Management Discussion and Analysis

Year ended September 30, 2018

(expressed in thousands of Canadian dollars)

Dated December 14, 2018

ENWAVE CORPORATION
(“EnWave” or “the Company”)

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Date of this report: December 14, 2018

This Management’s Discussion and Analysis (“MD&A”) provides a review of EnWave Corporation’s (“EnWave”, “the Company”, “we”, “us” or “our”) financial performance, on a consolidated basis, for the year ended September 30, 2018 relative to the year ended September 30, 2017, and the financial position of the Company at September 30, 2018 relative to September 30, 2017. It should be read in conjunction with EnWave’s annual audited consolidated financial statements and accompanying notes for the years ended September 30, 2018 and 2017, as well as the 2017 annual MD&A, and 2018 Annual Information Form (“AIF”) (available at www.enwave.net or on www.sedar.com). The financial information contained in this MD&A has been prepared in accordance with International Financial Reporting Standards (“IFRS”), which is the required reporting framework for Canadian publicly accountable enterprises.

All financial references are in thousands of Canadian dollars unless otherwise noted.

Management’s Responsibility for Financial Information

The Company’s management is responsible for presentation and preparation of the annual consolidated financial statements and the MD&A. The annual consolidated financial statements have been prepared in accordance with IFRS.

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The annual consolidated financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from the present judgements and estimates.

EnWave Corporation

Company Overview

REV™ Technology

EnWave Corporation is a Vancouver-based applied technology company that licenses, builds and installs commercial-scale dehydration platforms for applications in the food, pharmaceutical and industrial sectors to manufacturing companies. EnWave has entered into twenty-four royalty-bearing commercial licenses with major food, cannabis, and pharmaceutical companies.

EnWave's proprietary Radiant Energy Vacuum (“REV™”) dehydration platforms apply microwave energy under vacuum to offer flexible, efficient, low temperature processing suitable for food products, cannabis and biomaterials. The Company currently has three commercial scale technologies, *nutra*REV®, *powder*REV® and *quanta*REV® and one technology in the pilot-scale stage, *freeze*REV®.

EnWave's mission is to establish its REV™ technology as a new global dehydration standard. The Company is developing markets for its REV™ technology by selectively collaborating with strategic partners focused on reducing processing costs, increasing throughputs, and/or creating new or improved product opportunities. Management believes that REV™ technology has the ability to produce better quality products in certain applications than air drying, spray drying or freeze drying. It is also typically faster and more economical than freeze-drying.

The Company strives to grow revenues by securing multiple royalty streams through the licensing of its technology for specific market applications with a variety of royalty partners. Each commercial license agreement defines the royalty terms based on a percentage of sales generated or units produced by the royalty partner from the use of the REV™ technology. These agreements will also restrict the partner's use of the technology to specific applications and processing to a limited geographical area. The Company also seeks to generate profits from the sale of its REV™ machines. The Company's strategy with respect to existing royalty partners is to work closely with them to develop and commercialize products using REV™ technology and build future royalty streams by building production capacity.

EnWave's dehydration technology has proven commercial applications in multiple market verticals, including fruits and vegetables, cheese products, yogurt products, meat products, nutraceuticals, pharmaceuticals and cannabis products. We are actively engaged in multiple research and development ("R&D") programs to expand this commercial product portfolio and to expand the use of REV™ into additional market verticals.

Commercial License Agreements

EnWave has entered into twenty-four royalty-bearing commercial license agreements ("CLA") with major food processing, cannabis and pharmaceutical companies. The table below outlines EnWave's current royalty bearing license agreements signed to-date. Our dehydration technology has proven commercial applications in multiple market verticals, including fruits and vegetables, cheese products, yogurt products, meat products, nutraceuticals, pharmaceuticals and cannabis products. We are actively engaged in multiple R&D programs to expand this commercial product portfolio and to expand the use of REV™ into additional market verticals.

Royalty Partner	Licensed Territory	Licensed Product Category	REV™ Machine Capacity
Milne Fruit Products	State of Idaho and the United States	Fruits and Vegetables, Blueberries and Strawberries exclusive in the United States	120kW *quanta*REV® 114kW MIVAP
Gay Lea Foods	Canada	Cheese Snacks	100kW *nutra*REV® 10kW REV™
NutraDried (1)	United States	Cheese Snacks	100kW *nutra*REV® 100kW *nutra*REV® 10kW REV™ 2kW *nutra*REV®
Bonduelle Group	Worldwide	Dehydro-frozen Vegetables	120kW *quanta*REV® (2)
Cal-San Enterprises	British Columbia	Blueberries, Cranberries	75kW *nutra*REV®
Pitalia	Central America	Fruits and Vegetables, Cheese Snacks	100kW *quanta*REV® (3) 10kW REV™ 10kW REV™

Ereğli Agrosan	Turkey	Fruits and Vegetables, Cheese	100kW *nutra*REV® 10kW REV™ 10kW REV™ 2kW *nutra*REV®
Van Dyk Specialty Products	Worldwide	Wild Blueberries	60kW *nutra*REV®
Tilray	Canada and Portugal	Cannabis Products	60kW REV™ (3) 60kW REV™ (3) 10kW REV™ (3)
Merom Farms	British Columbia	Wasabi Products	20kW *nutra*REV®
Nanuva Ingredients	Chile	Fruits & Vegetables	10kW REV™ 10kW REV™ 10kW REV™
Umland	United States	High Kosher Cheese Snacks	10kW REV™
Perdue Farms	United States	Pet Food and Pet Treats	10kW REV™
Lake Blue	Chile	Cheese Snacks	10kW REV™
Dominant Slice	Portugal and Spain	Cheese Snacks, Fruit Products	10kW REV™
Kesito	Greece	Cheese Snacks	10kW REV™
Ashgrove Cheese	Australia	Cheese Snacks	10kW REV™
Ultima Foods	Canada	Yogurt Products	10kW REV™
Howe Foods	Australia	Banana Products	10kW REV™
AvoLov	Worldwide	Avocado Snacks	10kW REV™
Bare Foods	Thailand, Canada and United States	Fruits Snacks	10kW REV™ 10kW REV™ 10kW REV™
Arla Foods	Denmark, Sweden, Finland and Norway	Dairy Products	10kW REV™
Nomad Nutrition	Canada	Ready-to-Eat Meals	10kW REV™
Merck, Sharp & Dohme	Worldwide	Pharmaceuticals	*freeze*REV® (3)

Notes:

(1) NutraDried Food Company, LLC, is a consolidated wholly-owned subsidiary of the Company.

(2) Bonduelle is leasing the 120kW machine on a monthly lease ending in 2019, with Bonduelle having both termination and defined buy-out options for the lease of the machine.

(3) Machine is currently under fabrication and not yet commissioned for use by the royalty partner.

NutraDried Food Company, LLC

The Company's wholly owned subsidiary, NutraDried, is a limited liability corporation registered in Washington, USA. EnWave completed the acquisition of the 49% non-controlling interest in NutraDried from NutraDried Creations LLP ("Creations") on February 21, 2018, as further described under *Recent Developments.*

NutraDried manufactures and sells Moon Cheese®, an all-natural dried cheese snack produced using a 100kW nutraREV® machine. NutraDried produces Moon Cheese® in cheddar, gouda, mozzarella, sriracha and pepper jack flavours at its manufacturing facility located in Ferndale, Washington, USA. Moon Cheese® is sold in over 25,000 retail locations across Canada and the United States. Notable retail points of distribution include Starbucks, Publix, Target, Rite Aid, CVS, Safeway, Loblaws, Whole Foods, Save-On-Foods, and most recently, Costco.

NutraDried has demonstrated the ability for REV™ technology to operate in a large-scale commercial operation. This operation has served the Company as a showcase of the capability of large-scale commercial REV™ machinery to current and potential royalty partners. Furthermore, NutraDried's business success has established a precedent for analysis by dairy companies considering the commercialization of REV™ technology into their operations. The Company's strategy is to grow the NutraDried business through additional customer acquisitions, introducing new innovative product extensions, and by increasing production capacity when necessary, and to continue to demonstrate the commerciality of REV™ to potential royalty partners to advance the adoption of REV™ in the global dehydration industry.

NutraDried holds a commercial license for REV™ technology and pays a quarterly royalty to EnWave Canada based on sales. The royalty payment from NutraDried, a subsidiary of EnWave Canada, is eliminated from revenue in the consolidated financial statements of the Company. The quarterly royalty payments from NutraDried to EnWave were as follows:

($ '000s)	*Dec 31, 2016*	*Mar 31, 2017*	*Jun 30, 2017*	*Sep 30, 2017*	*Dec 31, 2017*	*Mar 31, 2018*	*Jun 30, 2018*	*Sep 30, 2018*
NutraDried Royalty(1)	66	60	91	100	118	122	254	327

(1) The royalty payment to EnWave Canada is an intercompany transaction that is eliminated upon consolidation from revenue as reported in the Company's consolidated financial statements, and is a non-IFRS financial measure. Please refer to the disclosures under the heading *Non-IFRS Financial Measures*.

Recent Developments

Management and Board of Directors

On October 12, 2018, Dr. Gary Sandberg resigned from the Board of Directors and from his position as Senior Vice President, Technical Services.

On August 31, 2018 Dr. Durance resigned from the Company's Board of Directors and Mr. Charleton was appointed to the Company's Board of Directors

On August 27, 2018, Mr. Brent Charleton was appointed President and Chief Executive Officer of the Company, replacing Dr. Tim Durance. The Board of Directors terminated Dr. Durance due to differences in corporate strategy and direction. Prior to his appointment to Chief Executive Officer, Mr. Charleton had been a major contributor to the Company's commercialization success and has been leading the proactive licensing strategy and deployment of EnWave's REV™" technology.

On August 22, 2018, the Company appointed Mr. Mike Pytlinski as the new Chief Executive Officer of the Company's wholly owned subsidiary, NutraDried. Mr. Pytlinski brings nearly 30 years in marketing and strategy in the consumer packaged goods industry.

Overall Performance

Commercial Licensing and Partnership Development

Cannabis License Agreement with Tilray, Inc. ("Tilray")

In October 2017, EnWave signed a royalty-bearing CLA with Tilray, a large, well established Canadian medical cannabis licensed producer. Tilray will pay EnWave royalties based on the units of cannabis dried using EnWave's technology. The CLA with Tilray also grants Tilray with Canadian sublicense rights to EnWave's technology, and Tilray and EnWave are working collaboratively to secure sublicenses in Canada's legalized cannabis market. REV™ processing equipment will be sold to sub-licensees by EnWave directly, with profits from machine sales being solely for EnWave's benefit. The royalties generated from sub-licenses will be shared between EnWave and Tilray on an undisclosed basis.

Tilray has purchased a 10kW REV™ machine for R&D and process refinement in Nanaimo and a 60kW continuous REV™ line for dehydration at its new Ontario production facility under its Canadian license. We are fabricating the 60kW machine and the installation of the processing line is targeted for early calendar 2019, to be timed with the completion of the construction of Tilray's new Ontario facility.

On April 30, 2018, EnWave and Tilray expanded the CLA to include rights for processing legalized cannabis in the country of Portugal. Tilray submitted a third purchase order for a 60kW REV™ unit to be installed at its new Portugal medical cannabis production facility. This most recent equipment purchase of REV™ machine capacity brings Tilray's total REV™ processing capacity to 130kW.

License Agreement with Arla Foods ("Arla")

On June 29, 2018, EnWave signed a CLA with Arla, the world's largest manufacturer of organic dairy products and an innovation leader in the dairy vertical. The CLA grants Arla the exclusive right to use REV™ technology to process dairy products in Denmark, Sweden, Finland and Norway. Arla purchased a 10kW small-scale machine to initiate commercial production. Arla plans to launch its REV™ snack products in the first half of calendar 2019.

License Agreement with Bare Foods Co. ("Bare Foods")

During 2018, EnWave sold three small-scale 10kW REV™ machines to Bare Foods to initiate and expand commercial production of healthy fruit snack products. Bare Foods is a rapidly growing American snack food company that was recently acquired by PepsiCo, and offers healthy snacking alternatives to consumers using whole ingredients. Bare Foods' products are available in the U.S. market in natural and grocery retailers including Whole Foods Market, Sprouts, Safeway and Publix as well as national retailers such as Target and Amazon.

License Agreement with Howe Foods Pty Ltd. ("Howe Foods")

On October 13, 2017, EnWave signed a CLA with Howe Foods, a diversified, family-owned business and the second largest producer of bananas in Australia. The CLA grants Howe Foods the exclusive right to use REV™ technology to produce dried banana products in Australia and the non-exclusive right to produce dried blueberry products in Australia. Howe Foods purchased a 10kW small-scale commercial REV™ machine to initiate commercial production and for product development. Howe Foods must purchase large-scale REV™ equipment on an undisclosed timeline in order to retain its license exclusivity.

License Agreement with AvoLov LLC ("AvoLov")

On November 6, 2017, EnWave signed a royalty-bearing CLA with AvoLov, a U.S. based snack company, to produce a new, and innovative avocado snack product. AvoLov purchased a 10kW small-scale machine to initiate commercial production. The CLA grants AvoLov the exclusive global rights to use REV™ technology to process avocado snack products. In exchange for this exclusivity, AvoLov has agreed to pay EnWave a royalty on the wholesale price of all REV™-dried products sold and AvoLov has committed to a purchase order schedule for additional REV™ machines.

License Agreement with Nomad Nutrition Limited ("Nomad")

On February 26, 2018 EnWave signed a CLA with Nomad, a Canadian company focused on the development and commercialization of premium shelf-stable, nutrient-packed gourmet meals that are made from locally sourced organic ingredients. Nomad purchased a 10kW small-scale REV™ machine to launch commercial production. Nomad's ready-to-eat meals are distributed at Mountain Equipment Co-op, one of Canada's leading outdoor and recreation retailers, among other select retail points of distribution.

Trial Launch of Agropur Dairy Co-operative's ("Agropur") iögo Protein Crunch Product

In the spring of 2018, Agropur completed a limited initial marketing launch of its iögo Protein Crunch snack products in Quebec and Alberta. Agropur purchased a 10kW small-scale REV™ machine to launch commercial production. Agropur's CLA has an undisclosed purchase order timeline requirement to purchase larger-scale REV™ machinery in order to maintain exclusivity under the license agreement.

Royalty Partner Pipeline

Technology Evaluation License Option Agreements ("TELOAs")

EnWave has numerous prospective royalty partners evaluating the REV™ technology under TELOAs. The strategy under these arrangements is to co-develop product applications using the technology for specific partner opportunities and to ultimately convert them into commercial licenses. EnWave earns revenue under TELOAs from short-term REV™ machine rentals as well as fees for access to EnWave's R&D facilities and product development expertise. EnWave's food scientists and engineers work with the prospective license company during the TELOA phase of the sales cycle to formulate and optimize innovative products using REV™, and develop a path towards commercialization.

EnWave's current sales pipeline comprises multiple companies that have entered into TELOAs as well as many earlier-stage prospects that are in active discussions about using REV™ under mutual non-disclosure agreements. Not every prospective licensee enters into a TELOA; there have been cases where a prospective licensee has bypassed the TELOA phase and entered directly into a commercial license agreement ("CLA") and purchased REV™ machinery. This is often the case when the product application has been previously proven in another geography, or when the value proposition and commercial business cases are compelling enough for the prospect to enter directly into commercial production.

As of the date of this report, EnWave has 11 active TELOAs with prospective licensees evaluating the use of REV™ for applications in the dairy, fruit products, vegetable products, meat products, and cannabis verticals. Several of the active agreements are with major international processing companies.

US Army Field Ration Development Project

On July 30, 2018, the United States Army Natick Soldier Research, Development and Engineering Center ("NSRDEC") purchased a 10kW REV™ machine for research and development purposes. EnWave and the NSRDEC are conducting a collaborative R&D project for the development of nutrient-rich field rations for soldiers. The U.S. Army purchased the 10kW REV™ machine to facilitate an accelerated path to improved close combat assault ration deployment.

Cornell University Research & Development License

On November 7, 2018, the Company signed a Research and Development License Agreement with the College of Agriculture and Life Sciences at Cornell University. Cornell University also purchased a 10kW REV™" dehydration machine to be used at its New York Center of Excellence in Food and Agriculture. Cornell will use the REV™ machinery for research and development purposes to propagate the REV™ technology with key stakeholders in the food manufacturing industry throughout New York State and beyond to help develop innovative, premium food applications. The Center for Excellence will effectively serve as a proving ground for prospective future royalty partners of the Company to evaluate the merits of REV™ technology.

Pharmaceutical Industry Developments

EnWave has completed fabrication of the first scaled-up Good Manufacturing Practices ("GMP") *freeze*REV® for Merck Sharp & Dohme Corp. ("Merck") as a part of a multi-year project to develop

EnWave's REV^{TM} dehydration technology for the pharmaceutical industry. The first scaled-up machine was designed to provide Merck with the ability to continuously dehydrate liquid vaccination in vials, and has the potential to displace the need for lyophilisation.

The GMP *freeze*REV® machine passed factory acceptance testing at EnWave's facility in late 2018, and is currently undergoing installation and site acceptance testing at Merck's facility. Merck plans to use the *freeze*REV® machine to pursue GMP certification for new products, and if successful will potentially pursue clinical trials using the EnWave technology.

In July 2018, EnWave signed a Collaboration and License Option Agreement with GEA Lyophil GmbH, ("GEA"), a Liquid Dosage organization of the Business Application Pharma of the GEA Group. The Company and GEA are jointly evaluating a potential partnership to facilitate manufacturing and deployment of continuous GMP REV™ lyophilization equipment into the global pharmaceutical sector. GEA is evaluating the commercial viability of a partnership and the potential integration of EnWave's technology into processing solutions for pharmaceutical applications.

In August 2018, EnWave and Sutro Biopharma Inc. ("Sutro") jointly agreed to discontinue the collaborative project on the first commercial *powder*REV® unit. During factory acceptance testing EnWave and Sutro were unable to satisfy certain quantitative bioactivity measures for the excipient-free, dried cell-free extract formulation. The *powder*REV® unit was able to achieve the target moisture content, drying uniformity and throughput process targets. A suitable drying process has not yet been identified by Sutro for its purposes as the material is highly sensitive.

The efficacy and viability at commercial scale for the *freeze*REV® and *powder*REV® technologies has yet to be proven. If the installation of the *freeze*REV® platform at Merck yields superior performance to incumbent dehydration technologies, it will solidify EnWave's value proposition with potential new partners in the pharmaceutical industry.

NutraDried Food Company ("NutraDried")

NutraDried significantly expanded its distribution of Moon Cheese® throughout Canada and the U.S. in 2018. The Company also increased marketing at the regional level in the U.S. to improve consumer awareness with the goal of creating further demand pull.

NutraDried began selling its Moon Cheese® product in a 10oz Club Pack format to Costco in the first quarter of 2018 as a product rotation in Costco's Midwest division. During the year, NutraDried expanded the product rotation to the Southeast and Northwest divisions, also on a product rotation basis. The distribution in Costco is not permanent, and Moon Cheese® is not yet an everyday item at Costco. The Company will attempt to secure additional Costco distribution as part of its overall channel strategy.

During the year, the Company appointed Mr. Mike Pytlinski as the new Chief Executive Officer of NutraDried. Mr. Pytlinski has close to 30 years of experience in the U.S. food manufacturing industry. Most recently, Mr. Pytlinski was the Vice President of Marketing at Palermo's Pizza, where he tripled the branded business in his six-year tenure and launched Screamin' Sicilian – the first major craft frozen pizza brand and winner of many retail grocery innovation awards. Mr. Pytlinski will build on the recent strong performance of NutraDried as its new CEO, and will work to accelerate the sales growth of Moon Cheese® and potentially introduce new products to the market.

In September 2018, NutraDried commissioned a second 100kW *nutra*REV® machine at its Ferndale facility, doubling its production capacity for Moon Cheese®. It also expanded its packaging and warehousing capacities through the purchase of additional manufacturing equipment to match processing capacity with the additional dehydration capacity.

Acquisition of Remaining 49% Interest in NutraDried

On February 21, 2018, EnWave completed the acquisition of the 49% non-controlling interest in NutraDried from Creations, for total cash consideration of US $1,800 (CAD $2,316). Concurrent with the closing of the purchase of the non-controlling interest, the Company, pursuant to the laws of Washington State, converted NutraDried from a Limited Liability Partnership into a Limited Liability Corporation. As part of the transaction, the Company also completed a name change, with the new wholly owned subsidiary being named NutraDried Food Company, LLC. After the close of the transaction, the Company owns 100% of the equity interest in NutraDried Food Company, LLC, its consolidated subsidiary.

Facilities and Operations

EnWave Canada will consolidate its downtown Vancouver office into its existing facilities in Delta, British Columbia in early 2019. As part of this plan, the Company signed a new lease for additional adjoining warehouse and office space at the facility in Delta commencing in February, 2019. The additional warehouse space will allow for growth in the Company's fabrication capacity for REV™ equipment, and the office space will be available for administration, engineering and operations growth.

In March 2018, the Company hired a full-time Marketing Manager to modernize the Company's corporate image, marketing collateral, and to execute a marketing strategy to compliment the commercialization of REV™ technology. The new EnWave Corporation website was launched in the fall, including the new and improved logo, and corresponding branding (www.enwave.net).

In May 2018, NutraDried added over 6,000 square feet to its production facility in Ferndale, Washington after signing a lease to expand its manufacturing space. The additional space brings NutraDried's manufacturing footprint to approximately 34,000 square feet. NutraDried commissioned a second large-scale continuous nutraREV® processing line in September, 2018, and now operates two large-scale continuous nutraREV® processing lines for manufacturing Moon Cheese®.

Renewal of INAP Patent-and-Know-How Agreement Exclusive Term

On March 28, 2018, the Company renewed its Patent and Know-How Licensing Agreement (the "INAP License") with INAP GmbH ("INAP") for an additional five years ending October 15, 2022. The INAP License grants the Company exclusive worldwide rights to INAP's MIVAP technology, a potentially competitive microwave vacuum dehydration technology. Pursuant to the INAP License, the Company will pay INAP a 25% share of the royalties received from the Company's customers making use of the MIVAP technology for food applications outside of North America, and 12.5% of the royalties generated from non-food applications outside of North America. Royalties generated from the Company's *quanta*REV® machine platform make use of the MIVAP technology, and will be subject to the royalty sharing arrangement.

The renewal of the INAP License provides EnWave with a continued competitive advantage in the market by reducing the possibility of competition from other companies pursuing similar technologies and strengthening our intellectual property position. The INAP License agreement secures the exclusive rights to INAP's MIVAP technology through October 15, 2022.

The present value of the expected royalty amounts payable to INAP equal to $511 was recognized as an intangible asset and a corresponding other liability in the consolidated financial statements. The intangible asset will be amortized over the useful life of the INAP License.

Equity Financing

On November 15, 2017, the Company completed a prospectus offering (the "Offering") of 8,760,000 units of the Company (the "Units") at a price of $1.05 per Unit, which includes the exercise in full of the underwriters' over-allotment option, for aggregate gross proceeds of $9,198. The Offering was conducted by way of a short form prospectus dated November 9, 2017 through a syndicate of underwriters led by Cormark Securities Inc. Each Unit consists of one common share of the Company (a "Common Share") and one-half of one transferable Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share at a price equal to $1.50 for a period of 60 months following the closing of the Offering.

On November 15, 2017, the Company also closed a concurrent non-brokered private placement (the "Concurrent Private Placement") of 770,000 units of the Company (the “Placement Units”) at a price of $1.05 per Placement Unit, for aggregate gross proceeds of $809. The Placement Units were identical to the Units sold pursuant to the Offering, except that they were subject to a statutory four-month hold period which expired on March 16, 2018.

The aggregate gross proceeds from both the Offering and Concurrent Private Placement were $10,006, prior to share issue costs including cash commissions, legal fees and transfer agent fees paid by the Company. The Warrants were accepted for listing by the TSX Venture Exchange and commenced trading under the symbol ENW.WT at the open of the market on November 22, 2017.

U.S. Cannabis Market

Cannabis in the U.S. is a Schedule 1 drug under the *Controlled Substances Act* and is federally illegal under U.S. federal laws. The regulatory environment in the U.S. remains complex, with many states legalizing the cultivation and distribution of recreational cannabis, but it remains federally illegal. EnWave does not have any business activities related to cannabis in the U.S., including CLAs and/or TELOAs, and will not pursue business development in U.S. market for cannabis until the regulatory environment becomes more favorable.

Selected Annual Information

The following table provides selected consolidated financial information for the periods indicated. The selected financial information below has been derived from the consolidated financial statements. Each investor should read the following in conjunction with the statements thereto.

($ ‘000s)		**Year ended September 30,**	
	2018	**2017**	**2016**
Revenues	22,825	15,954	14,933
Net loss for the year	(945)	(2,986)	(1,923)
Per share, basic & diluted	(0.01)	(0.04)	(0.02)
Comprehensive loss for the year	(746)	(3,115)	(1,951)
Adjusted EBITDA[(1)]	2,932	6	1,206
Total assets	22,162	13,344	14,962
Long term liabilities	495	90	201
Dividends declared	Nil	Nil	Nil

(1) Adjusted EBITDA is a non-IFRS Financial Measure. Please see the *“Non-IFRS Financial Measures”* section for more information.

Summarized Quarterly Results

EnWave’s revenues, direct costs and net loss fluctuate based on the timing of machine orders from companies in our sales pipeline as well as change to points of distribution for Moon Cheese®.

Management works closely with each company evaluating REV^{TM} technology under TELOAs and research and development projects, but is not able to accurately predict the timing and frequency of machine orders. The revenue in any given period will vary depending on the number of machine orders received and CLAs signed, and this causes variability in our quarterly financial performance. The variability in timing of machine orders affects our quarterly revenues and operating results. Additionally, the Company generates royalty revenues each quarter from the installed REV^{TM} equipment base with its royalty partners, but does not have the ability to direct or control the commercial launch and royalty growth of each partner's product offering, resulting in fluctuations in the royalties earned by the Company each quarter. When new points of retail distribution are added and/or lost for Moon Cheese® we will experience variability in timing of revenues and expenses.

The following is a selected summary of quarterly results for the eight most recently completed quarters to September 30, 2018 reported in Canadian dollars, the Company's presentation currency:

	2017				2018			
($ '000s)	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*
Revenues	3,467	4,183	4,674	3,630	4,519	4,172	6,779	7,355
Direct costs	(2,683)	(3,155)	(3,052)	(2,764)	(3,093)	(2,877)	(3,848)	(4,097)
Gross profit	784	1,028	1,622	866	1,426	1,295	2,931	3,258
Expenses	(1,402)	(1,807)	(2,151)	(1,926)	(1,823)	(1,814)	(3,035)	(2,645)
Income tax expense	-	-	-	-	-	-	-	(538)
Net (loss) income after income tax	(618)	(779)	(529)	(1,060)	(397)	(519)	(104)	75
Adjusted EBITDA[(1)]	(112)	66	330	(278)	315	4	1,313	1,300
Loss per share – Basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	0.00
Total assets	14,731	14,430	13,863	13,344	21,926	20,108	20,958	22,162
Total liabilities	3,056	3,204	2,896	3,312	2,955	3,692	4,190	5,240
Minority interest	1,523	1,567	1,638	1,763	1,990	-	-	-

(1) Adjusted EBITDA is a non-IFRS Financial Measure. Please see the *"Non-IFRS Financial Measures"* section for more information.

Revenues for Q1 and Q2 of 2018 were relatively consistent with the last three quarters in 2017 which was a result of consistent equipment purchase contract activity as well as stable NutraDried revenues. Revenues for Q3 and Q4 2018 increased due to increased Moon Cheese® sales and distribution by NutraDried into Costco. The increase in direct costs and gross profit for Q3 and Q4 2018 are a result of increases in NutraDried sales, and this also resulted in increased profitability for the same periods.

Expenses for the Q1 and Q2 2018 remained relatively consistent. The increase in expenses in Q3 2018 were due to an impairment of the Due from Customers on Contracts balance related to the termination of the Sutro equipment purchase contract. Additionally, in the last two quarters of 2018 there was an increase to our sales and marketing expenses due to NutraDried commencing direct sales to wholesalers and retailers through its broker network, and as a result increased expenses for broker commissions, marketing and promotional activities.

Management Discussion of Fiscal Year 2018

EnWave Corporation

In fiscal year 2018, EnWave had consolidated revenues of $22,825, compared to $15,954 in fiscal year 2017, an increase of 43% or $6,871. The Company had a consolidated net loss after income tax of $945 for fiscal 2018, compared to $2,986 for fiscal 2017, a decrease of $2,041.

EnWave Canada had revenues of $6,322 and NutraDried had revenues of $16,503, compared to $9,398 and $6,556, respectively, in the same period of the prior year.

EnWave made progress with royalty partners by receiving purchase orders for additional REV™ machinery to expand their royalty bearing production capacities. EnWave received equipment order for two 60kW REV™ machines for cannabis production from Tilray, and sold seven small-scale 10kW REV™ machines. Royalty revenue for EnWave increased to $571, compared to $370 for 2017, an increase of 54%.

NutraDried

NutraDried reported revenues of $16,503 for 2018 compared to $6,556 for 2017, an increase of $9,947 or 152%. NutraDried reported a segment income of $3,693 for 2018 compared to $214 for 2017, an increase of $3,479. The increase in revenues and profitability was due to NutraDried securing additional product rotations with Costco in the U.S along with several other new points of distribution. The repeat orders from Costco follow from the launch of NutraDried's first "Club Pack" size product with a new multi-serving 10oz package. Currently, the 10oz Club Pack is presently distributed only through Costco; however, NutraDried is targeting additional Club Pack distribution opportunities. NutraDried's strategy is to grow revenues and profitability by leveraging its network of food brokers in the United States, as well as by investing in marketing activities to increase consumer demand and awareness for Moon Cheese®.

Selected Financial Information

The following table sets out selected consolidated financial information for the periods indicated, and has been derived from EnWave's consolidated financial statements and accompanying notes for the years ended September 30, 2018 and 2017, and should be read in conjunction with those financial statements.

($ '000s)	**Three months ended September 30,**			**Year ended September 30,**		
	2018	2017	Change **%**	**2018**	2017	Change **%**
Revenues	**7,355**	3,630	103%	**22,825**	15,954	43%
Direct costs	**4,097**	2,764	48%	**13,915**	11,654	19%
Gross margin	**3,258**	866	276%	**8,910**	4,300	107%
Operating Expenses						
General and administration	**730**	466	57%	**2,439**	2,072	18%
Sales and marketing	**1,353**	754	79%	**3,731**	2,160	73%
Research and development	**313**	199	57%	**1,213**	1,138	7%
	2,396	1,419	69%	**7,383**	5,370	37%
Net income (loss) for the period after taxes	**75**	(1,060)	107%	**(945)**	(2,986)	68%
Loss per share – basic and diluted	**0.00**	(0.01)		**(0.01)**	(0.04)	

Discussion of Operations

Revenue

Revenue is earned from two business segments: EnWave Canada and NutraDried. EnWave Canada generates revenue from the sale of REV™ machinery to royalty partners, rental revenue from short-term rentals of REV™ machinery to prospective royalty partners, and royalties earned from commercial license agreements. NutraDried generates revenue from the sale of Moon Cheese® into retail and wholesale distribution channels.

($ '000s)	2018	2017
Revenue	22,825	15,954

Revenue for the year ended September 30, 2018 was $22,825, compared to $15,954 for the year ended September 30, 2017, an increase of $6,871. The increase in revenues for the year ended September 30, 2018 was driven primarily by an increase in product sales by NutraDried of $9,947 and an increase in royalty revenue of $201. EnWave Canada had revenue of $6,322 for the year ended September 30, 2018 compared to $9,398 for the year ended September 30, 2017, a decrease of $3,076. EnWave's revenue decreased compared to 2017 due to a lower number of commercial equipment purchase contracts.

Quarterly Revenue	**2017**				**2018**			
($ '000s)	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*
EnWave Canada	2,145	2,841	2,786	1,626	2,121	1,768	1,610	823
NutraDried	1,322	1,342	1,888	2,004	2,398	2,404	5,169	6,532
Total	3,467	4,183	4,674	3,630	4,519	4,172	6,779	7,355

Revenues from NutraDried were $16,503 for the year ended September 30, 2018 compared to $6,556 for the year ended September 30, 2017, an increase of $9,947. Revenues in 2018 increase due to sales of Moon Cheese® to Costco in the U.S., as well as the addition of other new points of retail distribution. There is customer concentration risk through two significant customers, Costco and Starbucks. Revenue from sales to Costco and Starbucks represented 31% and 11%, respectively, of total revenues for the year ended September 30, 2018. We expect that NutraDried's revenue will continue to grow steadily over time as we pursue new customers and additional points of distribution for Moon Cheese®.

We continue to pursue revenue growth in EnWave Canada through commercial machine sales and installations by signing additional royalty-bearing licenses that are accompanied by machine purchase orders. Revenue for EnWave Canada is contract-based and is not considered seasonal, however, fluctuations in revenue will occur based on the magnitude and volume of commercial equipment sales contracts open during a given period.

EnWave Canada earned royalties of $571 during the year ended September 30, 2018 compared to $370 for the year ended September 30, 2017. Royalties are payable to EnWave as a percentage of the value of products sold or based on the number of units produced by our royalty partners. We expect our royalties to grow as we sign new license agreements and supply additional REV™ machine dehydration capacity to our royalty partners.

Direct costs

Direct costs comprise the cost of materials, components, manufacturing labour, overhead costs, depreciation of manufacturing plant and equipment, warranty costs and product transportation costs. Direct costs comprise all direct costs related to the revenue generating operations of the Company.

($ '000s)	**2018**	**2017**
Direct costs	13,915	11,654
% of revenue	61%	73%

Direct costs for the year ended September 30, 2018 increased by $2,261, or 19% compared to the year ended September 30, 2017. Direct costs for EnWave Canada are driven by commercial machine selling and construction activity. As a percentage of revenue, direct costs for the year ended September 30, 2018 decreased by 12% compared to the year ended September 30, 2017.

During the year ended September 30, 2018, EnWave Canada yielded a ratio of direct costs to revenue of 90%, compared to 79% during the year ended September 30, 2017. The decrease in gross margin is due to lower machine construction activity in 2018 while maintaining a consistent fixed overhead base. We expect our margins will improve as the portfolio of high-margin royalty revenues grows through the installation of additional machinery and commercial success of EnWave's royalty partners.

The ratio of direct costs to revenue was 50% for NutraDried for the year ended September 30, 2018, compared to 64% in the year ended September 30, 2017. The ratio of direct costs to revenue improved due to increased production volumes creating higher economies of scale. The unit cost of Moon Cheese® production decreased over the period due to improved scale. Direct costs of NutraDried are highly dependent on the commodity pricing of raw cheese as the primary raw material used in production. Cheese prices remained relatively stable and we monitor the impact of commodity price fluctuations.

General and administration

General and administration ("G&A") expenses consist of wages, administration, accounting and audit fees, legal fees, investor relations, depreciation, office rent, insurance, and other corporate expenses.

($ '000s)	**2018**	**2017**
General and administration	2,439	2,072
% of revenue	11%	13%

G&A expenses for the year ended September 30, 2018 were $2,439 compared to $2,072 for the year ended September 30, 2017, an increase of $367. The increase in G&A expenses for the year is due to higher personnel related costs, a lump severance payment and general salary increases. As a percentage of revenue, G&A expenses decreased 2% for the year ended September 30, 2018 relative to the year ended September 30, 2017.

Sales and marketing

Sales and marketing ("S&M") expenses includes salaries and wages, travel expenses, consulting fees, promotional expenses, trade and program spending, marketing fees, sales commissions and office expenses related to selling activities.

($ '000s)	**2018**	**2017**
Sales and marketing	3,731	2,160
% of revenue	16%	14%

S&M expenses for the year ended September 30, 2018 were $3,731 compared to $2,160 for the year ended September 30, 2017, an increase of $1,571.

The increase in S&M expenses for the year ended September 30, 2018 was due to NutraDried increasing marketing and promotional activity for Moon Cheese®. NutraDried utilizes a variety of brokers that receive a commission for sales generated to their accounts. NutraDried also increased marketing costs related to in-store demo activity, promotions and discounts. S&M expenses for NutraDried were $2,451 for the year ended September 30, 2018 compared to $1,004 for the year ended September 30, 2017, an increase of $1,447.

S&M expenses for EnWave Canada were $1,280 for the year ended September 30, 2018 compared to $1,156 for the year ended September 30, 2017, an increase of $124. S&M expense increased for EnWave Canada as we invest in activities and personnel resources to drive market penetration and revenue growth. During the year, an additional direct sales person and a full-time marketing professional were hired.

Research and development

Research and development ("R&D") expenses include the salaries of engineers, technicians, scientists and management related to research and development activities, patent filing and maintenance costs, costs associated with the Company's laboratory and pilot plant facility, including insurance, office expenses at the plant, and R&D staff travel expenses. R&D expenses also includes depreciation expense for R&D equipment. R&D expenses are primarily attributable to EnWave Canada as NutraDried does not have significant R&D activity.

($ '000s)	**2018**	**2017**
Research and development	1,213	1,138
% of revenue	5%	7%

R&D expenses for the year ended September 30, 2018 were $1,213 compared to $1,138 for the year ended September 30, 2017, an increase of $75. Our R&D expenses have remained consistent compared to the prior year. We anticipate R&D expenses to remain consistent, with future increases being attributable to patent filing and patent maintenance activities to secure our intellectual property.

Amortization of intangible assets

Amortization of intangible assets for the year ended September 30, 2018 was $573 compared to $888 for the year ended September 30, 2017. The decrease in amortization expense is due to certain intangible assets becoming fully amortized during the prior year.

($ '000s)	**2018**	**2017**
Amortization of intangible assets	573	888

Stock based compensation

Stock based compensation expense was $545 for the year ended September 30, 2018, compared to $891 for the year ended September 30, 2017. The decrease to stock-based compensation expense was due to the current year vesting of stock options and restricted share rights ("RSRs") granted during the current year and prior year.

($ '000s)	**2018**	**2017**
Stock based compensation	545	891

Foreign exchange loss

Foreign exchange loss for the year ended September 30, 2018 was $8 compared to $102 for the year ended September 30, 2017. The majority of the Company's foreign exchange gain or loss amounts consists of foreign exchange differences driven by our monetary assets in US dollar ("USD").

($ '000s)	**2018**	**2017**
Foreign exchange loss	11	102

The fluctuation of foreign exchange is consistent with the Canadian dollar's appreciation or depreciation as measured against the USD for each period.

Impairment of contract balance

During the year ended September 30, 2018 the Company recorded an impairment charge to the Sutro due from customers on contract balance of $865. The Company entered into an agreement with Sutro in 2014 to construct a commercial-scale *powder*REV® machine for use under a technology license with Sutro. The machine was custom designed and fabricated for dehydration of Sutro's specific cell free extract for protein synthesis. After completing fabrication of the machine, the vacuum microwave dehydration process was not able to maintain the target bioactivity levels in the finished dried material.

In August 2018, the Company and Sutro jointly agreed to cease further development of the powderREV® machine that was fabricated for Sutro and an impairment charge of $865 was recorded for the amount of revenue previously recognized on the project which has become uncollectible as it was billable on achievement of future progress milestones according to the contract.

Income taxes

Income tax expense was $538 for the year ended September 30, 2018, compared to nil for the year ended September 30, 2017. There are a number of items that can significantly impact our effective income tax rate, including legislative rate changes, foreign currency exchange rate fluctuations, earnings subject to tax in jurisdictions where the tax rate is different than the Canadian statutory rate, fluctuations in net income, granting of equity based awards, and other permanent differences between the tax and accounting bases of our assets and liabilities. As a result, our recorded tax provision can be significantly different from the expected tax provision calculated based on the Canadian statutory rate.

($ '000s)	**2018**	**2017**
Current tax expense	392	-
Deferred tax expense	146	-
Income tax expense	538	-

Fourth Quarter Highlights

Revenue

EnWave Canada had revenue of $823 for the three months ended September 30, 2018 compared to $1,626 for the three months ended September 30, 2017, a decrease of $803. The decrease in revenue for the three months ended September 30, 2018 relative to September 30, 2017 is due to lower purchase order volume for machinery in the fourth quarter of 2018 relative to 2017. During the fourth quarter of 2018, revenue was generated from commercial equipment sale contracts with Tilray with the purchase of a 60kW unit, Pitalia from the purchase of a 100kW unit, the US Army with the purchase of a 10kW unit, among others. EnWave Canada earned royalties of $113 during the three months ended September 30, 2018 compared to $77 for the three months ended September 30, 2017.

Revenues from NutraDried were $6,532 for the three months ended September 30, 2018 compared to $2,004 for the three months ended September 30, 2017, an increase of $4,528. The increase in revenue for the third quarter was due to NutraDried filling repeat orders for Costco rotations, as well as increased distribution to several new retailers. NutraDried experiences some variability in order frequency and volumes with significant customers.

	Three months ended September 30,	
($ '000s)	**2018**	**2017**
Revenue	7,355	3,630

Direct costs

Direct costs for the three months ended September 30, 2018 increased by $1,333 compared to the three months ended September 30, 2017. The increase to direct costs was largely attributed to NutraDried's sales growth and the related cost of goods. EnWave Canada's costs decreased due to lower machine sales volume in the three months ended September 30, 2018 compared to the three months ended September 30, 2017. Direct costs as a percentage of revenues improved to 56% for the three months ended September 30, 2018 compared to 76% for the three months ended September 30, 2017, a decrease of 20%. The decrease was driven by sales mix with a higher proportion of higher margin NutraDried revenues relative to equipment sales.

	Three months ended September 30,	
($ '000s)	**2018**	**2017**
Direct costs	4,097	2,764
% of revenue	56%	76%

General and administration

G&A expenses for the three months ended September 30, 2018 were $730 compared to $466 for the three months ended September 30, 2017, an increase of $264. EnWave Canada had an increase in personnel related costs and legal fees related to contracts. NutraDried's G&A expense also increased due to personnel costs, legal fees and insurance. The increase to insurance costs relates to increase in property and liability insurance premiums.

	Three months ended September 30,	
($ '000s)	**2018**	**2017**
General and administration	730	466
% of revenue	10%	13%

Sales and marketing

S&M expenses for the three months ended September 30, 2018 were $1,353 compared to $755 for the three months ended September 30, 2017, an increase of $598. EnWave Canada increased slightly due to increased tradeshow activities and travel expenses. NutraDried's S&M expenses increased due to additional trade and program spending costs, as well as commission costs incurred with increased revenues.

	Three months ended September 30,	
($ '000s)	**2018**	**2017**
Sales and marketing	1,353	755
% of revenue	19%	21%

Research and development

R&D expenses for the three months ended September 30, 2018 were $312 compared to $199 for the three months ended September 30, 2017, an increase of $113. R&D expenses increased during the three months September 30, 2018 compared to the three months ended September 30, 2017 due to lower cost recoveries of EnWave Canada's pilot plant, as well as an increase to costs related to EnWave Canada's technology development.

	Three months ended September 30,	
($ '000s)	**2018**	**2017**
Research and development	312	199
% of revenue	4%	5%

Amortization of intangible assets

Amortization of intangible assets for the three months ended September 30, 2018 was $125 compared to $208 for the three months ended September 30, 2017. The decrease in amortization expense is due to certain intangible assets becoming fully amortized during the year.

	Three months ended September 30,	
($ '000s)	**2018**	**2017**
Amortization of intangible assets	125	208

Stock based compensation

Stock based compensation expense was $143 for the three months ended September 30, 2018, compared to $230 for the three months ended September 30, 2017. The decrease to stock-based compensation expense was due to the timing of vesting of stock options and RSRs granted during the current quarter and prior quarter.

	Three months ended September 30,	
($ '000s)	**2018**	**2017**
Stock based compensation	143	230

Liquidity and Capital Resources

Working capital

The components of the Company's working capital on September 30, 2018 and 2017 are:

($ '000s)	**2018**	**2017**
Current Assets		
Cash and cash equivalents	9,101	1,319
Restricted cash	250	250
Trade receivables	3,522	2,617
Due from customers on contract	727	2,378
Prepaids and other receivables	285	186
Inventory	2,873	2,973
	16,758	**9,723**

Current Liabilities		
Trade and other payables	3,037	2,181
Amounts due to related parties	19	74
Customer deposits and deferred revenue	1,201	926
Income taxes payable	392	-
Current portion of other liability	98	41
	4,747	**3,222**
Working Capital	**12,011**	**6,501**

As at September 30, 2018, the Company had working capital of $12,011, compared to $6,501 as at September 30, 2017. As at September 30, 2018 the cash and cash equivalents balance was $9,101 compared to $1,319 as at September 30, 2017, an increase of $7,782. The change in cash and cash equivalents is primarily due to an increase from net cash proceeds from the November 15, 2017 equity financing of $8,992 (refer to disclosure under "*Financing and Liquidity*"). On February 22, 2018, the Company used cash of $2,310 (USD $1,800) to acquire the 49% non-controlling interest in NutraDried. The Company had net cash inflows from operating activities of $4,090 for 2018.

EnWave Canada had trade receivables of $940 as at September 30, 2018, compared to $1,823 at September 30, 2017, and NutraDried had trade receivables of $2,582 compared to $794 at September 30, 2017. The decrease in EnWave Canada's trade receivables relates to payments received on equipment purchase contracts. The increase to NutraDried's trade receivables relates to an increase in product sales. As at September 30, 2018 and September 30, 2017 there were no significant doubtful accounts.

Due from customers on contract to EnWave Canada as at September 30, 2018 was $727 compared to $2,378 as at September 30, 2017. The amounts due from customers on contract are billed and collected when project specific milestones are reached on each project.

Inventory as at September 30, 2018 includes completed machines and machine components of EnWave Canada of $1,718, which is a decrease of $715 compared to September 30, 2017. EnWave Canada sold several small-scale machines from inventory during 2018. NutraDried's food product and packaging supplies inventory was $1,156, which is an increase of $616 compared to September 30, 2017 due to the increased production.

Trade and other payables as at September 30, 2018 includes $1,592 of trade payables and accrued liabilities related to EnWave Canada, compared to $1,751 on September 30, 2017. Trade and other payables of NutraDried were $1,449, compared to $430 on September 30, 2017. Trade and other payables fluctuate depending on the timing of purchases and payments related to equipment construction contracts, as well as personnel costs and related accruals.

Financing and liquidity

Cash and cash equivalents were $9,101 at September 30, 2018 compared to $1,319 at September 30, 2017. As at September 30, 2018, we had net working capital of $12,011 compared to $6,501 at September 30, 2017. The change in cash consists of:

($ '000s)	**2018**	2017
Cash used in operating activities	**4,090**	(2,667)
Cash used in investing activities	**(5,357)**	(168)
Cash (used in) generated from financing activities	**8,970**	(380)

Our working capital needs will continue to grow with revenue growth. We believe that our current working capital surplus of $12,011 is sufficient to meet our financing needs and planned growth in the near term, and that we will have access to additional capital as we further expand. We structure our machine purchase and installation contracts with a deposit payable at the time of order, which provides advanced liquidity for the construction of the machine. We believe that NutraDried will generate sufficient cash from its operations to fund its continued expansion of Moon Cheese® distribution.

On November 15, 2018, the Company completed the Offering and Concurrent Private Placement for a total of 9,530,000 Units for total gross proceeds to the Company of $10,006. The net proceeds from the financing was $8,992. The proceeds from the Offering and Concurrent Private Placement have provided the Company with appropriate levels of cash and working capital to pursue its commercialization strategy in the short term.

The Company is working toward increasingly funding operations through cash flows generated from machine sales and royalties from the commercialization of *nutra*REV®, *quanta*REV®, *powder*REV® and *freeze*REV® technologies. The Company is not exposed to any externally imposed capital requirements. While we plan to fund our operations through sales of REV™ machinery and from Moon Cheese® revenue, there can be no assurance that sufficient revenue will be generated to meet our cash needs.

The ability to achieve our projected future operating results is based on a number of assumptions which involve significant judgments and estimates, which cannot be assured. If we are unable to achieve our projected operating results, our liquidity could be adversely impacted. Our operating results could adversely affect our ability to raise additional capital to fund our operations and there is no assurance that debt or equity financing will be available in sufficient amount, on acceptable terms, or in a timely basis.

Use of Proceeds

The following table compares the estimated use of net proceeds (other than working capital) as set out in the Company's final short-form prospectus dated November 9, 2017, and the actual use of the proceeds as of September 30, 2018:

($ '000s)

Principal Purpose	Intended Use of Proceeds	Actual Use of Proceeds at September 30, 2018	Under Expenditure	Note
To Manufacture REV™ Equipment for Sale and Rental	2,500	2,500	-	
Patent Protection	350	248	102	(1)
Optimizing Manufacturing Process	250	15	235	(2)
Adding Qualified Technical Sales Personnel	200	142	58	(3)
Total (before working capital)	**3,300**	**2,905**	**395**	

Notes:

(1) The Company has spent $248 as of September 30, 2018 on fees associated with filing new patents and maintaining its patent portfolio. The remainder of the proceeds allocated for this purpose will be spent to strengthen the Company's patent portfolio during the balance of the fiscal year.

(2) The Company has spent $15 on an outside manufacturing consultant as the first stage of reviewing and optimizing its manufacturing process as of September 30, 2018.

(3) The Company hired a new Director of Sales in January 2018.

Capital expenditures

During the year ended September 30, 2018, we incurred capital expenditures of $3,106 (2017 - $211), related to plant and equipment. NutraDried accounted for $2,765 of the capital expenditures for the period with certain facility upgrades and the addition of a second 100kW nutraREV® machine and a 10kW REV™ machine. Although we plan to continue to invest in capital equipment as necessary to support our growth, our business is not overly capital intensive. NutraDried will require additional capital expenditures to expand production capacity in the future as distribution of Moon Cheese® continues to expand. As of the date of this MD&A, we have no formal commitments for material capital expenditures, but we do anticipate our needs for investments in capital assets will grow with our business.

Contractual obligations

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table provides information about certain of the Company's significant contractual obligations as at September 30, 2018:

($ '000s)	**Due within 1 year**	**Due between 1 - 3 years**	**Due after 3 years**	**Total**
Financial liabilities				
Trade and other payables	3,037	-	-	3,037
Amounts due to related parties	19	-	-	19
Income taxes payable	392	-	-	392
Other liability	98	342	5	445
	3,546	**342**	**5**	**3,893**
Commitments				
Contractual obligations including operating leases	657	925	412	1,994
Total	**4,203**	**1,267**	**417**	**5,887**

Transactions with Related Parties

During the year ended September 30, 2018, the Company paid quarterly directors' fees to its three independent directors through a combination of cash and stock-based compensation for their services as directors of the Company.

During the year ended September 30, 2017, the Company paid consulting and management fees to Creations for administration services provided by Creations personnel to NutraDried, as well as for NutraDried's portion of shared office and administration functions provided by Creations. The Company ceased paying consulting and management fees to Creations in May of 2017 and began managing its administration functions independently. The Company also paid facilities rent to Heron Point Properties LLC ("Heron"), a company under common control of Creations, and ceased rental payments to Heron in the first quarter of 2017 as it no longer shared any facilities with Creations.

The table below summarizes the transactions with related parties for the three months and year ended September 30, 2018 and 2017:

($ '000s)	**Three months ended September 30,**		**Years ended September 30,**	
	2018	2017	**2018**	2017
	$	$	**$**	$
Consulting, management and directors' fees	**22**	18	**90**	350
Stock-based compensation	**24**	38	**122**	141
Facilities rent and other	**-**	11	**7**	43
	46	67	**219**	534

During the year ended September 30, 2018, the Company did not have any revenue from sales to related parties. During the year ended September 30, 2017, the Company, through its subsidiary NutraDried, recorded sales of $1,527 to Spire Brands, LLC ("Spire"), a related party of NutraDried. Spire was related to NutraDried by way of Creations', the former non-controlling partner in NutraDried, equity ownership interest in Spire. The Company terminated its MDA with Spire effective on January 15, 2017 and no longer sells product to Spire.

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and/or its subsidiaries, including any external director of the Company and/or its subsidiaries.

Remuneration of key management personnel of the Company is comprised of the following expenses:

($ '000s)	**Three months ended September 30,**		**Years ended September 30,**	
	2018	2017	**2018**	2017
	$	$	**$**	$
Salaries, bonuses, severance and short-term benefits	**368**	140	**1,119**	713
Stock-based compensation	**67**	95	**225**	378
	435	235	**1,344**	1,091

Critical Accounting Estimates

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The Company regularly reviews its estimates and assumptions; however, it is possible that circumstances may arise which may cause actual results to differ from management estimates, and these differences could be material. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recorded prospectively.

Revenue recognition

The recognition of revenue as of the consolidated statement of financial position date requires management to make significant estimates primarily relating to the percentage-of-completion method to determine the amount of revenue to recognize. The stage of completion is measured by reference to the actual contract costs incurred as a percentage of total estimated costs for each contract. If the total actual contract costs were to differ by 10% from management's estimated contract costs, the amount of revenue recognized in the period would be increased or decreased by $247 (2017 - $680).

Impairment of inventory

The Company measures inventory at the lower of cost and net realizable value, and in the event the net realizable value exceeds cost, an impairment charge is recorded. This determination requires judgement, which includes, among other factors, the selling price, less the estimated costs of completion and selling expenses.

Impairment of non-financial assets

At each reporting date, the Company assesses its non-financial assets to determine whether there are any indications of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. Non-financial assets that do not generate independent cash flows are grouped together into a cash generating unit ("CGU"), which represents the lowest level at which largely independent cash flows are generated. The recoverable amount of a CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is calculated as the present value of the estimated future cash flows discounted at appropriate discount rates. These calculations require the use of estimates and assumptions.

Other liability

The Company entered into a license agreement for the sub-licensing rights to the MIVAP® technology. The fair value of the liability on initial recognition was added to the cost of the intangible asset at the date of purchase. The liability is measured at the end of each reporting period, and changes are recorded in the consolidated statement of loss.

The Company estimates the liability based on the present value of minimum royalties payable to INAP GmbH (Industrie-Anlagen-Planung - "INAP"), a private German company, over the life of the agreement discounted at prevailing market rates. The potential variability of this estimate is significant given that it will be highly sensitive to the number of additional sub-licensees and their ultimate use of the technology. The measurement of the liability could change depending on the Company's ultimate use of the technology which gives rise to the royalty.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of loss on a straight-line basis over the period of the lease. The Company leases certain plant and equipment and assesses whether substantially all the risks and rewards of ownership rest with the Company or the lessee.

When the Company determines that substantially all the risks and rewards of ownership rest with the Company, the Company records the lease payments earned; however, when assessed as a finance lease, the amounts are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Warranty provision

The Company recognizes revenue from the sale of machines to customers. Machines are sold with a manufacturer's warranty valid for a fixed period not exceeding one year. The Company estimates, based on past experience with similar sales, that the warranty costs will not exceed 1% of revenues. The Company therefore recognizes a provision for warranty equal to 1% of revenue recognized.

Accounting standards and amendments issued and not yet adopted

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the International Accounting Standards Board ("IASB") issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). In April 2016, the IASB issued amendments to clarify the standard and provide additional transition relief for modified contracts and completed contracts. IFRS 15 applies to all revenue contracts with customers and provides a model for the recognition and measurement of the sale of some non-financial assets such as property, plant, and equipment, and intangible assets. It sets out a five-step model for revenue recognition and applies to all industries. The core principle is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration that the entity expects to be entitled to in exchange for those goods or services. IFRS 15 requires numerous disclosures, such as the disaggregation of total revenue, disclosures about performance obligations, changes in contract asset and liability account balances, and key judgements and estimates. In addition, the accounting for loss-making contracts will fall under the onerous contracts guidance in IAS 37, *Provisions, Contingent*

Liabilities and Contingent Assets. Major provisions of IFRS 15 include determining which goods and services are distinct and require separate accounting (performance obligations), determining the total transaction price, estimating and recognizing variable consideration, identifying and accounting for contract modifications, and determining whether revenue should be recognized at a point in time or over time (including guidance on measuring the stage of completion). IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The mandatory effective date of IFRS 15 is for years starting on or after January 1, 2018, with earlier application permitted. The Company intends to adopt IFRS 15 in its consolidated financial statements for the year commencing October 1, 2018.

This standard may be adopted using a full retrospective or modified retrospective approach. The Company intends to adopt IFRS 15 on October 1, 2018 using the modified retrospective approach where the cumulative impact of adoption will be recognized in retained earnings as of October 1, 2018 and comparatives will not be restated. The Company has performed an assessment of the potential effect of IFRS 15 on its consolidated financial statements, including the timing of revenue recognition. Based on the Company's assessment, the adoption of this new standard does not have a material impact on the timing of revenue recognition on its consolidated financial statements. The Company is evaluating the impact of presentation requirements of IFRS 15 on its consolidated financial statements.

IFRS 9 - Financial Instruments

In July 2014, the IASB issued IFRS 9, *Financial Instruments* ("IFRS 9") to introduce new requirements for the classification and measurement of financial assets and financial liabilities, including derecognition. IFRS 9 requires that all financial assets be subsequently measured at amortized cost or fair value. The new standard also requires that changes in fair value attributable to a financial liability's credit risk be presented in other comprehensive income, not in profit or loss. In addition, it includes a single expected-loss impairment model and a reformed approach to hedge accounting. The Company does not expect there to be a significant impact to the consolidated financial statements upon adoption of IFRS 9.

IFRS 16 - Leases

In January 2016, IFRS 16, *Leases*, was issued which requires, among other things, lessees to recognize leases traditionally recorded as operating leases in the same manner as financing leases. The standard replaces IAS 17, *Leases*, and is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted. The Company is in the process of assessing the impact of the new standard.

Financial Instruments

Financial instruments and risk management

The Company's cash and cash equivalents, restricted cash, trade receivables, trade and other payables and amounts due from related parties are measured at amortized cost subsequent to initial measurement. Fair Value Measurement requires classification of financial instruments within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; or
Level 3 – Inputs that are not based on observable market data.

Fair values

The Company's financial assets and liabilities are classified into the following categories:

Cash and cash equivalents	Loans and receivables
Restricted cash	Loans and receivables
Trade receivables	Loans and receivables
Due from customers on contract	Loans and receivables
Trade and other payables	Other financial liabilities
Amounts due to related parties	Other financial liabilities
Customer deposits and deferred revenues	Other financial liabilities
Income taxes payable	Other financial liabilities
Other liability	Other financial liabilities

The carrying value of other liability as at September 30, 2018 was $445 (2017 - $41) which approximates its fair value and is recorded at amortized cost. The carrying value of the other liability was determined based on the discounted future cash flows using rates for similar financial instruments subject to similar risks and maturities.

The Company did not hold any held-to-maturity or available-for-sale financial instruments during the years ended September 30, 2018 and 2017.

Financial risk factors

The use of financial instruments exposes the Company to a number of risks. These risks include credit risk, liquidity risk, and market risk. The Company has established policies and procedures to manage these risks, with the objective of minimizing the adverse effects that changes in the variable factors underlying these risks could have on the Company's consolidated financial statements.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss being incurred by the Company. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, restricted cash, trade receivables, and due from customers on contract. The Company mitigates its exposure to credit loss by maintaining cash balances with major Canadian financial institutions.

The Company provides credit to its customers in the normal course of business and, as such, has exposure to credit risk in relation to the collection of trade receivables. Prior to issuing credit, management reviews the customer, taking into account its financial position, historical experience, and other factors. The Company minimizes its credit risk associated with trade receivables by maintaining ongoing close contact with customers, by requiring commercial letters of credit, and by reviewing individual account balances, and proactively following up on overdue amounts. The Company maintains an allowance for doubtful accounts relating to specific losses estimated on individual exposures. As at September 30, 2018, and 2017, the Company has recorded $nil allowance for doubtful accounts.

The Company is exposed to credit risk in trade receivables by way of concentration of credit with a small number of customers. The Company determines its concentration of credit risk if the balance is more than 10% of total revenue or trade receivables. The Company expects these customers to remain as large customers in the future. Significant change in these customer relationships could materially impact the Company's future financial results. The Company seeks and ordinarily obtains progress advances in respect of its construction contracts. The maximum exposure to loss arising from trade receivables is equal to their total carrying amounts.

The Company transacts with a number of Canadian chartered banks and other brokerages. Due to the creditworthiness of its counterparties, the Company regards all changes in fair value of foreign exchange derivatives as arising only from changes in market factors, including foreign exchange rates. The Company monitors the exposure to any single counterparty along with its financial position. If it is determined that a counterparty has become materially weaker, the Company will work to reduce its credit exposure to that counterparty.

The following table provides information regarding the aging of receivables as at September 30, 2018:

($ '000s)	**Neither past due nor impaired**	**Past due but not impaired**		
	0 – 30	**31 – 90**	**91 – 365**	**365 +**
Trade receivables	3,255	68	199	-
Due from customers on contract	-	-	727	-
Indirect tax receivable	5	-	-	-
Total	3,260	68	926	-

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

Financial assets maturity table:

($ '000s)	**0 - 30**	**31 - 90**	**91 - 365**	**365 +**
Cash and cash equivalents and restricted cash	9,101	-	250	-
Trade receivables	3,255	68	199	-
Due from customers on contract	-	-	727	-
Indirect tax receivable	5	-	-	-
Total	12,361	68	1,176	-

Financial liabilities maturity table:

($ '000s)	**0 - 30**	**31 - 90**	**91 - 365**	**365 +**
Trade and other payables	3,037	-	-	-
Amounts due to related parties	19	-	-	-
Income taxes payable	-	392	-	-
Other liability	-	32	66	347
Total	3,056	424	66	347

The Company manages liquidity risk through ongoing management and forecasting of cash flows, budgeting, and equity financings. Cash flow forecasting is performed to monitor cash requirements and to manage capital management decisions. Such forecasting takes into account current and potential customers, contractual obligations and the Company's technology development and commercialization expectations.

The Company's investment policy is to invest its cash in highly liquid short-term interest bearing investments with varying maturities selected with regards to the expected timing of expenditures from continuing operations.

The Company attempts to ensure that sufficient funds are raised from equity financings to meet its operating requirements, after taking into account existing cash. The Company manages liquidity risk through the management of its capital structure and financial leverage. At September 30, 2018, the Company had cash and cash equivalents of $9,101 to settle current liabilities of $4,747. The Company plans to fund the deficit of cash and cash equivalents to current liabilities through collection of accounts receivables and meeting milestones on equipment contracts that trigger additional customer payments.

On November 15, 2017, the Company completed the Offering and Concurrent Private Placement for a total of 9,530,000 Units combined total gross proceeds to the Company of $10,006. The proceeds from the Offering and Concurrent Private Placement will provide the Company with appropriate levels of working capital and liquidity to meet its financial obligations.

Market risk

Market risk is the risk that the fair value of future cash flows of the Company will fluctuate due to changes in interest rates and foreign currency exchange rates.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest risk from the interest rate impact on cash and cash equivalents. The Company earns interest on deposits based on current market interest rates, which during the year ended September 30, 2018 ranged from 0.60% to 2.20% (2017 - 0.60% to 1.40%). A 1% change in interest rates would affect the results of operations for the year ended September 30, 2018 by approximately $51 (2017 - $19).

The Company has amounts due to related parties that bear interest. The interest rates are fixed and the Company considers the interest rate risk to be low.

Foreign exchange risk

The Company is exposed to the following foreign exchange risks related to the fluctuation of foreign exchange rates:

(i) The Company operates in the United States and a portion of its expenses are incurred in US dollars;

(ii) The Company is exposed to currency risk through customers with sales contracts denominated in US dollars; The Company purchases machine parts from European suppliers and is exposed to currency risk as a portion of its expenses are incurred in Euros and Swedish Kronor;

A significant change in the currency exchange rate of the Canadian dollar relative to the US dollar and Euro currencies could have an effect on the Company's results of operations. As at September 30, 2018, all of the Company's liquid assets and liabilities were held in Canadian dollars and US dollars.

The Company enters into foreign exchange derivative contracts to minimize exposure to foreign currencies. At September 30, 2018 and 2017, the Company held no foreign exchange contracts. The fair values of the foreign exchange derivatives are recurring measurements and are determined whenever possible based on observable market data. If observable market data on the financial derivatives is not available, the Company uses observable spot and forward foreign exchange rates to estimate their fair values.

A change in the value of the Canadian dollar by 10% relative to foreign currencies the Company is exposed to would have affected the Company's loss for the years ended September 30, 2018 and 2017 as follows:

($ '000s) Currency	**2018**	**2017**
US dollar	810	685
Euro	4	11

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk.

In the management of capital, the Company includes the components of equity attributable to common shareholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

There were no changes in the Company's approach to capital management in the period. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Non-IFRS Financial Measures

In addition to results reported in accordance with IFRS, EnWave also uses certain non-IFRS financial measures as supplemental indicators of its financial and operating performance. Non-IFRS financial measures include NutraDried Royalties and Adjusted EBITDA. Management believes that these supplementary financial measures reflect the Company's ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of business trends.

We reference the NutraDried royalty payment to the Company which is an intercompany transaction that is eliminated upon consolidation from revenue as reported in the Company's consolidated financial statements. The Company reports the royalty payments to itself from NutraDried because it provides the amount of royalties being paid by NutraDried under its license agreement with the Company. The intercompany royalty revenue does not have any standardized meaning under IFRS and therefore may not be comparable to other similar measures presented by other issuers. The table below provides a reconciliation of the NutraDried royalty to revenues as reported the Company's consolidated financial statements:

($ '000s)	*Dec 31, 2016*	*Mar 31, 2017*	*Jun 30, 2017*	*Sep 30, 2017*	*Dec 31, 2017*	*Mar 31, 2018*	*Jun 30, 2018*	*Sep 30, 2018*
NutraDried Royalty	66	60	91	100	118	122	254	327
Intercompany Revenue Adjustment(1)	(66)	(60)	(91)	(100)	(118)	(122)	(254)	(327)
Revenues(2)	3,467	4,183	4,674	3,630	4,519	4,172	6,779	7,355
Revenues	3,467	4,183	4,674	3,630	4,519	4,172	6,779	7,355

Notes:
1. Adjustment to eliminate intercompany revenue from the consolidated financial statements.
2. Revenues as reported in the Company's consolidated statements of net loss for the period.

We define Adjusted EBITDA as earnings before deducting amortization and depreciation, stock based compensation, foreign exchange gain or loss, finance expense or income, income tax expense and non-recurring impairment charges. We believe that Adjusted EBITDA is a useful measure as it provides an indication of the operational results of the business. We consider Adjusted EBITDA to be a key measure as it provides an alternative measure of profitability, before taking into account the Company's non-cash expenses, and it is used by management to measure performance; however, this metric is not defined under IFRS. As a result, this amount may not be comparable to those calculated by other issuers.

Below is a reconciliation of our annual net loss to Adjusted EBITDA:

($ '000s)	**Year Ended September 30,**		
	2018	**2017**	**2016**
Net loss after income tax	(945)	(2,986)	(1,837)
Amortization and depreciation	1,978	1,964	2,316
Stock based compensation	545	891	399
Foreign exchange loss	11	102	134
Finance (income) expense	(60)	35	16
Income tax expense	538	-	-
Non-recurring impairment charges	865	-	178
Adjusted EBITDA	2,932	6	1,206

Below is a reconciliation of our quarterly net income (loss) to Adjusted EBITDA for the last eight quarters:

	2017				**2018**			
($ '000s)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net income (loss) after income tax	(618)	(779)	(529)	(1,060)	(397)	(519)	(104)	75
Amortization and depreciation	489	477	515	483	483	436	495	564
Stock based compensation	22	339	300	230	147	129	126	143
Foreign exchange (gain) loss	(9)	18	39	54	94	(54)	(27)	(2)
Finance (income) expense	4	11	5	15	(12)	12	(42)	(18)
Income tax expense	-	-	-	-	-	-	-	538
Non-recurring impairment charges	-	-	-	-	-	-	865	-
Adjusted EBITDA	(112)	66	330	(278)	315	4	1,313	1,300

Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS, and other companies may calculate these measures differently. The presentation of non-IFRS financial measures is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Forward-looking Statements

Certain statements in this MD&A constitute forward-looking statements, based on management's expectations, estimates and projections. All statements that address expectations or projections about the future, including statements about the Company's strategy for growth, research and development, market position, expected expenditures and financial results are forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company and other results and occurrences may differ from those reflected in the forward–looking statements due to a variety of risks, uncertainties and other factors, including, without limitation:

- EnWave's ultimate success in selling, licensing or generating a sustainable royalty stream from its *freeze*REV®, *nutra*REV®, *quanta*REV® and *powder*REV® technologies in the biotechnology and food industries will depend, in a large part, on whether these targeted markets view our technologies ("the EnWave technologies") as safe, effective and economically beneficial. Market acceptance will also depend on the Company's ability to demonstrate that the EnWave technologies are attractive alternatives to existing options. If the Company fails to demonstrate feasibility, commercially viable scale that yields acceptable product quality and equipment performance standards, or competes successfully against existing or potential competitors, its operating results may be adversely affected.
- EnWave's technologies targeted for use in the pharmaceutical industry will be subject to regulatory approval by a number of government entities, including the Food and Drug Administration ("FDA") in the United States and by comparable authorities in other countries. Technology development within this regulatory framework takes a number of years and may involve substantial expenditures. Any delays in obtaining regulatory approval would have an adverse impact on the Company's ability to earn future revenues.
- Research and development activities for new technologies are costly and may not be successful. There is no assurance that any of EnWave's technologies will be approved for marketing by the FDA or the equivalent regulatory agency of any other country. There is also no assurance that the Company will be able to generate additional technology candidates for its pipeline, either through internal research and development, or through the in-licensing or acquisition of other technologies. Even if a technology is approved for marketing by the applicable regulatory agency, there is no assurance that the Company will be able to ultimately deliver this technology on a commercial scale or obtain approvals for other technology platforms in the development pipeline.
- EnWave's business is dependent upon securing proprietary rights to its technologies and the Company may be subject to intellectual property infringement claims by others or may not ultimately receive issued patents in all jurisdictions where patents are pending or for new applications.
- EnWave is partially dependent on third-party groups for developing its technology. The inability to design and build commercial scale technology in a timely manner could result in significant delays in development and commercialization of its technologies, which could adversely affect the Company's business, financial condition and results of operations.
- EnWave depends on third-party collaborators to license, co-develop and jointly commercialize some of its technologies. There is no guarantee these third-parties will meet the Company's expectations or be able to find commercial opportunities with the technology to support successful commercialization of the EnWave technologies.
- EnWave's business success and progress is dependent upon securing additional funding to expand its business and develop new technologies. If the Company cannot raise capital from investors or secure grants, it may limit the Company's research and development, ongoing testing programs, regulatory approvals and ultimately impact its ability to commercialize its technologies.

Actual results could, however, be substantially different due to the risks and uncertainties associated with and inherent to EnWave's business, as more particularly described in the *"Risk Factors*" section of this document. Additional risks and uncertainties applicable to the forward looking statements set out herein include, but are not limited to: fluctuations in EnWave's quarterly operating results; fluctuations in EnWave's operating and capital expenses; fluctuations in foreign exchange rates and interest rates that negatively impact EnWave; new or increased competition from other companies developing microwave vacuum technology; the inaccuracy of industry data and projections relied upon by EnWave; interruptions to EnWave's supply chain for key machine components; EnWave will become involved in material litigation; material defects and component quality of parts and raw materials sourced from EnWave suppliers; unforeseen changes to food safety and compliance regulations in the U.S. food processing industry; R&D efforts may not result in the creation of new or enhanced products in a timely or cost-effective fashion or at all; EnWave's royalty partners' and licensees' unwillingness to continue doing business with EnWave on favourable terms or at all; EnWave's business development efforts may not result in increased vertical and market penetration in the global dehydration industry; EnWave's technology may not function as intended or be suitable for the end users it is intended for; unknown or unexpected defects with EnWave's technology that are not correctable in a timely or cost-effective fashion or at all; EnWave's *freeze*REV® and *powder*REV® technology platforms may not meet customer specifications or Good Manufacturing Practises standards; necessary additional financing may not be available on favourable terms or at all; inability to recruit and retain qualified personnel; legal or regime changes, including changes to import and export requirements of foreign jurisdictions; political risk of domestic and foreign nations; war, terrorism, rebellion, revolt, protests, or other civil conflict; unionization, strikes or labour unrest; the global economic climate; general market trends; EnWave's intellectual property may not be sufficiently protected against third party infringement or misappropriation; EnWave's products may materially infringe a third party's intellectual property rights; the ongoing ability and desirability of licensees to continue paying EnWave patent licensing royalties on a timely basis or at all; material litigation may arise; material unexpected costs related to EnWave's technology liability or warranty; loss Starbucks and/or Costco as a customer of NutraDried; information technology data and security breaches; fire, flood, earthquake, or other natural events; failure to obtain necessary permits, certifications, and authorizations; foreign currency fluctuations; dairy and other food commodity pricing fluctuations; share price volatility; deficiencies in accounting policies or internal controls and procedures over financial reporting; insufficiency of insurance; unavailability of certain tax credits; and unexpected tax liabilities.

Although EnWave has attempted to identify factors that may cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, predicted, estimated or intended. Also, many of the factors are beyond the control of EnWave. Accordingly, readers should not place undue reliance on forward-looking statements. EnWave undertakes no obligation to reissue or update any forward-looking statements as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements contained in this MD&A are qualified by this cautionary statement.

Capital Structure and Outstanding Share Data

The common shares, warrants, options and RSRs outstanding and exercisable as at the following dates are shown below:

	September 30, 2018		**December 14, 2017**	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Common shares outstanding	100,926,409		101,742,236	
Options				
Outstanding	7,291,001	1.12	6,511,001	1.14
Exercisable	5,381,735	1.10	4,690,900	1.12
RSRs				
Outstanding	710,000	n/a	620,000	n/a
Warrants				
Investor warrants	8,007,912	1.39	8,007,075	1.38
Agent's warrants	514,564	1.05	491,237	1.05

As of the date of this MD&A, the Company has 101,742,236 common shares issued and outstanding. We maintain a Stock Option Plan (the "Option Plan") that enables us to grant options to directors, officers, employees and consultants. We maintain a Restricted Share Rights Plan (the "RSR Plan") that enables us to grant RSRs to directors, officers, employees and consultants. The Option Plan and RSR Plan permits the granting of compensation securities up to an aggregate maximum of 10% of our issued and outstanding common shares from time to time on a non-diluted basis, and the maximum number of RSRs granted thereunder is further limited to 1,000,000.

Off-balance Sheet Arrangements

There are no off-balance sheet arrangements.

Other MD&A Requirements

Information pursuant to National Instrument 51-102.

Copies of all previously published financial statements, management discussion and analyses, meeting materials, press releases, etc., are available on Company's website at www.enwave.net, or on the SEDAR website at www.sedar.com.

Directors and officers as at the date of this MD&A:

Directors
John P.A. Budreski
Hugh McKinnon
Dr. Stewart Ritchie
Mary C. Ritchie

Senior Officers	Position
John P.A. Budreski	Executive Chairman
Brent Charleton, CFA	President and Chief Executive Officer
Dan Henriques, CPA, CA	Chief Financial Officer

Contact information:

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