, connectivity solutions and precision timing and frequency control products is highly competitive and rapidly evolving. More established and larger companies with strong brands and greater financial, technical and marketing resources compete with Wi2Wi and this competition is expected to intensify, and thus the Company may be unsuccessful in competing against current and future competitors. Many of the Company's competitors and potential competitors have longer operating histories, greater name recognition, complementary product offerings, a larger customer base, and longer relationships with customers and distributors, and significantly greater financial, sales, marketing, manufacturing, distribution, technical, and other resources than the Company has. As a result, they may be able to respond more quickly to customer requirements, to devote greater resources to the development, promotion, and sales of its products and to influence industry acceptance of their products better than the Company can. These competitors may also be able to adapt more quickly to new or emerging technologies or standards and may be able to deliver products with performance comparable or superior to that of the Company's products at a lower cost.

Customers

The Company sells products to OEM's, enterprises, distributors, and has sales agreements with customers comprising a significant portion of our revenue. The Company's business and future success depends on the Company's ability to maintain and build on existing relationships and develop new relationships with OEMs, enterprises, distributors, resellers and network operators. If certain significant customers, for any reason, discontinue their relationship with us or reduce or postpone current or expected purchase orders for products, or suffer from business loss, our revenues and profitability could decline materially.

Reliance on Third Party Distributors and Sales Representatives

The Company has entered into relationships with distributors and sales representatives to sell its products, and the Company will be unable to predict the extent to which these partners will be successful in marketing and selling its products. Moreover, its distributors and sales representatives may also market and sell competing products. The Company's future performance will also depend, in part, on its ability to attract additional distributors or sales representatives that will be able to market and support its products effectively, especially in markets in which it has not previously distributed its products. If it cannot retain or attract quality distributors or sales representatives, its sales and results of operations will be harmed. The inability of the Company to enter into contracts with qualified individuals could have an effect on the growth of the Company's business within the aforementioned regions.

Loss of Key Personnel Due To Competitive Market Conditions and Attrition

The Company's success will depend to a significant extent upon its senior management and key technical and sales personnel. The loss of one or more of these employees could have a material adverse effect on our business. The Company success will depend on its ability to attract and retain qualified technical, sales and marketing, customer support, financial and accounting, and managerial personnel. Competition for such personnel is intense, and it may not be able to retain its key personnel or to attract, assimilate or retain other highly qualified personnel in the future. In addition, it may lose key personnel due to attrition, including health, family and other reasons. The Company may experience difficulty in hiring and retaining candidates with appropriate qualifications. If the Company does not succeed in hiring and retaining candidates with appropriate qualifications, its business could be materially adversely affected.

Reliance on Industry Partners

The Company will rely on industry partners including suppliers, contractors and joint venture parties in executing its business strategy and operations. As a result, the Company may be exposed to third party credit risk through its contractual arrangements with its current or future suppliers, contractors and joint venture parties. In the event that such entities fail to meet their contractual obligations to the

Company, such failures could have a material adverse effect on the Company and its ability to implement its business strategy and operations.

Liquidity Concerns and Future Financings

The Company will require significant capital and operating expenditures in connection with its operations. The development, design and promotion of new products will be very expensive, with a substantial period of time occurring before production can commence.

In addition, the Company may incur major unanticipated liabilities or expenses. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There is a risk that interest rates will increase given the current historical low level of interest rates. An increase in interest rates could result in a significant increase in the amount that the Company pays to service future debt incurred by the Company and affect the Company's ability to fund ongoing operations. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. It may be difficult or impossible for the Company to obtain debt financing or equity financing on commercially acceptable terms. This may be further complicated by the limited market liquidity for shares of smaller companies such as the Company, restricting access to some institutional investors. Failure to obtain additional financing on a timely basis could result in delay or indefinite postponement of further development of its products. Such delay would have a material and adverse effect on the Company's business, financial condition and results of operations.

Protection of Intellectual Property and Proprietary Rights

The Company's future success and competitive position depends in certain part upon its ability to obtain and maintain proprietary technology used in its principal products. Currently, it has limited protection of its intellectual property in the form of patents. Its existing or future patents may be invalidated, circumvented, challenged or licensed to others. The rights granted there under may not provide competitive advantages to the Company. In addition, the Company's current and future patent applications may not be issued with the scope of the claims sought by it, if at all. Furthermore, others may develop technologies that are similar or superior to the Company's technology, duplicate the Company's technology or design around the patents owned or licensed by it. In addition, effective patent, trademark, copyright and trade secret protection may be unavailable or limited in foreign countries where the Company may require protection. The Company cannot be sure that steps taken by it to protect its technology will prevent misappropriation of the technology. The Company may from time to time receive notifications of claims that it may be infringing patents or other intellectual property rights owned by third parties.

Intellectual Property Litigation

The Company may become involved with costly and lengthy litigation involving its patents and other intellectual property, which could subject it to liability, require it to indemnify customers or end-users, require it to obtain or renew licenses, stop selling its products or force it to redesign its products. Litigation involving patents and other intellectual property is widespread in the high-technology industry where a number of companies and other entities aggressively bring numerous infringement claims to assert their patent portfolios. These claims could result in litigation and/or claims for indemnification, which, in turn, could subject the Company to significant liability for damages, legal fees and costs. Any potential intellectual property litigation also could force the Company to do one or more of the following:

- stop selling, offering for sale, making or having made products or technology that contains the allegedly infringing intellectual property;
- limit or restrict the type of work that employees involved in such litigation may perform for the Company;
- pay substantial damages and/or license fees and/or royalties to the party claiming infringement that could adversely impact the Company's liquidity or operating results;
- attempt to obtain or renew licenses to the relevant intellectual property, which licenses may not be available on reasonable terms or at all; and
- attempt to redesign those products that contain the allegedly infringing intellectual property.

Reliance of Information Technology Systems

The Company will rely upon the performance of its information technology systems to process, transmit, store and protect electronic information, and the failure of any critical information technology system may result in serious harm to its reputation, business, and results of operations and/or financial condition. It will be dependent on technology infrastructure and maintains and relies upon certain critical information systems for the effective operation of its business. These information technology systems include telecommunications, the Internet, various computer hardware and software applications, network communications and e-mail. These information technology systems are subject to damage or interruption from a number of potential sources including natural disasters, viruses, destructive or inadequate code, malware, power failures, cyber-attacks, and other events. To the extent that these information systems are under the Company's control, it has implemented security procedures, such as virus protection software and emergency recovery processes, to address the outlined risks. It may incur significant costs in order to implement, maintain and/or update security systems that it feels are necessary to protect its information systems. A material breach in the security of its information systems could

include the theft of its intellectual property or trade secrets, negatively impact its operations, or result in the compromise of personal and confidential information of its employees, customers or suppliers. While the Company will take necessary action to ensure that its information technology systems are appropriately controlled and that it has processes in place to adequately mitigate these risks, security procedures for information systems cannot be guaranteed to be failsafe. To the extent that any system failure, accident or security breach results in disruptions or interruptions to its operations or the theft, loss or disclosure of, or damage to its data or confidential information, its reputation, business, results of operations and/or financial condition could be materially adversely affected. In addition, a miscalculation of the level of investment needed to ensure its technology solutions are current and up-to-date as technology advances and evolves could result in disruptions in its business should the software, hardware, or maintenance of such items become out-of-date or obsolete. Furthermore, when the Company implements new systems and/or upgrade existing systems, there is a risk that its business may be temporarily disrupted during the period of implementation.

Foreign Operations

A portion of the Company's business, as it relates to certain of the Company's contract manufacturers and a number of the Company's customers, will be conducted outside of the United States and Canada. As a result, it is subject to foreign business, political and economic risks. Some of its products will be developed and/or manufactured outside of North America. In addition, many of its customers are located outside of North America, which further exposes it to foreign risks. The Company's operations outside of North America are directly influenced by the political and economic conditions of the region in which they are located. The Company anticipates that its research, development, manufacturing, assembly, testing and sales outside of United States will continue to account for a significant portion of its operations and revenue in future periods. Accordingly, it is subject to risks associated with international operations, including:

- political, social and economic instability, including wars, terrorism, political unrest, boycotts, curtailment of trade and other business restrictions;
- compliance with domestic and foreign export and import regulations, and difficulties in obtaining and complying with domestic and foreign export, import and other governmental approvals, permits and licenses;
- compliance with foreign laws, and laws and practices that favour local companies;
- difficulties in staffing and managing foreign operations;
- natural disasters;
- trade restrictions or higher tariffs;
- transportation delays;
- difficulties of managing distributors;
- less effective protection of intellectual property than is afforded to us in North America or other developed countries;
- inadequate local infrastructure; and
- exposure to local banking, currency control and other financial-related risks.

The sudden disruption of the supply chain and/or the manufacture of its customer's products caused by any of the foregoing risks could impact the Company's results of operations by impairing its ability to timely and efficiently deliver its products. Moreover, the international nature of its business subjects it to risks associated with the fluctuation of the U.S. dollar versus foreign currencies. Decreases in the value of the U.S. dollar versus currencies in jurisdictions where its third party manufacturers are located have significant costs and will increase the cost of such operations, which could harm its results of operations. If a major earthquake, flood, typhoon, tsunami or other natural disaster were to affect the Company's operations or those of its suppliers, the Company's product supply or testing schedule could be interrupted, which would seriously harm its business. Natural disasters could also affect the operations of the distributors and contract manufacturers it sells to, as well as the operations of its end use customers, which would adversely affect its operations and financial results. Natural disasters anywhere in the world may potentially adversely affect the Company by harming or causing interruptions to its supply chain or the supply chains of its suppliers, direct customers or end use customers.

Managing Growth

In order to manage growth and change in strategy effectively, the Company must continue to:

- a) maintain adequate systems to meet customer demand;
- b) expand research and development, sales and marketing, technical support, distribution capabilities and administrative functions;
- c) expand the skills and capabilities of its current management team;
- d) attract and retain qualified employees; and
- e) raise sufficient capital to fund these growth strategies.

While it intends to focus on managing its costs and expenses over the long term, the Company expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities.

Tax Risks

The Company operates and is subject to income tax and other forms of taxation (which are not based upon income) in numerous tax jurisdictions, including international jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Company earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of

liabilities and changes in the amount of other forms of taxation. The Company may have exposure to greater than anticipated tax liabilities or expenses. The Company will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities.

The determination of the Company's worldwide provision for income taxes and other tax liabilities will require significant judgment. The Company believes that it will adequately provide for taxes based on all of the information that is currently available.

The Global Economy

The Company's business is in the United States, Europe, India and the Asia-Pacific region and the Company is exposed to the downturns and current uncertainties that impact its business in those economies. Economic uncertainty may cause an increased level of commercial and consumer delinquencies, lack of consumer confidence resulting in delayed purchases or reduced volumes by the Company's customers, credit tightening by lenders, increased market volatility and widespread reduction of business activity generally. To the extent that the Company may experience further economic uncertainty, or deterioration in one of the large markets in the United States, Europe or the Asia-Pacific region, the resulting economic pressure on the customers may cause them to end their relationship with the Company, reduce or postpone current or expected orders, or suffer from business failure, resulting in a material adverse impact to revenues, profitability, cash flow and bad debt expense.

Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors may impact the Company negatively.

Price and Volatility of Public Stock

The trading price of the Company's Common Shares will be subject to change and could in the future fluctuate significantly, which might not necessarily be related to the financial condition, operating performance, underlying asset values or prospects of the Company. The fluctuations could be in response to numerous factors beyond the Company's control, including: quarterly variations in results of operations; changes in securities analysts' recommendations; announcements of acquisitions; changes in earnings estimates made by independent analysts; general fluctuations in the stock market; or revenue and results of operations below the expectations of public market securities analysts or investors. Any of these could result in a sharp decline in the market price of the Company's Common Shares. It may be anticipated that any market for the Company's Common Shares will be subject to market trends generally and the value of the Company's Common Shares on the TSX-V may be affected by such volatility. In the past, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market price of securities of many companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It is likely that the market price for the Company's Common Shares will be subject to market trends generally, notwithstanding the financial and operational performance of the Company. These broad market fluctuations may cause a decline in the market price of the Company's Common Shares.

The Company has no control over the information that is distributed and discussed on electronic bulletin boards and investment chat rooms. The intention of the people or organizations that distribute such information may not be in the Company's best interest and the best interests of its shareholders. This, in addition to other forms of investment information including newsletters and research publications, could result in a sharp decline in the market price of the Company's Common Shares.

Various risk factors are also described in comments made in this MD&A.

Further Information

Additional information on the Company may be obtained on SEDAR at www.sedar.com