ENWAVE CORPORATION

Management Discussion and Analysis

Year ended September 30, 2022

(expressed in thousands of Canadian dollars)

Dated: December 15, 2022

ENWAVE CORPORATION
("EnWave" or "the Company")

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Date of this report: December 15, 2022

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, 2022, relative to the year ended September 30, 2021, and the financial position of the Company at September 30, 2022 relative to September 30, 2021. It should be read in conjunction with EnWave's annual audited consolidated financial statements and accompanying notes for the years ended September 30, 2022 and 2021, as well as the 2021 annual MD&A, and 2022 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.

Company Overview

Radiant Energy Vacuum ("REV™") Technology

EnWave is an applied dehydration technology company that licenses its intellectual property and manufactures commercial-scale proprietary dehydration equipment for applications in the food, cannabis and pharmaceutical sectors. EnWave has entered into **50 royalty-bearing commercial licenses** with and sold REV™ equipment to a diverse portfolio of companies operating in over 24 different countries on five continents. EnWave also operates REVworx™, a toll processing facility located in Delta, B.C., that offers vacuum-microwave contract manufacturing services. The REVworx™ facility houses both a batch 10kW and 60kW continuous vacuum-microwave line to accelerate the commercialization of products made with EnWave's patented technology.

REV™ dehydration technology applies microwave energy under vacuum to offer flexible, efficient, low temperature drying suitable for food products, cannabis, biomaterials and certain pharmaceutical ingredients. The Company has two primary commercial scale technologies, *nutra*REV®, a drum-based system, and *quanta*REV®, a tray-based system. The Company has also developed *freeze*REV®, a pilot-scale technology for pharmaceutical applications, and has entered into a Joint Development Agreement with GEA Lyophil GmbH, a major pharmaceutical equipment manufacturer, to jointly commercialize the pharmaceutical drying technology.

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

EnWave's core business model is to secure multiple, diversified royalty streams through the licensing of its technology. As part of this strategy, EnWave has four primary revenue streams:

1. **Equipment Sales.** EnWave manufactures and sells REV™ equipment built at its fabrication facility in Delta, British Columbia. The Company offers machinery in a variety of sizes, from 10kW batch units through to 120kW large-scale, continuous processing lines.
2. **Royalties and Licensing Fees.** The Company enters royalty-bearing commercial license agreements with companies that utilize REV™ equipment for commercial production. Each license grants the royalty partner access to EnWave's intellectual property portfolio comprising the Company's patents, know-how and trade secrets. The commercial license agreements stipulate royalty payments to be made on a quarterly basis based on a percentage of sales generated or a fee per unit produced from the use of the REV™ technology. In certain cases, the royalty structure can take the form of pre-agreed payments not tied to sales or units produced but equate to a targeted annual royalty amount per REV™ machine capacity. The licenses also restrict the royalty partner's commercial use of the technology to specific products within a limited geographic territory. Royalty partners are typically free to sell their REV™ dried products wherever they are legal to be sold.
3. **Equipment Rentals.** EnWave rents pilot-scale 10kW REV™ units to companies evaluating the Company's patented technology for desired product applications. The rental terms are typically less than a year in duration and the objective is to allow prospective royalty partners to develop products using REV™ technology prior to entering into a license agreement. Many companies often purchase the machine supplied to them during the evaluation period to initiate royalty-bearing commercial production.
4. **Toll Manufacturing.** The Company recently launched a toll manufacturing division called REVworx™ to accelerate the commercialization of more food products using REV™ technology. The toll manufacturing operation will use pilot-scale and large-scale REV™ equipment to produce commercial products on a fee-for-service basis. This new division is intended to complement the current equipment sales and royalty-licensing business model of the Company and serve as a lower barrier entry point for consumer-packaged goods ("CPG") companies seeking to market trial REV™-dried products.

EnWave's dehydration technology is currently being used to produce commercial applications in multiple market verticals, including fruits and vegetables, dairy products, ready-to-eat meals (including instant noodles), baked goods, cannabis products, nutraceuticals, and pharmaceuticals. The Company's strategy with respect to existing royalty partners is to collaborate closely with them to develop and commercialize products using REV™ technology and build demand for increased production capacity, which will lead to more equipment sales and ultimately growth in royalty streams.

The Company is actively engaged in many commercially focused research and development projects to expand the number of viable REV™-dried products and to expand the use of REV™ into additional markets.

NutraDried Food Company, LLC

The Company's wholly owned subsidiary, NutraDried Food Company, LLC ("NutraDried"), is a limited liability corporation registered in Washington, USA. NutraDried manufactures and sells Moon Cheese®, an all-natural dried cheese snack in several formats produced using REV™ technology. NutraDried also co-manufactures REV™-dried cheese for sale in bulk as an ingredient or inclusion for third-party brands. NutraDried currently produces REV™-dried cheese using two 100kW nutraREV® machines at its manufacturing facility located in Ferndale, Washington State. Moon Cheese® is sold in retail locations across Canada and the United States, with notable retail points of distribution at Starbucks, Publix, Whole Foods, and Kroger, among others.

The Company's strategy is to grow NutraDried's business through increased retail distribution, online distribution and introducing new, innovative product extensions into its portfolio. The Company also seeks to supply third-party brands with bulk shelf-stable cheese ingredients for use in mixes and other products.

NutraDried holds a commercial license for REV™ technology and pays a royalty to EnWave based on its revenue. The royalties from NutraDried, a subsidiary of EnWave, are 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, 2020*	*Mar 31, 2021*	*Jun 30, 2021*	*Sep 30, 2021*	*Dec 31, 2021*	*Mar 31, 2022*	*Jun 30, 2022*	*Sep 30, 2022*
NutraDried Royalty(1)	340	166	218	181	137	341	175	153

(1) The royalty 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*.

Commercial License Agreements

EnWave has entered into TELOA royalty-bearing Commercial License Agreements ("CLAs") with major food processing, cannabis and pharmaceutical companies. The table below outlines EnWave's current royalty-bearing license agreements, the market verticals and the capacity of REV™ equipment installed. To-date, EnWave's dehydration technology is being used to produce commercial applications in multiple market verticals, including fruits and vegetables, cheese products, yogurt products, ready-to-eat meals, seafood snacks, nutraceuticals, hemp and cannabis products, among others. We are actively engaged in multiple R&D projects 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 MicroDried	State of Idaho and the United States	Fruits and Vegetables, Blueberries and Strawberries exclusive in the United States	114kW MIVAP(1) 120kW *quanta*REV® 120kW *quanta*REV®
Gay Lea Foods	Canada	Cheese Snacks	100kW *nutra*REV® 10kW REV™
NutraDried(2)	United States	Cheese Snacks	100kW *nutra*REV® 100kW *nutra*REV® 10kW REV™ 2kW *nutra*REV®
Bonduelle Group	North America	Dehydro-frozen Vegetables	120kW *quanta*REV®
Cal-San Enterprises	British Columbia	Blueberries, Cranberries	75kW *nutra*REV®
Pitalia	Central America	Fruits and Vegetables, Cheese Snacks	100kW *quanta*REV® 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®
Merom Farms	British Columbia	Wasabi Products	20kW *nutra*REV®
Nanuva Ingredients	Chile	Fruits & Vegetables	10kW REV™ 10kW REV™ 10kW REV™ 10kW REV™ 10kW REV™
Umland Pure Dry	United States	High Kosher Cheese Snacks	10kW REV™
Perdue Farms	United States	Pet Food and Pet Treats	10kW REV™
Lake Blue (Intakt Snacks)	Chile	Cheese Snacks	10kW REV™ 10kW REV™
Dominant Slice	Portugal and Spain	Cheese Snacks	10kW REV™
Kesito (Air Cheese)	Greece	Cheese Snacks	10kW REV™
Ashgrove Cheese	Australia	Cheese Snacks	10kW REV™ 10kW REV™
Howe Foods	Australia	Banana Products	10kW REV™
GentleDry Technologies	State of Oregon	Cannabis Products	10kW REV™
Bare Foods (PepsiCo)	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	Specific Ready-to-Eat Meals	10kW REV™ 10kW REV™
Merck, Sharp & Dohme	Worldwide	Pharmaceuticals	*freeze*REV®
The Green Organic Dutchman	Canada	Cannabis Products	60kW REV™

FrieslandCampina	Netherlands, Belgium, and Germany	Dairy Products	10kW REV™
Fresh Business (NXTDRIED)	Peru	Fruit and Vegetables	10kW REV™ 100kW REV™
Calbee	Japan	Premium Snack Products	10kW REV™ 10kW REV™ 10kW REV™ 60kW REV™(3)
Electric Farms	United States	Hemp Products	10kW REV™
Kameya Foods	Japan	Seafood, Wasabi and Fruit	10kW REV™
Patatas Fritas Torres	Spain	Cheese Snacks	10kW REV™ 100kW REV™
Cann Group	Australia	Cannabis Products	10kW REV™ (3)
Metamount Schweiz AG	Switzerland	Hemp Products	10kW REV™
Responsible Foods	Iceland	Dairy, Seafood, Meat, Eggs, Herbs, Berries and Hemp products	10kW REV™ 10kW REV™
Ballantyne Pty Ltd.	Australia, excluding the State of Tasmania	Dairy Products	10kW REV™
Pacifico Snacks	Colombia	Fruit Snack Products	10kW REV™
Pick-One	Mexico	Cheese Snack Products, Fruit and Vegetable Products	10kW REV™
Orto Al Sole	Italy	Fruits and Vegetables	10kW REV™ 120kW REV™ (3)
Dairy Concepts	Ireland and United Kingdom	Cheese Snack Products	10kW REV™ 10kW REV™ 10kW REV™ (3)
Nippon Trends Food	Canada	Ramen Noodles	10kW REV™
Illinois Based Cannabis Company	United States	Cannabis Products	10kW REV™ 120kW REV™ 120kW REV™(3)
BranchOut Food	North, South and Central America	Fruits and Vegetables	60kW REV™
Europe Snacks	France	Dairy Products	10kW REV™
Alpina	Colombia	Dairy Products	10kW REV™
Cannaponics Pty Ltd	Australia	Cannabis Products	10kW GMP REV™(3)
Medical Kiwi	New Zealand	Cannabis Products	10kW GMP REV™
Dole	Asia	Fruits and Vegetable Products	10kW REV™ 120kW REV™(3)
US Cannabis Company	United States	Cannabis Products	120kW REV™(3)
Australian Cannabis Company	Australia	Cannabis Products	10kW GMP REV™ (3)
Fungaria	Hungary	Fruits and Vegetables	10kW REV™
Neorev Innovation S.L.	Spain	Dairy Products	10kW REV™
European Cannabis Company	Europe	Cannabis Products	10kW GMP REV™ (3)

Notes:

(1) The Company holds an exclusive worldwide royalty-bearing license granted by INAP GmbH over its MIVAP technology, an alternative microwave vacuum dehydration technology. 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. This license provides EnWave with a competitive advantage in the market by reducing the possibility of competition from other companies pursuing similar technologies and strengthening our intellectual property position.

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

(3) The machine is currently under fabrication or is not yet installed for commercial use by the royalty partner.

Recent Developments

Management and Board Directors

On August 2, 2022, the Company announced the resignation of Dr. Stewart Ritchie from the Company's board of directors due to personal health reasons.

On December 1, 2022, the Company announced the appointment of Mr. Dylan Murray as the Company's Chief Financial Officer. Mr. Murray is a Chartered Professional Accountant and began his career with Ernst & Young. He brings over ten years of progressive financial leadership to the Company with diversified experience in the real estate and cannabis industries, working in both public and private companies. Mr. Murray has extensive financial experience in the areas of financial planning and analysis, financial operations, capital markets, mergers and acquisitions, risk management, financial reporting and corporate restructuring.

Normal Course Issuer Bid

The Company renewed its Normal Course Issuer Bid ("NCIB") with the TSX Venture Exchange ("TSXV") on November 21, 2022. This NCIB commenced on November 24, 2022 and will end on November 23, 2023 and allows the Company to purchase up to 10,798,644 Common Shares over a period of 12 months, but no more than 2,208,801 in any 30-day period. Purchases are made on the open market through the TSXV by Cormark Securities Inc. at the market price of such common shares at the time of acquisition.

During the Company's previous NCIB which ran from October 29, 2021 through until October 28, 2022, the Company did not purchase any common shares.

REVworx™ Safe Quality Food Certification

REVworx™, the Company's state-of-the-art vacuum-microwave toll drying facility, successfully obtained Safe Quality Food ("SQF") Certification allowing the Company to offer toll drying services to food producing partners around the globe. REVworx has been running sample trials in conjunction with EnWave partner's and potential partners in preparation for future tolling contracts. The SQF Program provides EnWave with credible food safety and quality standards and is recognized by the Global Food Safety Initiative (GFSI) to ensure food safety and quality. REVworx™ toll drying facility is equipped with a 10kW and 60kW REV™ machine and other food processing equipment that is made available for contract manufacturing services.

Overall Performance

For the year ended September 30, 2022, the Company had consolidated revenues of $23,703, compared to $26,476 in fiscal 2021, a decrease of 10% or $2,773. The Company had a consolidated net loss of $6,927 in fiscal 2022, compared to a consolidated net loss of $4,125 for fiscal 2021, an increase of $2,802.

The Company reported Adjusted EBITDA(*) loss of $3,492 for fiscal 2022 compared to $2,165 for fiscal 2021, an increase of $1,327. EnWave segment had positive Adjusted EBITDA(*) for fiscal 2022 while NutraDried has a negative Adjusted EBITDA(*) for fiscal 2022.

EnWave reported revenues of $11,048 for the fiscal year 2022 compared to $12,463 for the fiscal year 2021, a decrease of $1,415 or 11%. During fiscal year 2022, EnWave's machinery sales revenue was lower than in fiscal year 2021, with fewer large-scale systems sold to the cannabis vertical. EnWave reported a segment loss of $1,100 for the fiscal year 2022 compared to a segment income of $1,203 for the fiscal year 2021, a change $2,303.

NutraDried reported revenues of $12,655 for the year ended September 30, 2022, compared to $14,013 for the year ended September 30, 2021, a decrease of $1,358 or 10%. NutraDried sales were downwardly impacted in fiscal 2022 due to lower sales to Costco and lower bulk ingredient channel sales. NutraDried reported segment loss of $5,878 for the year ended September 30, 2022, compared to a loss of $5,711 for the year ended September 30, 2021, an increase of $167.

Commercial Licensing and Partnership Development

Global Strategic Partnership with Dole

In August 2021, the Company announced a global strategic partnership with Dole Worldwide Food & Beverages Group, a division of Dole Asia Holdings Pte. Ltd. ("Dole"). Dole has developed a line of better-for-you snack products under the brand Good Crunch™ (https://www.dolefoodservice.com/good-crunch) that are produced using EnWave's REV™ technology.

Dole has purchased both a 10kW REV™ machine and a 120kW REV™ large-scale continuous machine to support initial production capacity as part of the product launch. Additionally, Dole has leased three 10kW REV™ machines to bridge production capacity until the large-scale 120kW machine is commissioned for production at its Asia processing plant in early 2023. The Company anticipates additional machine capacity will be required to support demand after the product is launched into the market.

Equipment Purchase Agreement with Dairy Concepts IRL

On December 2, 2021 and June 27, 2022, the Company sold the second and third 10kW REV™ machines to Dairy Concepts Ireland ("Dairy Concepts"). Dairy Concepts now has three 10kW REV™ machines of royalty-bearing manufacturing capacity in Ireland. Dairy Concepts launched an exciting lineup of cheese snack products branded "Cheese O's" made using REV™ technology into the U.K. market (https://www.cheeseos.ie/).

Equipment Purchase Agreement with Illinois-Based Cannabis Royalty Partner

On December 30, 2021, the Company signed a second equipment purchase agreement with a leading Illinois-based U.S. cannabis company (the "MSO"), for a second 120kW REV™ machine to double its royalty-bearing drying capacity of premium, smokable cannabis product. The MSO signed a royalty-bearing commercial license agreement with EnWave in March 2021 for the purchase of a first 120kW REV™ machine.

EnWave completed the installation and commissioning of the first 120kW system for the MSO in September of 2021, and the MSO is utilizing the EnWave system as part of its post-harvest operations. The Company is waiting for the MSO's facility to be ready to receive the second 120kW system but cannot estimate the timing.

Installation of Patatas Fritas Torres 100kW Machine in Spain

In January 2022, the Company completed the installation of a 100kW REV™ machine for Patatas Fritas Torres ("Torres") in Spain. Torres has scaled-up manufacturing capacity for its lineup of shelf-stable cheese snacks marketed under its "Just This" brand (https://justthis-snacks.com/en/).

Equipment Purchase Agreement with Fresh Business

On January 27, 2022, the Company signed an equipment purchase agreement with Consulting Fresh Business ("Fresh Business") for a 10kW REV™ machine to be installed in Spain. Fresh Business plans to use the machine to conduct intensive research and development on REV™-dried products to identify new commercial opportunities to leverage EnWave's technology in Western Europe. Fresh Business is currently collaborating with more than a dozen companies to commercialize unique REVdried™ products. Fresh Business also has a 10kW machine and 100kW machine installed in Peru, where it produces a line of premium fruit and vegetable products under its NXTDRIED™ brand (https://www.nxtdried.com/).

Equipment Purchase Agreement with Orto Al Sole

On February 16, 2022, the Company signed an equipment purchase agreement with Orto Al Sole, its Italian royalty partner, for a large-scale 120kW REV™ machine. Orto Al Sole scaled-up its royalty-bearing manufacturing capacity for its product line of healthy, better-for-you snacks made using REV™ technology based on growing demand.

Equipment Purchase Agreement with Nomad Nutrition

On March 3, 2022, the Company signed a second equipment purchase agreement with Nomad Nutrition Ltd ("Nomad"), for another 10kW REV™ machine. Nomad has doubled its commercial production capacity for it's Ready-to-Eat adventure meals made using REV™ technology as the meals gain in popularity with distribution at MEC and REI, among other outlets.

Equipment Purchase Agreement with Fungaria

On June 28, 2022, the Company signed a CLA and equipment purchase agreement for a 10kW REV™ machine with Fungaria Snacks Ltd. The machine will be utilized for the development and commercialization of premium fruit and vegetables snacks for the Hungarian market.

Purchase Order for an EU-GMP 10kW with a European Cannabis Cultivator

On June 29, 2022, the Company signed a CLA and received a purchase order for an EU-GMP 10kW REV™ dehydration machine from a European cannabis company. The machine will be used to dry cannabis for medical consumption and derivative products for sale in the European Union and legalized export markets.

Equipment Purchase Agreement with a Major Japanese Royalty Partner for a 60kW Machine

On September 13, 2022, the Company signed an equipment purchase agreement with a major Japanese Royalty Partner that is a leading global snack manufacturing company for a 60kW REV™ continuous dehydration machine. This processing line will significantly increase the Royalty Partner's commercial REV™ manufacturing capacity.

Royalty Partner and REV™ Machine Sales Pipeline

The Company rents REV™ machinery to companies evaluating the technology for specific product applications under Technology Evaluation and License Option Agreements ("TELOAs"). The strategy under these arrangements is to co-develop product applications using the technology for specific partner opportunities and to ultimately convert TELOAs 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 licensees during the term of the TELOA to formulate and optimize innovative products using REV™, and to develop a path towards commercialization.

EnWave's current sales pipeline comprises multiple companies that have entered TELOAs as well as many earlier-stage prospects that are in active discussions about using REV™ under mutual non-disclosure agreements. Prospective licensees have the option of bypassing the TELOA phase and entering directly into a commercial license agreement to purchase REV™ machinery. This is often the case when the product application has been previously proven commercially, or when the value proposition and business case are compelling enough for the prospect to enter directly into commercial production.

EnWave has a dedicated sales and marketing team focused on growing the number of commercial license agreements and securing new TELOAs. As of the date of this report, EnWave has **eight TELOAs** with prospective licensees evaluating the use of REV™ technology.

Machine Fabrication and Installation Pipeline:

The table below summarizes the current fabrication and commissioning schedule of machines purchased by EnWave licensees under Equipment Purchase Agreements as of the date of this MD&A:

Licensee	Machine Capacity	Licensed Product	Territory
Cannaponics	10kW GMP	Cannabis	Australia(1)
Australian Cannabis Company	10kW GMP	Cannabis	Australia(1)
Cannabis Multi-State Operator	120kW	Cannabis	USA(1)
Nomad Nutrition	10kW	Ready to Eat Meals	British Columbia(1)
Orto Al Sole	120kW	Fruits and Vegetables	Italy(1)
European Cannabis Company	10kW GMP	Cannabis	Europe
Dole	120kW	Fruits and Vegetables	Asia
Dairy Concepts	10kW	Dairy	Ireland(1)
Japanese Snack Company	60kW	Fruits and Vegetables	Asia

Notes:

(1) The Company has completed fabrication of the machine for the royalty partner but is pending installation for commercial production.

NutraDried Food Company

NutraDried's strategy has been to expand distribution for its product lines into major U.S. grocery retailers and to grow the e-commerce channel through mooncheese.com and Amazon. NutraDried expanded its product portfolio of shelf-stable cheese snacks with the launch of Moon Cheese Crunchy Cheese Sticks in Spring 2022 and has gained initial distribution in the U.S. with Whole Foods Market. NutraDried also distributed its products into Costco in various regional rotations during the year, but at lower overall volumes than in fiscal year 2021.

The retail penetration for NutraDried's products continues to develop, but at an overall slower rate than was previously anticipated. The U.S. retail grocery landscape is challenging, and many retailers have made changes to the respective categories we are targeting. This has led to many retail decisions being delayed or postponed and as a result, impacted overall sales for NutraDried.

In the fiscal year 2022 commodity block pricing for cheese saw major fluctuations and increases that downwardly impacted NutraDried's operating margins. Cheese pricing alongside broad increases in other input costs challenged NutraDried's gross margin in fiscal year 2022 and was only partially offset by a price increase that was passed on to customers in May.

NutraDried also produces and sells dried cheese in bulk format for ingredient applications to third-party brands for use in mixes and other snack products. Sales to the bulk channel for fiscal year 2022 were lower than for fiscal year 2021, with the change driven by reduced demand from a single large customer. The management team continues to pursue new bulk, private label and contract manufacturing opportunities to diversify and grow NutraDried's revenue base, and several smaller bulk customers were added during the year.

Cheese Pricing

NutraDried is exposed to commodity price fluctuations for block cheese, its primary raw material input cost. The commodity pricing of bulk cheese has increased since the beginning of the fiscal year, which has reduced gross margin. The input cost of cheese rose sharply in Q3 2022, which has increased our cost of goods. Cheese pricing for a 40-pound cheddar block on the Chicago Mercantile Exchange averaged $2.00/lb for fiscal 2022 and peaked at $2.40/lb in May 2022. In Q4, cheese prices came down slightly but continue to fluctuate in ranges above historical average, and as a result, higher input costs have and will continue to negatively impact cost of goods into fiscal 2023 if prices do not lower to more historical norms. When possible NutraDried uses forward contracts to mitigate the impacts of commodity price fluctuations.

Summarized Quarterly Results

The following is a selected summary of quarterly results for the eight most recently completed quarters to September 30, 2022 reported in Canadian dollars, the Company's presentation currency:

	2021				**2022**			
($ '000s)	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*
Revenues	7,533	4,686	7,351	6,906	6,297	6,881	5,554	4,971
Direct costs	(5,835)	(4,208)	(4,737)	(4,529)	(3,581)	(5,538)	(4,090)	(4,203)
Gross profit	1,698	478	2,614	2,377	2,716	1,343	1,464	768
Expenses	(3,764)	(3,965)	(2,239)	(3,370)	(3,116)	(3,729)	(3,479)	(3,069)
Other income	325	483	225	306	147	-	-	-
Income tax (expense) recovery	370	718	70	(451)	-	-	-	28
Net (loss) income after income tax	(1,371)	(2,286)	670	(1,138)	(253)	(2,386)	(2,015)	(2,273)
Adjusted EBITDA(1)	(911)	(1,968)	937	(223)	301	(1,218)	(1,096)	(1,479)
Loss per share – Basic and diluted	(0.01)	(0.02)	0.00	(0.01)	(0.00)	(0.02)	(0.02)	(0.02)
Total assets	34,633	33,301	32,568	30,641	29,990	29,362	27,629	25,847
Total liabilities	7,622	8,427	7,224	7,653	7,047	8,519	8,315	8,219

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

EnWave's revenues, direct costs and net loss fluctuate based on the timing of machine orders from companies in our sales pipeline. Management works closely with each company evaluating REV™ technology under TELOAs and R&D 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 new licenses signed, and this causes variability in our quarterly financial performance. Additionally, the Company generates royalty revenues each quarter from the installed REV™ equipment base with its royalty partners but does not have the ability to direct or control the commercial launch, royalty growth or seasonality of each partner's product offering, resulting in fluctuations in the royalties earned by the Company each quarter.

Revenues and gross profit also vary from quarter to quarter depending on the timing of Moon Cheese® product rotations at Costco, a major customer historically, and the timing of machine fabrication revenues. Revenues for Q4 2022 were lower due to lower Moon Cheese® sales volumes in the quarter compared to the previous periods.

Direct costs for both companies have increased from Q1 2022 onwards due to higher input costs related to cheese and other materials, and labour. Direct costs for Q4 2022 increased slightly relative to Q3 2022 with a shift in sales mix from NutraDried revenues in Q2 2022 to increased EnWave revenues in Q3 and Q4 2022, which is typically at a higher margin. Direct costs for Q1 and Q3 2022 were lower than all preceding quarters in fiscal year 2021 due to additional contributions from EnWave as a result of reselling a large-scale REV™ machine and a partially fabricated machine for additional margin.

The Company's expenses were the lowest in Q4 2022 primarily due to lower G&A costs from personnel and legal fees. Higher expenses in Q2 and Q3 of 2022 were due to additional travel and tradeshow expenses incurred by both EnWave and NutraDried. Expenses were highest in Q2 2021 due to NutraDried's severance costs for restructuring which was a one-time occurrence. Adjusted EBITDA(1) was negative for Q2 through to Q4 2022 due to low sales volumes at NutraDried paired with higher cheese pricing. Adjusted EBITDA(1) was positive for Q1 2022 due to an improved contribution from machinery sales at EnWave which was offset by NutraDried's Adjusted EBITDA(1) loss.

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.

	Year ended September 30,		
($ '000s)	**2022**	**2021**	**2020**
Revenues	23,703	26,476	32,883
Direct costs	17,412	19,309	24,112
Gross margin	6,291	7,167	8,771
Operating expenses			
General and administration	4,522	5,093	5,469
Sales and marketing	5,466	4,652	6,470
Research and development	2,175	1,876	1,989
Net loss for the year	(6,927)	(4,125)	(4,441)
Loss per share (basic and diluted)	(0.06)	(0.04)	(0.04)
Comprehensive loss for the year	(6,492)	(4,710)	(4,360)
Adjusted EBITDA(1)	(3,492)	(2,165)	(3,219)
Total assets	25,847	30,641	40,663
Long term liabilities	1,603	1,035	1,619
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.

Discussion of Operations

Revenue

Revenue is earned from two business segments: EnWave and NutraDried. EnWave 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. EnWave anticipates generating revenue from toll manufacturing services beginning in fiscal 2023. NutraDried generates revenue from the sale of Moon Cheese® into retail and wholesale distribution channels, from the sale as bulk product ingredients and co-manufacturing.

($ '000s)	**2022**	**2021**
Revenue	23,703	26,476

Revenue for the year ended September 30, 2022, was $23,703, compared to $26,476 for the year ended September 30, 2021, a decrease of $2,773. The decrease in revenues for the year ended September 30, 2022, was primarily due to lower Moon Cheese® sales by NutraDried to Costco and a decrease in EnWave's machinery sales, offset by growth in EnWave's high-margin royalty revenues. The timing and frequency of each large-scale commercial machine order affects the timing of our revenues from the sale of REV™ machinery.

Quarterly Revenue	**2021**				**2022**			
($ '000s)	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*
EnWave	2,676	2,348	3,560	3,879	4,067	1,494	2,663	2,824
NutraDried	4,857	2,338	3,791	3,027	2,230	5,387	2,891	2,147
Total	7,533	4,686	7,351	6,906	6,297	6,881	5,554	4,971

EnWave had revenue of $11,048 for the year ended September 30, 2022, a decrease of $1,415 compared to the revenue of $12,463 for the year ended September 30, 2021. The decrease in revenue of EnWave is primarily due to a decrease in number of small-scale commercial equipment contracts for new REV™ equipment offset by an increase in royalty revenues. During 2022, the Company secured four large-scale machine sale contracts, three from the food vertical and one from the cannabis vertical. The Company also secured an order for one EU-GMP 10kW and five 10kW REV™ machines to both new and existing royalty partners expanding capacity.

We continue to pursue revenue growth in EnWave through commercial machine sales and installations by signing additional royalty-bearing licenses that are accompanied by machine purchase orders, and repeat machine orders tied to our Royalty Partners' need for increased manufacturing capacities. Revenue for EnWave 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 earned royalties of $1,352 for 2022 compared to $919 for 2021, an increase of $433 or 47% annually. The growth in royalties in 2022 reflects the increase in the number of machines installed for commercial production of royalty-bearing products. Additionally, many royalty partners implemented price increases in the year which contributed to higher royalties in cases where the royalty is a fixed percentage of sales. Royalties are payable to EnWave as a percentage of the value of products sold based on the number of units produced by our royalty partners, or a set fee paid quarterly. We also stipulate minimum annual royalty thresholds in our commercial license agreements that must be met by the licensee in order for the licensee to retain exclusivity if granted. We expect our royalties to grow as we sign new license agreements and supply additional REV™ machine dehydration capacity to our royalty partners.

Revenues from NutraDried was $12,655 for the year ended September 30, 2022 compared to $14,013 for the year ended September 30, 2021, a decrease of $1,358 or 10%. NutraDried's revenue in 2022 decreased due to lower bulk ingredient channel sales paired with lower sales to Costco. This was offset by growth in sales to the U.S. grocery channel with the addition of Kroger as a new customer.

Direct costs

Direct costs comprise the cost of materials, packaging, 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.

Direct costs for the year ended September 30, 2022 were $17,412, a decrease of $1,897, or 10% compared to the year ended September 30, 2021. Direct costs for EnWave are driven by commercial machine selling and construction activity. As a percentage of revenue, direct costs for the year ended September 30, 2022 were maintained at 73% compared to the year ended September 30, 2021.

($ '000s)	**2022**	**2021**
Direct costs	17,412	19,309
% of revenue	73%	73%

Direct costs for EnWave are driven by direct material and overhead costs associated with commercial machine selling and construction activity. During the year ended September 30, 2022, EnWave Canada yielded a ratio of direct costs to revenue of 53%, compared to 56% during the year ended September 30, 2021. EnWave's gross margin improved by 3% in 2022 with higher royalty revenues offsetting input cost increases on certain parts and components used to fabricate machinery. Input costs for machine fabrication have increased in recent months, with the cost of stainless steel, microwave parts and inbound freight rising.

The ratio of direct costs to revenue was 91% for NutraDried for the year ended September 30, 2022, compared to 89% in the year ended September 30, 2021. NutraDried's direct cost increases were primarily driven by higher cheese prices in the year paired with higher freight costs. The input costs for NutraDried have risen sharply in 2022 with higher costs for cheese, packaging supplies and freight. The Company implemented a price increase for its products in May 2022 but it did not fully offset the higher input costs.

Direct costs of NutraDried are highly dependent on the commodity pricing of raw cheese as the primary raw material used in production. Cheese prices increased continually throughout the year and although declined over the past three months of 2022, it continues to fluctuate. The commodity price of cheese has depressed NutraDried's gross margin.

General and administration

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

($ '000s)	**2022**	**2021**
General and administration	4,522	5,093
% of revenue	19%	19%

G&A expenses for the year ended September 30, 2022 were $4,522 compared to $5,093 for the year ended September 30, 2021, a decrease of $571 or 11%. The Company has not significantly adjusted its G&A spending relative to prior year, and the reduction to G&A cost was driven by NutraDried reducing its administrative headcount and consolidating certain functions. We believe we have the right G&A cost structure to support the business and we can continue to grow both EnWave and NutraDried without adding significant new G&A costs.

Sales and marketing

Sales and marketing ("S&M") expenses include salaries and wages, travel expenses, consulting fees, promotional and marketing fees, commissions, agency fees, and office expenses related to selling and marketing activities. S&M expenses for the year ended September 30, 2022 were $5,466 compared to $4,652 for the year ended September 30, 2021, an increase of $814 or 17%.

($ '000s)	**2022**	**2021**
Sales and marketing	5,466	4,652
% of revenue	23%	18%

S&M expenses for EnWave were $2,103 for the year ended September 30, 2022 compared to $1,263 for the year ended September 30, 2021, an increase of $840. The increase in S&M expenses is due to increased travel and tradeshow attendance during the period as trade shows resumed paired with increased travel for business development. S&M resources for EnWave are designed to increase the Company's presence, and drive market penetration and grow the number of royalty-bearing licenses and machine sales.

S&M expenses for NutraDried were $3,363 for the year ended September 30, 2022 compared to $3,389 for the year ended September 30, 2021, a decrease of $26. NutraDried materially reduced S&M expenses in 2021 and this resulted in lower personnel costs, consultant fees and branding costs which carried into 2022. During the year the Company did not make significant changes to its S&M cost structure but did shift back to higher travel and tradeshow attendance to expand the awareness of Moon Cheese® products.

Management believes NutraDried can grow its revenues and distribution with the current activities and expenditure rates, and will continue to control S&M expenses at NutraDried to align with the size and needs of the business.

Research and development

Research and development ("R&D") expenses include the salaries of the Innovation Centre technicians and scientists, global patent filing and maintenance costs, laboratory and Innovation Centre facility costs, R&D travel costs. R&D also includes development costs related to the start-up of the Company's REVworx™ tolling facility, depreciation expense for R&D equipment and product development at NutraDried.

($ '000s)	**2022**	**2021**
Research and development	2,175	1,876
% of revenue	9%	7%

R&D expenses for the year ended September 30, 2022 were $2,175 compared to $1,876 for the year ended September 30, 2021. The increase was caused by additional payroll costs related to development and start-up of REVworx™ as well as higher costs related to materials and supplies consumed in the Company's R&D Innovation Center.

We plan to invest in our global patent portfolio for new intellectual property in instances where there is a viable commercial application for the invention, and it strengthens our intellectual property position. R&D expenses fluctuate depending on the timing and filing of additional patents and patent maintenance fees related to the Company's intellectual property, and NutraDried's new product development activities.

Stock-based compensation

Stock-based compensation expense was $1,132 for the year ended September 30, 2022, compared to $824 for the year ended September 30, 2021. The changes to stock-based compensation expense were due to the timing of stock option grants, current year vesting of stock options, and restricted share rights ("RSRs") granted during the current and prior years. The increase in 2022 is due to the issuance of additional stock option awards, restricted share rights and the vesting of those grants.

($ '000s)	**2022**	**2021**
Stock-based compensation	1,132	824

Amortization of intangible assets

Amortization of intangible assets for the year ended September 30, 2022 was $136 compared to $218 for the year ended September 30, 2021. The decrease in amortization expense is due to certain intangible assets becoming fully amortized. The Company did not have significant additions to its intangible assets during the year ended September 30, 2022.

($ '000s)	**2022**	**2021**
Amortization of intangible assets	136	218

Foreign exchange gain

Foreign exchange gain for the year ended September 30, 2022 was $96 compared to $15 for the year ended September 30, 2021. The majority of the Company's foreign exchange gain or loss amounts consists of foreign exchange differences driven by our monetary assets and liabilities in US dollars ("USD"). The fluctuation of foreign exchange is consistent with the Canadian dollar's appreciation or depreciation as measured against the USD for each period due to global macroeconomic factors.

($ '000s)	**2022**	**2021**
Foreign exchange gain	96	15

Other income

Other income relates to government assistance the Company received from stimulus programs introduced by the Canadian government due to the COVID-19 pandemic. EnWave received funding from two Canadian federal programs: the Canada Emergency Wage Subsidy ("CEWS") program to subsidize payroll costs, and the Canada Emergency Rent Subsidy ("CERS") program to subsidize rent costs. The subsidy funds are non-repayable to the government if the Company continues to meet the eligibility criteria. EnWave received $147 for fiscal 2022 and $1,339 in fiscal 2021, respectively.

($ '000s)	**2022**	**2021**
Other income	147	1,339

Income taxes

Income tax recovery was $28 for the year ended September 30, 2022, compared to $707 for the year ended September 30, 2021. During the fiscal year ended September 30, 2022, the Company did not record any deferred income tax recovery related tax losses generated that would be available for carry-forward.

There are several 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)	**2022**	**2021**
Current tax (recovery) expense	(28)	(453)
Deferred tax (recovery) expense	-	(254)
Income tax (recovery) expense	(28)	(707)

Fourth Quarter Highlights

	Three months ended September 30,	
	2022 **$**	**2021** **$**
Revenues	**4,971**	6,906
Direct costs	**4,203**	4,529
	768	2,377
Expenses		
General and administration	**1,028**	1,718
Sales and marketing	**1,392**	996
Research and development	**513**	453
Stock-based compensation	**212**	187
Amortization of intangible assets	**32**	37
Loss on disposal of assets	**-**	6
Other income	**-**	(306)
Foreign exchange gain	**(114)**	(19)
Finance expense (income), net	**6**	(8)
	3,069	3,064
Loss for the period before income taxes	**(2,301)**	(687)
Income tax expense		
Current	**(28)**	-
Deferred	**-**	451
Net loss for the period	**(2,273)**	(1,138)

Revenue

EnWave had revenue of $2,824 for the three months ended September 30, 2022 compared to $3,879 for the three months ended September 30, 2021, an decrease of $1,055. The decrease in revenue for the three months ended September 30, 2022 relative to September 30, 2021 was due to fewer 10kW machine sales in the quarter and the timing of revenue recognition on large-scale machine contracts using percentage of completion. In Q4 2021, EnWave completed the sale of a fully fabricated large-scale machine resulting in higher revenues when compared to Q4 2022.

EnWave earned royalties of $290 during the three months ended September 30, 2022 compared to $245 for the three months ended September 30, 2021, an increase of $45 or 18%. We expect that as more large-scale machines are commissioned for commercial production that our royalty portfolio will continue to grow.

Revenues from NutraDried were $2,147 for the three months ended September 30, 2022 compared to $3,027 for the three months ended September 30, 2021, a decrease of $880. The decrease in revenue for the fourth quarter was due to lower bulk and ingredient sales compared to the prior period.

	Three months ended September 30,	
($ '000s)	**2022**	**2021**
Revenue	4,971	6,906

Direct costs

Direct costs for the three months ended September 30, 2022 were $4,203 compared to $4,529 for the three months ended September 30, 2021, a decrease of $326. Direct costs as a percentage of revenues for the three months ended September 30, 2022 was 85%, compared to 66% for the three months ended September 30, 2021, an increase of 19%. EnWave's direct costs as a percentage of revenue was 61% and NutraDried's direct costs as a percentage of revenue was 115%. The increase to direct costs as a percentage of revenue was driven by input cost increases related to cheese and other materials in NutraDried's business, as well as in Q4 2021 a substantial margin generated from a fully fabricated large-scale machine during the period.

	Three months ended September 30,	
($ '000s)	**2022**	**2021**
Direct costs	4,203	4,529
% of revenue	85%	66%

General and administration

G&A expenses for the three months ended September 30, 2022 were $1,028 compared to $1,718 for the three months ended September 30, 2021, a decrease of $690. The decrease to G&A for the period is primarily due to EnWave's lower personnel related costs and legal expenses. The reduction in G&A expenses for Q4 2022 is also reflective of the full year of administrative cost reductions made to NutraDried during the prior year.

	Three months ended September 30,	
($ '000s)	**2022**	**2021**
General and administration	1,028	1,718
% of revenue	21%	25%

Sales and marketing

S&M expenses for the three months ended September 30, 2022 were $1,392 compared to $996 for the three months ended September 30, 2021, an increase of $396. The increase to S&M expenses in the quarter was primarily due to additional tradeshows and promotional travel costs at both EnWave and NutraDried as well as higher commissions paid to EnWave's third-party sales representatives on machine sales.

	Three months ended September 30,	
($ '000s)	**2022**	**2021**
Sales and marketing	1,392	996
% of revenue	28%	14%

Research and development

R&D expenses for the three months ended September 30, 2022 were $513 compared to $453 for the three months ended September 30, 2021, an increase of $60. R&D expenses increased due to personnel related costs related to machinery design and development as well as patent filing and maintenance fees.

	Three months ended September 30,	
($ '000s)	**2022**	**2021**
Research and development	513	453
% of revenue	10%	7%

Stock-based compensation

Stock-based compensation expense was $212 for the three months ended September 30, 2022, compared to $187 for the three months ended September 30, 2021. The increase to stock-based compensation expense was due to the vesting of stock options and RSRs granted during previous quarters.

	Three months ended September 30,	
($ '000s)	**2022**	**2021**
Stock-based compensation	212	187

Other income

Other income for the three months ended September 30, 2022 was $nil compared to $306 for the three months ended September 30, 2021. Other income relates to federal government assistance from the Canadian government under the CEWS and CERS programs due to the COVID-19 pandemic. During the three months ended September 30, 2022, EnWave did not receive any government assistance, compared to $306 for the same period in the prior year.

	Three months ended September 30,	
($ '000s)	**2022**	**2021**
Other income	-	306

Liquidity and Capital Resources

Working capital

The components of the Company's working capital on September 30, 2022 and September 30, 2021 are:

($ '000s)	**September 30, 2022**	**September 30, 2021**
Current Assets		
Cash and cash equivalents	**6,199**	11,790
Restricted cash	**614**	288
Trade receivables	**1,980**	2,130
Due from customers on contract	**852**	1,535
Loans receivable	**515**	847
Inventory	**6,622**	5,722
Prepaids and other receivables	**678**	833
Income taxes receivable	**540**	986
	18,000	24,131
Current Liabilities		
Loan payable	**4**	-
Trade and other payables	**4,476**	4,421
Customer deposits and deferred revenue	**1,311**	1,323
Current portion of lease liabilities	**820**	753
Current portion of other liability	**5**	121
	6,616	6,618
Working Capital	**11,384**	17,513

As at September 30, 2022, the Company had working capital of $11,384, compared to $17,513 as at September 30, 2021. As at September 30, 2022, the cash and cash equivalents balance was $6,199 compared to $11,790 as at September 30, 2021, a decrease of $5,591. The Company used $2,691 of cash to purchase plant and equipment mainly for REVworx and used net cash from operating activities of $2,263 for the year ended September 30, 2022.

EnWave had trade receivables of $813 as at September 30, 2022, compared to $898 at September 30, 2021, and NutraDried had trade receivables of $1,167 at September 30, 2022 compared to $1,232 at September 30, 2021. The decrease in EnWave's trade receivables relates to timing of billing and collection of payments under its equipment purchase contracts. The decrease to NutraDried's trade receivables relates to the lower sales volume in the fourth quarter of 2022 when compared to 2021. The Company had $nil (2021 $nil) provision for expected credit losses at September 30, 2022.

Due from customers on contract at September 30, 2022 was $852 compared to $1,535 at September 30, 2021, with the decrease related to billings made on construction contracts for amounts which revenue has been recognized. 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, 2022 includes machines and machine components for EnWave of $3,550, which is an increase of $490 compared to September 30, 2021. The inventory of EnWave relates to 10kW machines used for rentals and those under fabrication, as well as component parts purchased for the fabrication of several large machines. EnWave has increased inventory to mitigate supply chain risks and to ensure critical components are available for machine fabrication.

NutraDried's inventory was $3,072, compared to $2,662 at September 30, 2021, an increase of $410. NutraDried's inventory comprises food product and packaging supplies. Inventory at NutraDried was higher at September 30, 2022 due to timing of shipments of product sold in the period.

EnWave had current loans receivable of $515 compared to $847 as at September 30, 2021 in relation to the equipment finance loans to be paid by customers related to equipment purchase contracts. The loans receivable bear interest at annual interest rates ranging between 8% and 12%, have fixed terms ranging from 3 to 31 months and are amortized with monthly blended payments of interest and principal.

Trade and other payables as at September 30, 2022 include $2,621 of trade payables and accrued liabilities related to EnWave, compared to $2,946 on September 30, 2021. Trade and other payables for NutraDried were $1,855 compared to $1,475 on September 30, 2021, with the increase associated with the payment of trade spending and promotional expenses that were accrued at September 30, 2022.

Financing and liquidity

Cash and cash equivalents were $6,199 at September 30, 2022 compared to $11,790 at September 30, 2021. As at September 30, 2022, the Company had net working capital of $11,384 compared to $17,513 at September 30, 2021. The change in cash consists of:

	Three months ended September 30,		**Year ended September 30,**	
($ 000's)	**2022**	2021	**2022**	2021
Cash from (used in) operating activities	**(136)**	(1,707)	**(2,263)**	2,037
Cash used in investing activities	**(309)**	(126)	**(2,522)**	(1,824)
Cash from (used in) financing activities	**(237)**	(1,820)	**(939)**	(2,934)

We believe that our current working capital surplus of $11,384 is sufficient to meet our financing needs, maintain right-sized operations and to grow over the mid-term. Management will continuously evaluate capital needs and make decisions based on current circumstances. 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.

NutraDried has a demand line of credit with a Washington State bank with a credit limit of US$500 that can be drawn upon to meet short-term liquidity needs. NutraDried had not drawn upon the line of credit as at September 30, 2022. NutraDried has required and will require additional capital going forward over the next twelve months to continue to fund its operations. It is our plan to fund the required capital from existing cash resources, but it could be possible that new forms of debt or equity capital could be needed to finance its operations

The Company has drawn from its cash position to finance its operations during fiscal year 2022. The Company is targeting to fund operations through cash flows generated from machine sales and royalties from the commercialization of *nutra*REV® and *quanta*REV® technologies and toll manufacturing opportunities. The Company is not exposed to any externally imposed capital requirements. While we plan to fund our operations through sales of REV™ machinery, royalty generation, Moon Cheese® sales, and toll manufacturing services in the future, there can be no assurance that sufficient revenue will be generated to meet our cash needs.

The ability to achieve our targeted future operating results is based on a number of assumptions that involve significant judgements and estimates, which cannot be assured. Our ability to fund our operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive and business conditions, and other factors, some of which are beyond our control, such as commodity pricing, the macroeconomic environment and the impact of COVID-19. If we are unable to achieve our targeted 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 amounts, on acceptable terms, or in a timely basis.

Capital expenditures

During the year ended September 30, 2022, we incurred capital expenditures of $2,691 related to the acquisition of plant and equipment. NutraDried accounted for $887 of the capital expenditures for the period with additions to production and packaging equipment. EnWave accounted for $1,804 of the capital expenditures for the assets purchased for the REVworx™ toll manufacturing facility.

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 fund operations in the near term and may require additional capital in the long term to expand production capacity to support future improved distribution of Moon Cheese®.

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, 2022:

($ '000s)	**Due within 1 year**	**Due between 1 - 3 years**	**Due after 3 years**	**Total**
Financial liabilities				
Loan payable	4	10	210	224
Trade and other payables	4,476	-	-	4,476
Lease liabilities	820	672	711	2,203
Other liability	5	-	-	5
Total	**5,305**	**682**	**921**	**6,908**

Contingencies

On September 20, 2021, a civil counterclaim commenced against the Company in the Supreme Court of British Columbia by certain former directors and officers of the Company. The counterclaim was filed in response to a civil claim filed by the Company against the former directors and officers. The counterclaim alleges breach of contract and breach of privacy with respect to the cessation of employment of one of the former directors. The Company believes the action to be without merit and intends to defend the counterclaim. No provision has been recognized as of September 30, 2022.

On May 13, 2022, a purported class action proceeding was commenced in the United States District Court for the Southern District of New York against NutraDried, the Company's subsidiary, on behalf of visually impaired or legally blind individuals in the United States that attempted to access the Company's website, and who were allegedly denied access to the equal enjoyment of goods and/or services during the period from May 13, 2019 to May 13, 2022. The complaint alleges, inter alia, that the Company's mooncheese.com website fails to accommodate persons with disabilities according to the *American Disabilities Act*, and unlawfully discriminates to deny such persons the opportunity to participate, or benefit from, the Company's product and services. As of the date of this report the claim was settled and withdrawn on September 29, 2022.

On November 21, 2022, a purported class action proceeding was commenced in the Superior Court of the State of California for the County of Orange against NutraDried, the Company's subsidiary, on behalf of persons who purchased 3-ounce Moon Cheese® products in the State of California. The complaint alleged, inter alia, that the Company's 3-ounce Moon Cheese® products misled consumers based on the size of the package and the amount of snack product contained therein being commensurate with the size of the package. No provision has been recognized as at September 30, 2022.

Transactions with Related Parties

During the year ended September 30, 2022, the Company paid directors' fees to its five independent directors through a combination of cash and stock-based compensation for their services as directors of the Company.

The table below summarizes the transactions with related parties for the three months and years ended September 30, 2022 and 2021:

($ '000s)	**Three months ended September 30,**		**Years ended September 30,**	
	2022	2021	**2022**	2021
	$	$	**$**	$
Directors' fees	**30**	50	**180**	200
Stock-based compensation	**34**	27	**98**	191
	64	77	**278**	391

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 comprises the following expenses:

($ '000s)	**Three months ended September 30,**		**Years ended September 30,**	
	2022	2021	**2022**	2021
	$	$	**$**	$
Salaries, bonuses, and short-term employee benefits	**271**	276	**1,785**	1,541
Stock-based compensation	**100**	117	**592**	401
	371	393	**2,377**	1,942

Critical Accounting Estimates and Judgements

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 revenue recognition policy for customized equipment sales contracts is the percentage-of-completion method. The stage of completion is measured by reference to the actual contract costs incurred as a percentage of total estimated costs for each contract. Determining the estimated contract cost is considered a significant accounting estimate which requires detailed knowledge of the costs to be incurred based on the required design customizations. 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 $139 (2021 - $1,112).

Impairment of inventory

The Company measures inventory at the lower of cost and net realizable value, and in the event cost exceeds net realizable value, 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.

Leases

The right-of-use asset and lease liability valuations are based on the present value of the lease payments over the lease term. The lease term is determined as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to extend or terminate the lease, and any modifications to the lease term will result in the revaluation of the lease. The present value of the lease payments is dependent on the incremental borrowing rate used, which the Company applies estimates when determining the rates.

Estimated useful lives of property, plant and equipment

Depreciation of property, plant and equipment is dependent upon estimates of useful lives and residual values which are determined through knowledge of the business and judgment. Residual values, useful lives and depreciation methods are reviewed annually for relevancy and changes are accounted for prospectively. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic conditions, market conditions and the useful lives of the assets.

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.

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 of one to three years. 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.

Share-based compensation

The fair value of stock options and warrants is calculated using the Black-Scholes option pricing model. When determining the fair value of stock options and warrants, management is required to make assumptions and estimates related to expected lives, volatility, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate the fair value could result in materially different results.

Accounting standards and amendments issued and not yet adopted

The following IFRS standards have been issued by the ISAB and pronouncements that are not expected to have a significant impact have been excluded.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

The amendment clarifies the classification requirements to determine if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and is to be applied retrospectively, with earlier application permitted. The Company has evaluated the implications of adopting the amendment and does not believe there to be any significant impact on the Company's consolidated financial statements.

Financial Instruments

Financial instruments and risk management

The Company's cash and cash equivalents, restricted cash, trade receivables, loan receivables, trade and other payables, loan payable and lease liabilities 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 fair value of financial assets and liabilities classified as loans and receivables and other financial liabilities (excluding lease liability and other liability) approximates their carrying value due to their short-term nature.

The Company uses derivative financial instruments to reduce its exposure to risks associated with fluctuations in foreign exchange rates. The fair value measurement of the foreign exchange derivatives is classified within Level 2 of the fair value hierarchy.

The carrying value of the loan receivables as at September 30, 2022 was $783 (2021 - $1,132) which approximates its fair value and is recorded at amortized cost. The carrying value of the lease liabilities was determined based on the discounted future cash flows using rates related incremental borrowing rates.

The carrying value of the lease liabilities as at September 30, 2022 was $2,203 (2021 - $1,592) which approximates its fair value and is recorded at amortized cost. The carrying value of the lease liabilities was determined based on the discounted future cash flows using rates related incremental borrowing rates.

The Company does not hold any equity instruments that are measured at fair value or amortized costs during the years ended September 30, 2022, and 2021.

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, due from customers on contract and loans receivable. The Company mitigates its exposure to credit loss by maintaining the majority of 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, due from customers on contract and loans receivable. Prior to issuing credit, management performs due diligence reviewing the customer, taking into account its financial position, historical experience, and other factors. The Company minimizes its credit risk associated with trade receivables and due from customers on contract by maintaining ongoing close contact with customers and by reviewing individual account balances, and proactively following up on overdue amounts. The Company minimizes credit risk associated with loan receivables by performing due diligence prior to issuing loans, ensuring customers are reputable companies, filing a lien on the equipment in the country the machine resides and using the machine equipment as collateral. The Company maintains a provision for credit losses relating to specific losses estimated on an individual exposure. As at September 30, 2022, the Company has recorded a $nil (2021 - $nil) provision for expected credit losses.

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 and U.S. 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, 2022:

	Neither past due nor impaired	**Past due but not impaired**		
($ '000s)	**0 – 30**	**31 – 90**	**91 – 365**	**365 +**
Trade receivables	1,692	155	133	-
Due from customers on contract	852	-	-	-
Loan receivables	783	-	-	-
Total	3,327	155	133	-

Liquidity risk

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

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. As at September 30, 2022, the Company held no foreign exchange derivatives outstanding.

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, 2022, the Company had cash and cash equivalents of $6,199 to settle current liabilities of $6,618.

Financial assets maturity table:

($ '000s)	**0 - 30**	**31 - 90**	**91 - 365**	**365 +**
Cash and cash equivalents and restricted cash	6,199	-	614	-
Trade receivables	1,980	-	-	-
Due from customers on contract	190	662	-	-
Loan receivable	86	110	319	268
Indirect tax receivables	66			
Income taxes receivable	-	-	540	-
Total	8,521	772	1,473	268

Financial liabilities, excluding other liability, maturity table:

($ '000s)	**0 - 30**	**31 - 90**	**91 - 365**	**365 +**
Loan payable	-	-	4	220
Trade and other payables	3,328	676	-	-
Customer deposits and deferred revenues	1,311			
Security deposit payable	472	-	-	-
Lease liabilities	60	120	639	1,384
Total	5,171	796	643	1,604

Market risk

Market risk recognizes 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 and restricted cash. The Company earns interest on deposits based on current market interest rates, which during the year ended September 30, 2022 ranged from 0.65% to 3.70% (2021 – 0.40% to 0.45%). A 1% change in interest rates would affect the results of operations by approximately $68 (2021 - $115).

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; and

(ii) The Company is exposed to currency risk through customers with sales contracts denominated in US dollars.

A significant change in the currency exchange rate of the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations. As at September 30, 2022, all of the Company's liquid assets and liabilities were held in Canadian dollars and US dollars.

The Company sometimes enters into foreign exchange derivative contracts to minimize exposure to foreign currencies. At September 30, 2022 and 2021, 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, 2022 and 2021 as follows:

($ '000s) Currency	**2022**	**2021**
US dollar	254	53

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 that are not prescribed by the International Financial Reporting Standards and as such may not be comparable to similar measures presented by other companies. Management believes that these supplementary financial measures reflect the Company's ongoing business in a manner that allows for meaningful period-to-period comparisons, analysis of business trends and by use of analysts, investors, and interested parties to evaluate financial performance.

While management believes that Non-IFRS measures are helpful supplemental information, they should not be considered in isolation as an alternative to net income, cash flows generated by operating, investing or financing activities or other financial statement data presented in accordance with IFRS.

Non-IFRS financial measures include NutraDried Royalties and Adjusted EBITDA.

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, 2020*	*Mar 31, 2021*	*Jun 30, 2021*	*Sep 30, 2021*	*Dec 31, 2021*	*Mar 31, 2022*	*Jun 30, 2022*	*Sep 30, 2022*
NutraDried Royalty	340	166	218	118	137	341	175	153
Intercompany Revenue Adjustment(1)	(340)	(166)	(218)	(118)	(137)	(341)	(175)	(153)
Revenues(2)	7,533	4,686	7,351	6,906	6,297	6,881	5,554	4,971
Revenues	7,533	4,686	7,351	6,906	6,297	6,881	5,554	4,971

Notes:

(1) Adjustment to eliminate intercompany revenue from the condensed consolidated interim financial statements.

(2) Revenues as reported in the Company's condensed consolidated interim statements of 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 or recovery and non-recurring impairment, restructuring and severance charges and government assistance. We believe that Adjusted EBITDA is a useful measure as it provides an indication of the operational results of the business after adjusting for non-recurring income and expenses, and non-cash expenses. 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, 2022**	**2021**	**2020**
Net loss after income tax	(6,927)	(4,125)	(4,441)
Amortization and depreciation[1]	2,548	2,513	2,038
Stock based compensation[2]	1,132	824	1,383
Foreign exchange (gain) loss[3]	(96)	(15)	(50)
Finance income, net[4]	26	(7)	(116)
Income tax (recovery) expense	(28)	(707)	(579)
Non-recurring impairment and restructuring costs[5]	-	691	165
Government grants	(147)	(1,339)	(1,619)
Adjusted EBITDA	(3,492)	(2,165)	(3,219)

Notes:

(1) Amortization and depreciation of property plant and equipment and intangible assets is a non-cash expense and therefore does not require any cash outlay by the Company.
(2) These include awards that are settled though shares issued from treasury and generally do not require any cash outlay by the Company and are excluded to provide investors with a greater visibility to the underlying performance of operations.
(3) Foreign exchange gains or losses arise from fluctuations in foreign exchange rates of the currencies we transact in which are driven by macro-economic conditions that are generally not reflective of our business operations.
(4) Finance income, net is total finance income net of finance expenses and does not relate to costs to operate our ongoing operations.
(5) Non-recurring impairment and restructuring costs are not included in Adjusted EBITDA as they relate to non-recurring costs that that do not form part of the costs to operate our ongoing operations and are not indicative of costs in the future.
(6) Government grants are excluded as they relate to grants received by the Company from governments under COVID-19 relief and stimulus programs, and do not relate to revenues received from business operations and are non-recurring.

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.

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

($ '000s)	*Dec 31, 2020*	*Mar 31, 2021*	*Jun 30, 2021*	*Sep 30, 2021*	*Dec 31, 2021*	*Mar 31, 2022*	*Jun 30, 2022*	*Sep 30, 2022*
Net loss (income) after income tax	(1,371)	(2,286)	670	(1,138)	(253)	(2,386)	(2,015)	(2,273)
Amortization and depreciation	670	594	639	610	447	735	648	718
Stock-based compensation	254	185	198	187	234	378	308	212
Foreign exchange gain (loss)	227	52	(275)	(19)	19	47	(48)	(114)
Finance income, net	4	(3)	-	(8)	1	8	11	6
Income tax expense (recovery)	(370)	(718)	(70)	451	-	-	-	(28)
Non-recurring impairment and restructuring costs	-	691	-	-	-	-	-	-
Government assistance	(325)	(483)	(225)	(306)	(147)	-	-	-
Adjusted EBITDA	(911)	(1,968)	937	(223)	301	(1,218)	(1,096)	(1,479)

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, R&D, 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 *nutra*REV® and *quanta*REV® technologies in the cannabis 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 cannabis and pharmaceutical industries will be subject to regulatory approval by a number of government entities and legal systems. Technology development within this regulatory and legal framework may take a number of years and may involve substantial expenditures that vary for each jurisdiction. Any delays in obtaining regulatory and/or legal approval would have an adverse impact on the Company's ability to earn future revenues.
- R&D 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 R&D, 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 business expansion, ongoing testing

programs, regulatory approvals and ultimately impact its ability to commercialize its technologies.

- The impact of the COVID-19 pandemic on the Company's business, operations, capital resources and/or financial results. See the *"Risk Factors"* section in the Company's Annual Information Form for further information about related risks and uncertainties.

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 the Company's 2022 Annual Information Form. 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; 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 on 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 of Starbucks, Costco or other major customer(s) of NutraDried; produce recalls or other food safety issues and regulatory actions could arise; 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; unfavourable legal environments for the deployment of REV™ machinery for cannabis processing in certain jurisdictions; deficiencies in accounting policies or internal controls and procedures over financial reporting; insufficiency of insurance; unavailability of certain tax credits; unexpected tax liabilities; business interruptions and/or shutdowns caused by the COVID-19 pandemic.

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.

Off-balance Sheet Arrangements

As of the date of this report, the Company has a US$205 (CA $281) letter of credit issued in favour of a customer related to an equipment purchase contract. There are no other material off-balance sheet arrangements.

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, 2022		**December 15, 2022**	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Common shares outstanding	110,440,055	N/A	110,440,055	N/A
Options				
Outstanding	8,453,267	$1.34	8,306,600	$1.33
Exercisable	6,564,266	$1.44	6,556,597	$1.43
RSRs				
Outstanding	755,000	$1.02	755,000	$1.02
Warrants				
Investor warrants	5,012,202	$1.50	-	-

As of the date of this MD&A, the Company has 110,440,055 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 1,895,000.

Other MD&A Requirements

Information pursuant to National Instrument 51-102.

Copies of all previously published financial statements, MD&A, 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
Brent Charleton
Mary C. Ritchie
Stephen Sanford
Patrick Turpin
Pablo Cussatti

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

Contact information:

Corporate, Strategic and Investor Inquiries	Administration and Finance
Brent Charleton, CFA President and Chief Executive Officer Telephone (+1) 778 378 9616 bcharleton@enwave.net	Dylan Murray, CPA, CA Chief Financial Officer Telephone (+1) 778 870 0729 dmurray@enwave.net

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