ENWAVE
CORPORATION

Management Discussion and Analysis

Year ended September 30, 2024

(expressed in thousands of Canadian dollars)

Dated: December 12, 2024

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

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Date of this report: December 12, 2024

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, 2024, relative to the year ended September 30, 2023, and the financial position of the Company at September 30, 2024 relative to September 30, 2023. It should be read in conjunction with EnWave's annual audited consolidated financial statements and accompanying notes for the years ended September 30, 2024 and 2023, as well as the 2023 annual MD&A, and 2024 Annual Information Form ("AIF") (available at www.enwave.net or on www.sedarplus.ca). The financial information contained in this MD&A has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), 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 the 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 Accounting Standards.

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 consolidated financial statements and information in the MD&A necessarily include amounts based on informed judgements 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** and sold REV™ equipment to a diverse portfolio of companies operating in over 23 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. REVworx™ is not meant to compete with existing commercial licensees, but rather offer an asset light opportunity to prove respective business cases.

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 work to commercialize REV™ in the pharmaceutical industry.

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 primarily developing opportunities for REV™ technology in the food market. Management believes that REV™ technology can produce better quality products 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 revenue 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 of 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 launched a toll manufacturing division called REVworx™ to accelerate the commercialization of more food products using REV™ technology. The toll manufacturing operation contains commissioned pilot-scale and large-scale REV™ equipment to utilize the installed capacity to produce commercial products on a fee-for-service basis. This division complements the current equipment sales and royalty-licensing business model of the Company and serves as a lower barrier entry point for consumer-packaged goods ("CPG") companies seeking to market trial REV™-dried products and is open for commercial production.

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), 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 increase the use of REV™ into additional markets.

Commercial License Agreements

EnWave has entered into Technology, Evaluation, and Licence Option Agreements (“TELOAs”) and 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. Currently, 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
Alpina	Colombia	Dairy Products	10kW REV®
Arla Foods	Denmark, Sweden, Finland and Norway	Dairy Products	10kW REV®
Ashgrove Cheese	Australia	Cheese Snacks	2 x 10kW REV®
Australian Cannabis Company	Australia	Cannabis Products	10kW GMP REV®(1)
Ballantyne Pty Ltd.	Australia, excluding the State of Tasmania	Dairy Products	10kW REV®
Bare Foods (PepsiCo)	Thailand, Canada and United States	Fruits Snacks	3 x 10kW REV®
Bonduelle Group	North America	Dehydro-frozen Vegetables	120kW REV®
Bounty Farms	Philippines	Protein products	10kW REV®
BranchOut Food	North, South and Central America	Fruits and Vegetables	60kW REV® 120kW REV®(1) 100kW REV® 10kW REV®
Bridgford Meat Company	United States	Military rations and select food products	120kW REV®
Calbee	Japan	Premium Snack Products	3 x 10kW REV® 60kW REV®
Canadian Cannabis Company	Canada	Cannabis Products	120kW REV®
Cann Group	Australia	Cannabis Products	10kW REV®
Cannaponics Pty Ltd	Australia	Cannabis Products	10kW GMP REV®(1)
Consulting Fresh Business	Spain	Fruit and Vegetables	2 x 10kW REV® 100kW REV®
Creations Foods	United States	Cheese Snack Products	100kW REV®
Dairy Concepts	Ireland and United Kingdom	Cheese Snack Products	4 x 10kW REV®
Dole	Asia	Fruits and Vegetable Products	10kW REV® 120kW REV®
Dominant Slice	Portugal	Cheese Snacks	10kW REV®
Electric Farms	United States	Hemp Products	10kW REV®
Ereğli Agrosan /Alarko Holdings	Turkey	Fruits and Vegetables, Cheese	100kW REV® 2 x 10kW REV® 2kW REV®
Europe Snacks	France	Dairy Products	10kW REV®
European Cannabis Company	Europe	Cannabis Products	10kW GMP REV®(1)
Existing Royalty Partner	Undisclosed	Fruit and Vegetables	120kW®(3)
FrieslandCampina	Netherlands, Belgium, and Germany	Dairy Products	10kW REV®
Fungaria	Hungary	Fruits and Vegetables	10kW REV®
Gay Lea Foods	Canada	Cheese Snacks	100kW REV® 10kW REV®
Howe Foods	Australia	Banana Products	10kW REV®

Illinois Based Cannabis Company	United States	Cannabis Products	10kW REV® 120kW REV®
Kameya Foods	Japan	Seafood, Wasabi and Fruit	10kW REV®
Kesito (Air Cheese)	Greece	Cheese Snacks	10kW REV®
Lake Blue (Intakt Snacks)	Chile	Cheese Snacks	2 x 10kW REV®
Merck, Sharp & Dohme	Worldwide	Pharmaceuticals	*freeze*REV®
Merom Farms	British Columbia	Wasabi Products	20kW REV®
Metamount Schweiz AG	Switzerland	Hemp Products	10kW REV®
Michael Foods	United States	Food products	10kW REV®
Milne MicroDried	State of Idaho and the United States	Fruits and Vegetables, Blueberries and Strawberries exclusive in the United States	114kW MIVAP 2 x 120kW REV®
Nanuva Ingredients	Chile	Fruits & Vegetables	5 x 10kW REV™
Nippon Trends Food	Canada	Ramen Noodles	10kW REV™
Nomad Nutrition	Canada	Specific Ready-to-Eat Meals	2 x 10kW REV®
Orto Al Sole	Italy	Fruits and Vegetables	10kW REV® 120kW REV®
Pacifico Snacks	Colombia	Fruit Snack Products	10kW REV®
Patatas Fritas Torres	Spain	Cheese Snacks	10kW REV® 100kW REV®
Perdue Farms	United States	Pet Food and Pet Treats	10kW REV®
Pick-One	Mexico	Cheese Snack Products, Fruit and Vegetable Products	10kW REV®
Pitalia	Central America	Fruits and Vegetables, Cheese Snacks	100kW REV® 2 x 10kW REV®
Responsible Foods	Iceland	Dairy, Seafood, Meat, Eggs, Herbs, Berries and Hemp products	2 x 10kW REV®
South American Food Manufacturer	Undisclosed	Undisclosed	2 x 10kW REV®
Umland Pure Dry	United States	Cheese Snacks	3 x 10kW REV®*(2)*
Van Dyk Specialty Products	Worldwide	Wild Blueberries	60kW REV®
		Total REV® Capacity	**2,849** kW

Notes:

(1) The machine is currently under fabrication or is not yet installed or in commercial use by the partner.

(2) Two 10kW machines are not yet installed or in commercial use, awaiting the partner's instructions.

(3) Fabrication is on hold until the second trigger payment is received pursuant to the Equipment Purchase Agreement.

Recent Developments

Credit Facility and Term Loan

Subsequent to year end, EnWave signed a revolving credit facility agreement (the "Credit Facility") with Desjardins Tech & Innovation Banking of the Desjardins Group ("Desjardins"). The amount available to the Company under the Credit Facility is calculated as the lesser of $5,000 and a function of royalties, receivables and inventory at an interest rate of Canadian prime plus 1.50%.

Additionally, the Company signed a $500 loan agreement with Desjardins ("the Term Loan") with an amortization period of 48 months. The Term Loan is to be repaid monthly on equal and consecutive payments of principal plus interest at a rate of Canadian prime plus 2.00%.

The Credit Facility and Term Loan provides the Company with non-dilutive financing, as needed, to execute an intensified sales strategy. EnWave plans to attract sales talent and increase the Company's international presence in key growth markets.

Overall Performance

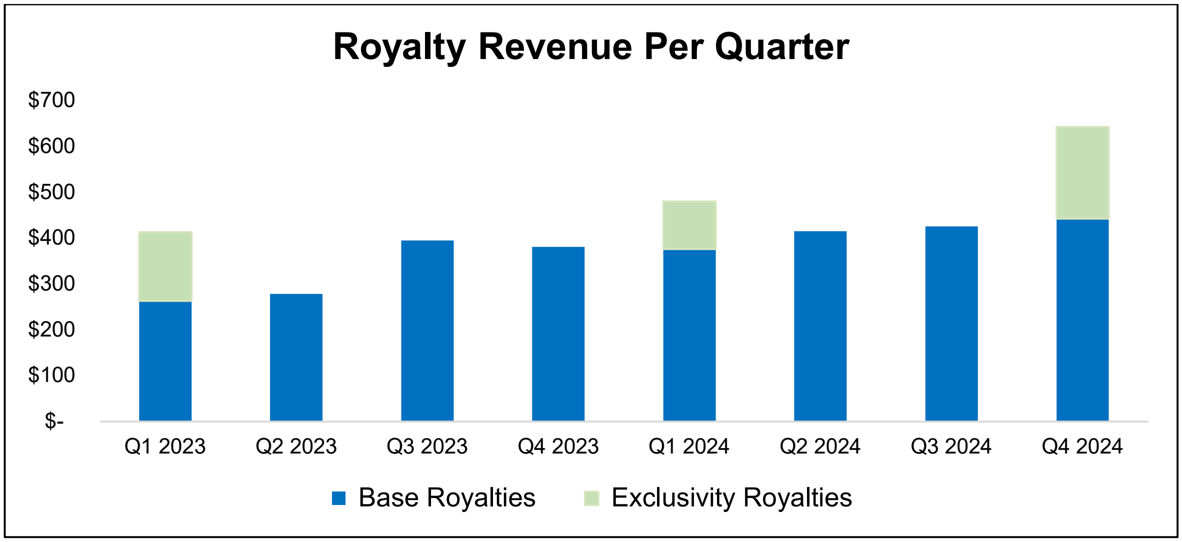
For the year ended 2024, EnWave reported revenues of $8,181 compared to $11,363 for the same period in 2023, a decrease of $3,182 or 28%. EnWave reported a net loss of $2,398 for fiscal 2024, compared to a net loss of $6,512 for the year ended 2023, an improvement of $4,114, due to an overall decrease in expenses primarily a result of the orderly wind-down of NutraDried. During the year, the Company sold two large scale machines, which included the sale of a repatriated 100kW machine from NutraDried. Additionally, the Company repurchased a 120kW machine from a cannabis multi-state operator to expedite the completion of an Equipment Purchase Agreement to Branchout Food Inc ("Branchout"). In 2023, the Company sold four large scale machines, including one resale of a repurchased cannabis machine and one resale from the wind-down of NutraDried.

For Q4 2024, the Company had revenues of $3,634 compared to $1,457 in the same period in fiscal 2023, an increase of $2,177 or 149%. The Company had a net income from continuous operations of $588 for Q4 2024, compared to a net loss of $605 for Q4 2023, an increase of $1,193 or 197%. The Company reported Adjusted EBITDA(*) income of $450 for Q4 2024 compared to a loss of $324 for Q4 2023, an increase of $774. The increase in revenue, net income from continuous operations and Adjusted EBITDA was primarily a result of the Company repurchasing a 120kW machine from a cannabis multi-state operator to expedite the completion of an Equipment Purchase Agreement to Branchout during the period. EnWave had third-party royalty revenue of $1,961 for the year ended 2024, compared to $1,465 for the year ended 2023, an increase of $496 or 34% as a result of an increase in the number of royalty partners, exclusivity payments, and product sold and produced by royalty partners. Royalties are payable to EnWave as a percentage of the value of products sold, the number of units produced by our royalty partners, or a set fee paid quarterly. We also stipulate minimum annual royalty thresholds in our exclusive commercial license agreements, if granted, that must be met by the licensee in order for the licensee to retain exclusivity for production in that geographic area.

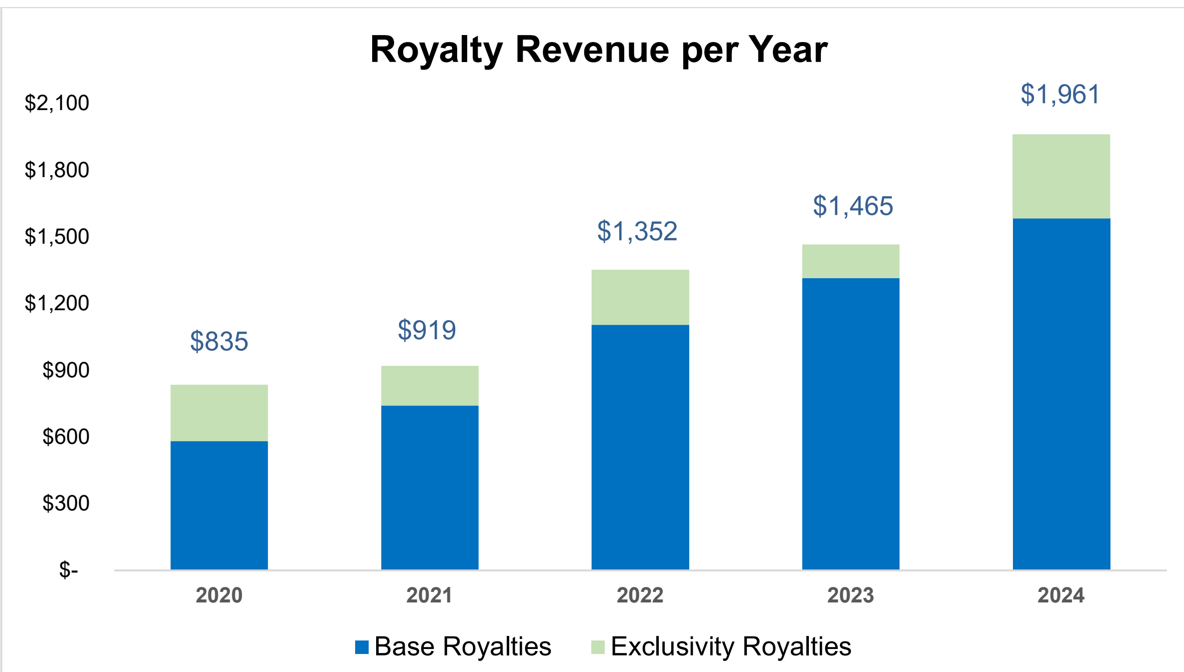
During Q4 2024, the Company reported loss from discontinued operations of $13 compared to a net income of $770 for the year ended 2023, a decrease of $783. For the year ended 2024, the Company reported a loss from discontinued operations of $48 compared to $4,933 in the same period in 2023, a decrease of $4,885. The decreased net loss was a result of the activity associated with the wind-down of NutraDried.

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

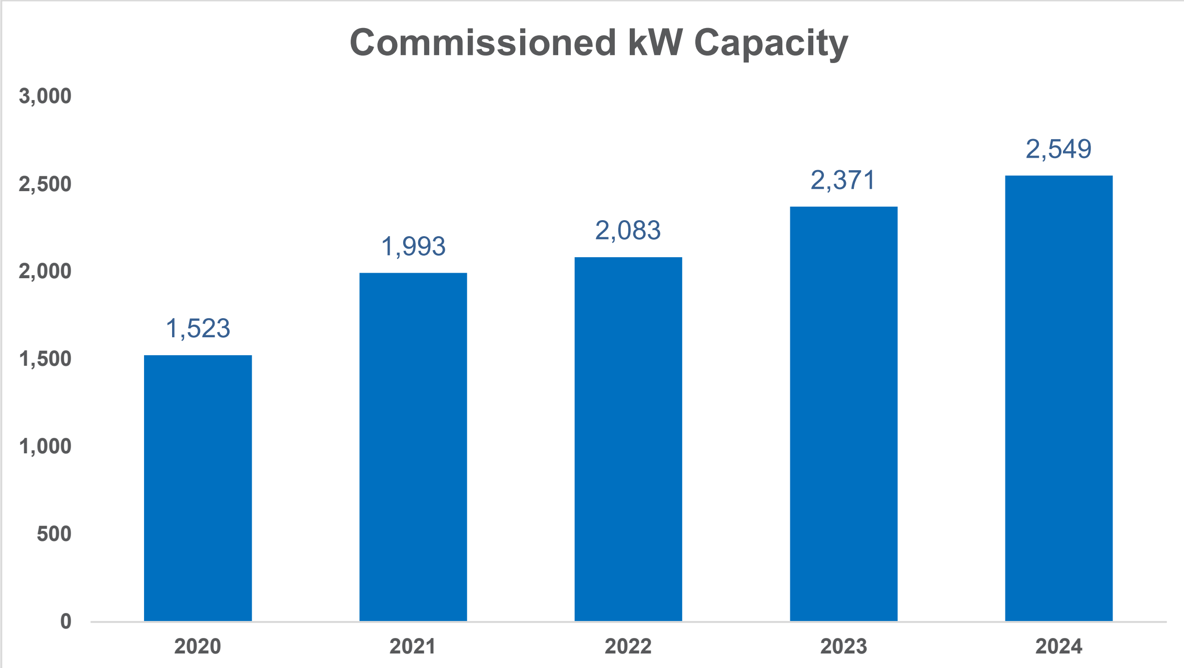
The following illustrates the quarterly royalty revenues from the eight most recently completed quarters:



The following illustrates the annual royalty revenues from the five most recently completed fiscal years:



Royalties are typically paid to EnWave the year following machine commissioning as Partners commence and scale commercial production. Therefore, commissioned kW capacity is a key driver of future royalty growth. The following illustrates commissioned kW capacity, for machines under CLAs, for the five most recently completed years at the date of the MD&A:



Commercial Licensing and Partnership Development

Research and Development License Agreement with Major Australian University

On October 25, 2023, the Company signed a Research and Development License Agreement with a major university in Australia (the "Australian University"). The Australian University has also committed to purchasing a 10kW Radiant Energy Vacuum dehydration machine to be used at its Brisbane campus.

Technology, Evaluation and License Option Agreement with North American Multi-State Cannabis Company

On February 2, 2024, the Company signed a Technology, Evaluation and License Option Agreement with a North American multi-state cannabis company to lease a 10kW REV™ machine to evaluate the value proposition of REV™ technology over other incumbent drying methods.

Toll Manufacturing Agreement with BranchOut Food Inc.

On February 6, 2024, the Company signed a toll manufacturing agreement with the current royalty partner BranchOut, to produce vegetable snack products on an interim basis.

Commercial License Agreement with Established South American Food Manufacturer

On February 28, 2024, the Company signed a new royalty-bearing commercial license with an established South American food manufacturer (the "South American Partner") that sells health supplements, snacks, cereals, and baked goods amongst other products. In conjunction, the South American Partner signed an equipment lease agreement to lease two 10kW REV™ machines, enabling immediate commercial production for products developed in collaboration with EnWave.

Technology, Evaluation and License Option Agreement with Food Company Led by Michelin Star Chef

On April 2, 2024, the Company signed a Technology, Evaluation and License Option Agreement with a North American food company led by a chef with multiple Michelin Stars (the "Food Company") to rent a pilot-scale REV™ machine to evaluate the value proposition of REV™ technology for their production of bespoke culinary creations that align with the vision of its Michelin Star chef owner. If the evaluation is deemed successful, EnWave will potentially support larger-scale production for the Food

Company at its REVworx toll-drying facility or help facilitate a co-manufacture relationship with another licensed royalty partner within EnWave's network.

Commissioning of 120kW REV™ Machine at Bridgford Foods

On April 28, 2024, the Company completed the commissioning of a 120kW REV™ machine for Bridgford Foods ("Bridgford") at their North Carolina facility. Bridgford will start production in partnership with the U.S. Department of Defense ("DoD") to supply the DoD with close combat field rations. Bridgford will also use the REV™ technology to develop additional consumer-branded products.

Equipment Purchase Agreement with Existing Royalty Partner

On May 22, 2024, the Company signed an Equipment Purchase Agreement with an existing royalty partner to acquire a 120kW REV™ machine. The royalty partner is actively commercializing its own branded snack products, as well as working with several major consumer packaged goods companies to develop and co-manufacture a number of new snack and ingredient products.

Equipment Purchase Agreement with BranchOut Food Inc.

On May 24, 2024, the Company signed an Equipment Purchase Agreement with BranchOut Food Inc. ("BranchOut") for a completely refurbished 100kW REV™ machine formerly being used by NutraDried for additional drying capacity. The royalty partner has increasing demands for the premium, healthy fruit and vegetable products and this is the third large-scale machine purchased by BranchOut.

Commercial License Agreement and Equipment Purchase Agreement with Bounty Specialty Foods Inc.

On June 24, 2024, the Company signed a new royalty-bearing, commercial license agreement with Bounty Specialty Foods Inc. ("Bounty"), a leading producer of protein products in Southeast Asia which grants certain exclusive rights for the production of several product types in the Philippines. Bounty has also purchased a 10kW REV™ machine for continued product development and early-stage commercial production for the Southeast Asian Market.

Commercial License Agreement with an existing Royalty Partner.

On July 23, 2024, the Company signed a commercial license with an existing royalty partner who sells a broad portfolio of fruit and vegetable products globally. The License grants the Royalty Partner with the right to use EnWave's proprietary vacuum-microwave dehydration technology in an unspecified Central American country for production of several tropical fruit products. In exchange for the rights granted in the License, this royalty partner will pay EnWave a six-figure annual fee (the "Fee"). If the Royalty Partner elects to purchase large-scale REV™ drying technology for use in the unspecified Central American country, royalties will then be paid to EnWave rather than future annual Fee's.

License Agreement, Equipment Purchase Agreement and Referral Agreement with CNTA of Spain

On October 23, 2024, the Company signed a license agreement, equipment purchase agreement for a 10kW REV™ machine and a referral agreement with CNTA, the Spanish National Centre for Food Technology and Safety. CNTA is a private non-profit association that aims to contribute towards improving the competitiveness and quality of the Spanish food sector. The license grants the R&D rights to CNTA to use the Company's proprietary Radiant Energy Vacuum dehydration technology in collaboration with their current and future clients.

Research & Development License and Lease Agreement with ELEA Technology GmbH

On December 12, 2024, the Company signed a research and development license and lease agreement with ELEA Technology GmbH ("ELEA"), the world's leading pulse electric field technology company. ELEA will lease a 10kW REV™ machine for use at its German facility beginning in February 2025 for a minimum three-month term.

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 is comprised of 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 concurrent with the purchase of REV™ machinery. This is often the case when the product applications have 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 two TELOAs with prospective licensees evaluating the use of REV™.

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)
Unnamed Cannabis Operator	10kW GMP	Cannabis	Europe(1)
Umland Pure Dry	2 x 10kW	Cheese	U.S.A.(1)
BranchOut Foods	120kW	Fruit & Vegetables	U.S.A. (1)
Existing Royalty Partner	120kW	Fruit & Vegetables	Undisclosed(2)
CNTA	10kW	Fruit & Vegetables	Spain(1)

Note:

(1) The Company has completed fabrication of the machine for the royalty partner and is pending installation for commercial production.
(2) Fabrication is on hold until the second trigger payment is received pursuant to the Equipment Purchase Agreement.

Research and Development License Agreements

EnWave has entered into Research and Development License Agreements ("RDLAs") with several institutions and companies. An RDLA provides a company, under mutual non-disclosure agreements, the ability to perform research and development for testing on product or materials, independently or for third parties, to determine if REV™ dehydration machinery is suitable. RDLAs, in certain cases allow for small scale commercial production if approval is granted by EnWave on a case-by-case basis. EnWave has **9 RDLA's** as summarized in the table below as at the date of this report:

Licensee	Machine Capacity	Territory
US Army	10kW	U.S.A.
Moore Parke Technology	10kW	Ireland
Cornell University	10kW	U.S.A.
Scitek Australia	10kW	Australia
Danish Institute of Technology	10kW	Denmark
Protein Isolate Plant International	10kW	Canada
Queensland University of Technology	10kW	Australia
CNTA	10kW	Spain
ELEA	10kW	Germany

Summarized Quarterly Results

The following is a selected summary of quarterly results for the eight most recently completed quarters to September 30, 2024, reported in Canadian dollars, the Company's presentation currency:

	2023				2024			
($ '000s)	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*
Revenues	2,785	4,635	2,486	1,457	1,262	663	2,622	3,634
Direct costs	(1,756)	(2,371)	(1,767)	(1,036)	(1,029)	(830)	(1,471)	(2,192)
Gross profit	1,029	2,264	719	421	233	(167)	1,151	1,442
Expenses	(1,772)	(1,577)	(1,637)	(1,026)	(1,377)	(1,392)	(1,386)	(854)
Net (loss) income	(743)	687	(918)	(605)	(1,144)	(1,559)	(235)	588
Discontinued operations	(1,286)	(3,386)	(1,031)	770	(151)	148	(32)	(13)
Adjusted EBITDA(1)	(256)	1,151	(192)	(324)	(756)	(1,268)	85	450
Loss per share: continuing operations – basic and diluted	(0.01)	0.01	(0.01)	0.00	(0.01)	(0.01)	0.00	0.00
Loss per share: discontinued operations – basic and diluted	(0.01)	(0.03)	(0.01)	0.00	0.00	0.00	0.00	0.00
Loss per share: Basic and diluted	(0.02)	(0.02)	(0.02)	0.00	(0.01)	(0.01)	0.00	0.00

Note:

(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 research and development projects but is not able to accurately predict the timing and frequency of machine orders. The revenue in any given period will vary depending on the number of machine orders received and CLAs signed, and this causes variability in our quarterly financial performance. This variability in timing of machine orders affects our quarterly revenues and operating results. Additionally, the Company generates royalty revenues each quarter from the installed REV™ equipment base with its royalty partners but does not have the ability to direct or control the commercial launch and royalty growth of each partner's product offering, resulting in fluctuations in the royalties earned by the Company each quarter.

Selected Financial Information

The following table sets out selected consolidated financial information for the periods indicated and has been derived from EnWave's consolidated financial statements. Each investor should be read the following in conjunction with the statements thereto.

($ '000s)	Year ended September 30, **2024**	**2023**	**2022**
Revenues	8,181	11,363	11,048
Direct costs	(5,522)	6,930	5,872
Gross margin	2,659	4,433	5,176
Operating expenses			
General and administration	2,346	2,198	2,737
Sales and marketing	1,468	1,396	2,102
Research and development	1,494	1,577	1,998
Net (loss) income for the year - continuing operations	(2,350)	(1,579)	(2,642)
Net loss for the year – discontinued operations	(48)	(4,933)	(4,285)
Net loss for the year	(2,398)	(6,512)	(6,927)
Loss per share, continuing operations			
Basic and diluted	(0.02)	(0.01)	(0.02)
Loss per share discontinued operations			
Basic and diluted	0.00	(0.05)	(0.04)
Loss per share (basic and diluted)	(0.02)	(0.06)	(0.06)
Comprehensive loss for the year	(2,389)	(6,622)	(6,492)
Adjusted EBITDA(1)	(1,489)	379	(681)
Total assets	13,147	16,031	25,847
Long term liabilities	998	973	1,603
Dividends declared	Nil	Nil	Nil

Note:

(1) Adjusted EBITDA is a non-IFRS financial measure. Please see the "*Non-IFRS Financial Measures*" section for more information, including a reconciliation to net loss.

Discussion of Operations

Revenue

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, toll manufacturing services and royalties earned from commercial license agreements.

($ '000s)	**2024**	**2023**
Revenue	8,181	11,363

Revenue for the year ended September 30, 2024, was $8,181, compared to $11,363 for the year ended September 30, 2023, a decrease of $3,182. The decrease for 2024 was due to fewer machine sales and machines in fabrications offset by higher royalties compared to 2023. There were three small scale machine sales and two large scale machine sales at varying levels of production compared to five small scale sale and four large-scale machine sales, two of which were resales during the same period of fiscal 2023. The timing and frequency of each large scale commercial machine order affects the timing of our revenues from the sale of REV™ machinery.

EnWave continues to pursue revenue growth through commercial machine sales and by signing new royalty-bearing licenses that are accompanied by machine purchase orders. 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.

During the year ended September 30, 2024, a toll manufacturing contract and purchase order was completed for Branchout through REVworx™. The tolling revenue recognized from the completed purchase order was $339 during the year ended September 30, 2024.

EnWave reported royalties of $1,961 for the year ended September 30, 2024, compared to $1,465 for the year ended September 30, 2023, an increase of $496 or 34%. Royalties are payable to EnWave as a percentage of the value of products sold, the number of units produced by our royalty partners, or a set fee paid monthly or quarterly. We also stipulate minimum annual royalty thresholds in our commercial license agreements, if granted, that must be met by the licensee in order for the licensee to retain exclusivity for production in that geographic area. Royalties increased for the year ended September 30, 2024, year over year, due to an increase in royalties on sales and production and exclusivity payments.

We expect our royalties to grow as we supply additional REV™ machine capacity to our royalty partners and sign new license agreements.

Direct costs

Direct costs comprise the cost of components, manufacturing & tolling labour, overhead costs, depreciation of manufacturing and REVworx™ plant and equipment, inventory write-offs, warranty costs and product transportation costs. Direct costs comprise all direct costs related to the revenue generating operations of the Company.

($ ‘000s)	2024	2023
Direct costs	5,522	6,930
% of revenue	67%	61%

Direct costs for the year ended September 30, 2024, were $5,522 compared to $6,930 for the year ended September 30, 2023, a decrease of $1,408. As a percentage of revenue, direct costs for the year ended September 30, 2024, increased by 6% due to the production mix of large and small machines, stages of fabrication, and resale of two machines in fiscal 2024 compared to the resale of a high margin large scale machine and more small scale machine sales in fiscal 2023.

The decrease in gross margin was primarily due to fewer machine sales for the year to absorb fixed overhead costs compared to the year ended 2023.

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)	2024	2023
General and administration	2,346	2,198
% of revenue	29%	19%

G&A expenses for the year ended September 30, 2024, were $2,346 compared to $2,198 for the year ended September 30, 2023, an increase of $148. G&A expenses increased for the year-end due to consultant advisory fees, personnel, insurance and legal 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.

($ '000s)	**2024**	**2023**
Sales and marketing	1,468	1.396
% of revenue	18%	12%

S&M expenses for the year ended September 30, 2024, were $1,468 compared to $1,396 for the year ended September 30, 2023, an increase of $72. For fiscal 2024, S&M expenses increased for the year due to the increase in marketing and tradeshow attendance, compared to fiscal 2023.

Research and development

Research and development ("R&D") expenses include costs for the Innovation Centre, salaries for technicians and scientists, facility costs, depreciation, and R&D travel costs. Additionally, R&D expenses include global patent filing, and some maintenance and overhead costs related to the Company's REVworx™ tolling facility.

($ '000s)	**2024**	**2023**
Research and development	1,494	1,577
% of revenue	18%	14%

R&D expenses for the year ended September 30, 2024, were $1,494 compared to $1,577 for the year ended September 30, 2023, a decrease of $83. R&D expenses decreased relative to 2023 due to the increase in patent searches offset by fewer design projects and travel. 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 new machine design.

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.

Stock-based compensation

Stock-based compensation expense was $248 for the year ended September 30, 2024, compared to $556 for the year ended September 30, 2023, a decrease of $308. The overall decrease to stock-based compensation expense was due to no stock option grants or restricted share rights ("RSRs") issued in the year ended September 30, 2024, and the vesting of stock options with the associated expense recorded in prior quarters.

($ '000s)	**2024**	**2023**
Stock-based compensation	248	556

Foreign exchange loss

Foreign exchange gain for the year ended September 30, 2024 was $1 compared to foreign exchange loss of $27 for the year ended September 30, 2023. 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)	**2024**	**2023**
Foreign exchange gain (loss)	(1)	27

Other income

On September 20, 2022, a civil counterclaim was commenced against the Company in the Supreme Court of British Columbia by certain former directors and officers of the Company (the "Durance Defendants"). The counterclaim was filed in response to a civil claim filed by the Company against the Durance Defendants and others. The counterclaim alleges breach of contract and breach of privacy related to the cessation of employment of one of the former directors.

In Q4 2024, the Company reached global settlements of its civil claim and the civil counterclaim in the Supreme Court of British Columbia with the Durance Defendants. Pursuant to the settlement, Durance Defendants are permanently restrained and enjoined from, directly or indirectly, selling, attempting to sell, supplying, delivering or installing vacuum microwave dryers. A defendant company operated by the Durance Defendants was also obligated to assign all issued and pending patents in the name of the defendant company to EnWave.

($ '000s)	**2024**	**2023**
Other income	475	-

Discontinued Operations

Discontinued operations relate to the wind-down and discontinuation of NutraDried which was substantially completed in the prior fiscal year. There are no active operations, leases, or employees of NutraDried as of the date of this report.

($ '000s)	**2024**	**2023**
Loss on discontinued operations	48	4,933

The results of operations of NutraDried are presented as discontinued operations for the year ended September 30, 2024:

	Year ended September 30	
	2024 **$**	**2023** **$**
Revenues	**-**	5,167
Cost of sales	**-**	(6,000)
Inventory write down	**-**	(631)
	-	(1,464)
Expenses		
General and administration	**(82)**	(679)
Sales and marketing	**110**	(1,237)
Depreciation	**-**	(870)
Restructuring costs	**-**	(573)
Professional Fees	**-**	(303)
Income (Loss) before other items	**28**	(5,126)
Other items:		
Loss on the sale of assets	**(86)**	(387)
Income tax recovery	**-**	(30)
Employee Retention Tax Credit	**-**	670
Impairment of right of use asset	**-**	(60)
Other Income	**10**	-
Total other items	**(76)**	193
Loss from discontinued operations	**(48)**	(4,933)

Due to the wind-down, NutraDried sold certain assets, including trademarks, auxiliary production equipment and select saleable inventory to Creations Foods U.S. Incorporated ("Creations").

Income taxes

Income tax expense for continuing operations was $nil for the year ended September 30, 2024, and the year ended September 30, 2023. During the fiscal year ended September 30, 2024, 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.

Income tax expense for discontinued operations was $nil for the year ended September 30, 2024, compared to $30 for the year ended September 30, 2023.

($ '000s)	**2024**	**2023**
Current tax (recovery) expense	-	30
Deferred tax (recovery) expense	-	-
Income tax (recovery) expense	-	30

Fourth Quarter Highlights

	Three months ended September 30, 2024 $	2023 $
Revenues	**3,634**	1,457
Direct costs	**2,192**	1,036
	1,442	421
Expenses		
General and administration	**604**	435
Sales and marketing	**319**	229
Research and development	**367**	357
Stock-based compensation	**30**	88
Other income	**(475)**	-
Foreign exchange loss (gain)	**35**	(59)
Finance income	**(63)**	(53)
Finance expense	**37**	29
	854	1,026
Income (loss) for the period continuing operations	**588**	(605)
Income tax expense		
Current	**-**	**-**
Deferred	**-**	**-**
Income (loss) from continuing operations	**588**	**(605)**
(Loss) income from discontinued operations	**(13)**	**770**
Income for the period	**575**	**165**

Revenue

EnWave had revenue of $3,634 for the three months ended September 30, 2024 compared to $1,457 for the three months ended September 30, 2023, an increase of $2,177. The increase for Q4 2024 was due to two large machine sales and an increase in royalties for Q4 2024.

($ '000s)	Three months ended September 30, 2024	2023
Revenue	3,634	1,457

EnWave earned royalties of $642 during the three months ended September 30, 2024, compared to $381 for the three months ended September 30, 2023, an increase of $261 or 69%, primarily a result of exclusivity payments during the period. We expect that as more large-scale machines are commissioned for commercial production our royalty portfolio will continue to grow.

Direct costs

Direct costs for the three months ended September 30, 2024, were $2,192 compared to $1,036 for the three months ended September 30, 2023, an increase of $1,156. As a percentage of revenue, direct costs for the three months ended September 30, 2024 decreased by 11% primarily due to the resale of a large scale machine and more machine parts sales.

($ '000s)	Three months ended September 30, 2024	2023
Direct costs	2,192	1,036
% of revenue	60%	71%

General and administration

G&A expenses for the three months ended September 30, 2024, were $604 compared to $435 for the three months ended September 30, 2023, an increase of $169. The overall increase in G&A expenses primarily relates to legal fees and a lease modification adjustment.

($ '000s)	Three months ended September 30, 2024	2023
General and administration	604	435
% of revenue	17%	30%

Sales and marketing

S&M expenses for the three months ended September 30, 2024, were $319 compared to $229 for the three months ended September 30, 2023, an increase of $90 primarily due to external brand consultant fees and higher travel costs for trade show attendance.

($ '000s)	Three months ended September 30, 2024	2023
Sales and marketing	319	229
% of revenue	9%	16%

Research and development

R&D expenses for the three months ended September 30, 2024, were $367 compared to $357 for the three months ended September 30, 2023, an increase of $10. R&D expenses increased due to higher patent searches.

($ '000s)	Three months ended September 30, 2024	2023
Research and development	367	357
% of revenue	10%	25%

Stock-based compensation

Stock-based compensation expense was $30 for the three months ended September 30, 2024, compared to $88 for the three months ended September 30, 2023. The decrease in stock-based compensation expense was due to the vesting and cancellation of stock options and RSRs granted during previous quarters.

($ '000s)	Three months ended September 30, 2024	2023
Stock-based compensation	30	88

Discontinued operations

Discontinued operations relate to the wind-down and discontinuation of NutraDried. NutraDried generated revenue from the sale of Moon Cheese into retail and wholesale distribution channels, and from the sale as bulk product ingredients and co-manufacturing.

($ '000s)	Three months ended September 30, 2024	2023
(Loss) income on discontinued operations	(13)	770

NutraDried expenses were negligible in Q4 2024 as a result of the wind-down. The income generated during Q4 2023 was primarily a result of the Employee Retention Tax Credit (the "ERTC") in the amount of $497K USD. The ERTC is a refundable tax credit from the United States government for businesses that were affected during the COVID-19 pandemic and paid employee wages after March 12, 2020, and before January 1, 2022.

Liquidity and Capital Resources

Working capital

The components of the Company's working capital at September 30, 2024, and September 30, 2023, are:

($ '000s)	**September 30, 2024**	September 30, 2023
Current assets		
Cash and cash equivalents	**4,762**	4,171
Restricted cash	**92**	417
Trade receivables	**642**	1,183
Due from customers on contract	**298**	818
Loans receivable, current	**979**	984
Inventory	**2,698**	3,353
Prepaids and other receivables	**470**	478
Income taxes receivable	**-**	672
	9,941	12,076
Current liabilities		
Trade and other payables	**1,830**	2,516
Customer deposits and deferred revenue	**322**	443
Current portion of lease liabilities	**576**	411
Current portion of other liability	**-**	126
	2,728	3,496
Working capital	**7,213**	8,580

As at September 30, 2024, the Company had working capital of $7,213, compared to $8,580 as at September 30, 2023. As at September 30, 2024, the cash and cash equivalents balance is $4,762 compared to $4,171 as at September 30, 2023, an increase of $591. The Company generated net cash from continuing operating activities of $1,116 at September 30, 2024.

EnWave had trade receivables of $642 as at September 30, 2024, compared to $790 as at September 30, 2023, and NutraDried had trade receivables of $nil as at September 30, 2024, compared to $393 as at September 30, 2023. The decrease in EnWave's trade receivables relates to the net collections of deposits on equipment sales contracts. The decrease in NutraDried's trade receivables mainly relates to the collection of the outstanding balances and settlement of the Asset Sale to Creations.

Due from customers on contract to EnWave as at September 30, 2024, was $298 compared to $818 as at September 30, 2023, with the decrease related to billings made on construction contracts. The amounts due from customers on contract are billed and collected when project specific milestones are reached on each project.

EnWave had inventory of $2,698 as at September 30, 2024, compared to inventory of $3,353 at September 30, 2023, a decrease of $655. Inventory decreased due to the sale of a large scale machine that was repatriated from NutraDried and the sale of three small scale machines during the period.

EnWave had current loans receivable of $979 as at September 30, 2024, compared to $984 as at September 30, 2023, that relate to equipment finance loans made to customers under equipment purchase arrangements. The current loans receivable decreased due to repayment of loans during the year according to the scheduled amortization. The loans receivable bear interest at a weighted average rate of 10%, have remaining terms ranging from 1 to 20 months and are amortized with monthly blended payments of interest and principal.

Trade and other payables as at September 30, 2024, includes $1,773 of trade payables and accrued liabilities related to EnWave, compared to $1,700 as at September 30, 2023, with the increase a result of the repurchase of a large scale machine from a cannabis multi-state operator and the timing of payments made to vendors and other counterparties. Trade and other payables for NutraDried were $57 as at September 30, 2024, compared to $816 as at September 30, 2023, with the decrease related to the wind-down of the company.

Financing and liquidity

Cash and cash equivalents were $4,762 as at September 30, 2024, compared to $4,171 as at September 30, 2023. As at September 30, 2024, the Company had net working capital of $7,213 compared to $8,580 at September 30, 2023. The change in cash consists of:

	Three months ended September 30,		**Year ended September 30,**	
($ '000s)	**2024**	**2023**	**2024**	**2023**
Cash generated from (used in) continuous operating activities	**1,508**	(273)	**1,116**	(1,620)
Cash (used in) generated from discontinued operating activities	**(190)**	453	**269**	(894)
Cash generated from (used in) investing continuous activities	**4**	916	**(116)**	35
Cash generated from discontinued investing activities	**-**	1,308	**-**	1,323
Cash used in financing continuous activities	**(160)**	(1,706	**(692)**	(381)
Cash used in financing discontinued activities	**-**	(147)	**-**	(519)

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.

Subsequent to year end, EnWave entered into a Credit Facility with Desjardins for growth and working capital purposes. The amount available to the Company under the Credit Facility is calculated as the lesser of $5,000 and a function of royalties, receivables and inventory. As at the date of this report, approximately $1,750 is available to the Company at a rate of Canadian prime plus 1.5%.

Additionally, EnWave signed a Term Loan with Desjardins for $500 with an amortization period of 48 months. The Term Loan is to be repaid monthly on equal and consecutive payments of principal plus interest at a rate of Canadian prime plus 2.00%.

The Credit Facility and Term Loan are secured by the Company's assets and includes a Minimum Liquidity Position covenant (the "Covenant") which requires EnWave to maintain a liquidity position greater than or equal to the greater of the 6-month trailing or projected cash burn, calculated on a free cash flow basis. The Covenant is tested monthly.

This non-dilutive debt, in addition to the Company's available working capital, will be used to fund EnWave's growth strategy and for general working capital purposes. The Company had a cash and cash equivalents balance at September 30, 2024, of $4,762 compared to $4,171 at September 30, 2023. The Company is targeting to fund operations through cash flows generated from machine sales, tolling, rentals and royalties from the commercialization of *nutra*REV® and *quanta*REV® technologies, toll manufacturing opportunities through REVworx, Term Loan and when needed, the Credit Facility. However, there can be no assurance that sufficient revenue will be generated to meet our cash needs or that the Credit Facility will be sufficient.

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 and the macroeconomic environment. If we are unable to achieve our targeted operating results, our liquidity could be adversely impacted. If further capital is needed in the future, our operating results could adversely affect our ability to raise additional capital and there is no assurance that debt or equity financing will be available in sufficient amounts, with acceptable terms or in a timely basis.

Capital expenditures

During the year ended September 30, 2024, EnWave incurred capital expenditures for the acquisition of plant and equipment of $218 compared to $46 for the year ended September 30, 2023. The increase in expenditures related to the purchase of production equipment for our REVworx™ facility which was partially financed by the grant from the Food Processing Growth Fund. Discontinued operations had capital inflows of $nil in comparison to $1,323 in the year ending September 30, 2023, relating to the sale of production equipment. Although we plan to continue to invest in capital equipment as necessary to support our growth, our business is not overly capital intensive.

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, 2024:

($ '000s)	**Due within 1 year**	**Due between 1 - 3 years**	**Due after 3 years**	**Total**
Financial liabilities				
Trade and other payables	1,830	-	-	1,830
Customer deposits and deferred revenues	322	-	-	322
Lease liabilities	576	998	-	1,574
Total	**2,728**	**998**	**-**	**3,726**

Transactions with Related Parties

During the year ended September 30, 2024, the Company paid directors' fees to its independent directors through a combination of cash and stock-based compensation for their services as directors of the Company. The decrease in Director's compensation is due to one less director and no equity grants relative to the comparative period.

The table below summarizes the transactions with related parties for the three months and year ended September 30, 2024, and 2023:

($ '000s)	**Three months ended September 30,**		**Years ended September 30,**	
	2024	2023	**2024**	2023
	$	$	**$**	$
Directors' fees	**15**	20	**70**	80
Stock-based compensation	**5**	9	**26**	47
	20	29	**96**	127

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, during the years ended September 30, 2024, and 2023 comprises the following expenses:

($ '000s)	**Three months ended September 30,**		**Years ended September 30,**	
	2024	2023	**2024**	2023
	$	$	**$**	$
Salaries, bonuses, and short-term employee benefits	**147**	400	**861**	1,338
Stock-based compensation	**20**	40	**143**	350
	167	440	**1,004**	1,688

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 $358 (2023 - $299).

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 set period of time. 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.

Discontinued operations

Discontinued operations are reported when a component of the Company, representing a separate major line of business or geographical area of operations with clearly distinguishable cash flows, has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Discontinued operations are reported as a separate element on the consolidated statements of loss and comprehensive loss for both the current and comparative periods. NutraDried has been classified and reported as a discontinued operation.

IFRS Accounting Standards and amendments issued and not yet adopted

The following IFRS Accounting 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 with an uncertain settlement date 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, 2024 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.

IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Company's consolidated financial statements. From the preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Company's net profit, the Company expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported.
- The line items presented in the financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The way in which the information is grouped in the financial statement notes might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
    - management-defined performance measures;
    - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss; and
    - for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From a cash flow statement perspective, interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending September 30, 2028 will be restated in accordance with IFRS 18.

Financial Instruments

Financial instruments and risk management

The Company's cash and cash equivalents, restricted cash, trade receivables, loan receivables, loan payable, trade and other payables, 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. When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy, based on the inputs used in the valuation techniques, as follows:

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.

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 carrying value of the loan receivables as at September 30, 2024, was $1,025 (2023 - $1,446) 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, 2024, was $1,574 (2023 - $1,384) 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, 2024, and 2023.

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, 2024, the Company has recorded a $nil (2023 - $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 chartered banks and other brokerages. 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, 2024:

($ '000s)	**Neither past due nor impaired**	**Past due but not impaired**		
	0 – 30 days	**31 – 90 days**	**91 – 365 days**	**Over 365 days**
Trade receivables	484	85	73	-
Due from customers on contract	298	-	-	-
Loans receivable	1,025	-	-	-
Indirect tax receivable	14	26	-	-
Total	1,821	111	73	-

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.

The Company attempts to ensure that sufficient funds are available 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. As of September 30, 2024, the Company had cash and cash equivalents of $4,762 to settle current liabilities of $2,728.

Financial assets maturity table:

($ '000s)	**0 – 30 days**	**31 – 90 days**	**91 – 365 days**	**Over 365 days**
Cash and cash equivalents and restricted cash	4,762	52	40	-
Trade receivables	642	-	-	-
Due from customers on contract	-	298	-	-
Loans receivable	113	226	640	46
Indirect taxes receivable	14	26	-	-
Total	5,531	602	680	46

Financial liabilities, excluding other liabilities, maturity table:

($ '000s)	**0 – 30 days**	**31 – 90 days**	**91 – 365 days**	**Over 365 days**
Trade and other payables	1,474	356	-	-
Customer deposits and deferred revenue	241	81	-	-
Lease liabilities	45	92	439	998
Total	1,760	529	439	998

Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest risk from the interest rate impact on cash and cash equivalents, restricted cash, and Loan payable. The Company earns interest on deposits based on current market interest rates, which during the year ended September 30, 2024, ranged from 4.65% to 5.40% (2023 - 3.70% to 5.40%). A 1% change in interest rates would affect the results of operations by approximately $19 (2023 - $45).

Foreign exchange risk

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

(i) The Company is exposed to currency risk through suppliers with purchase orders denominated in US dollars; and

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

A significant change in the currency exchange rate of the Canadian dollar relative to the US dollar could influence the Company's results of operations. As at September 30, 2024, all of the Company's liquid assets and liabilities were held in Canadian dollars and US dollars.

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 net loss for the year ended September 30, 2024, and 2023 as follows:

($ '000s)	2024 $	2023 $
US dollar	872	986

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 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.

Non-IFRS Financial Measures

In addition to results reported in accordance with IFRS Accounting Standards, 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 Adjusted EBITDA.

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, non-recurring income and expenses, restructuring and severance charges and discontinued operations. 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 quarterly net (loss) income to Adjusted EBITDA for the last eight quarters:

($ '000s)	*Dec 31, 2022*	*Mar 31, 2023*	*Jun 30, 2023*	*Sep 30, 2023*	*Dec 31, 2023*	*Mar 31, 2024*	*Jun 30, 2024*	*Sep 30, 2024*
Net (loss) income after income tax	(2,029)	(2,699)	(1,949)	165	(1,295)	(1,411)	(267)	575
Amortization and depreciation(1)	289	276	276	276	275	288	299	298
Stock-based compensation(2)	168	197	103	88	115	71	32	30
Foreign exchange (gain) loss(3)	41	(9)	54	(59)	24	(51)	(9)	35
Finance income(4)	(46)	(33)	(53)	(53)	(52)	(54)	(42)	(63)
Finance expense(4)	35	33	31	29	26	37	40	37
Non-recurring (income) expense(5)	-	-	315	-	-	-	-	(475)
Discontinued operations(6)	1,286	3,386	1,031	(770)	151	(148)	32	13
Adjusted EBITDA	(256)	1,151	(192)	(324)	(756)	(1,268)	85	450

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 and finance expenses do not relate to costs to operate our ongoing operations.
(5) Non-recurring expenses, like impairment and restructuring costs, and non-recurring income do not form part of the costs to operate our ongoing operations and are not expected to reoccur in the future.
(6) Discontinued operations relate to NutraDried, which is in the process of an orderly wind-down and not part of the Company's continuing operations.

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, product development, market position, expected expenditures, and the Company's intended focus for the future 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 *quanta*REV®, *nutra*REV®, and *freeze*REV® technologies in the food, pharmaceutical and cannabis industries will depend, in a large part, on whether these targeted markets view these technologies as safe, effective and economically beneficial. Market acceptance will also depend on the Company's ability to demonstrate that its technologies are attractive alternatives to existing options and the most suitable vacuum-microwave option. If the Company fails to demonstrate feasibility, commercially viable scale within acceptable product quality and equipment performance standards, or compete successfully against existing or potential competitors, its operating results may be adversely affected.
- EnWave has entered into commercial licenses and equipment supply agreements with several Royalty Partners in the food and cannabis processing industries. There is no guarantee that these Royalty Partners will successfully launch products that are sustainable in the

marketplace or ultimately pay royalties to the Company. There is no guarantee these Royalty Partners will place future commercial machine orders with the Company or continue doing business with EnWave on favourable terms or at all.

- EnWave currently incurs expenditures related to the Company's operations and investment activities that may generate negative operating cash flow. Operating cash flow may decline in certain circumstances, many of which are beyond the Company's control. There is no assurance that sufficient revenues will be generated in the near future. Because the Company continues to incur significant expenditures on research and development, sales and marketing, and general and administrative expenses, the Company may experience negative operating cash flow until it reaches a sufficient level of sales and royalty earnings with positive gross margins to cover operating expenses.
- EnWave's operations may require importing and exporting goods and technology across international borders on a regular basis. The Company may be subject to various duties applicable to materials manufactured in foreign countries and may be affected by various other import and export restrictions, as well as other considerations or developments impacting upon international trade, including economic or political instability, shipping delays, and product quotas. Although the Company mandates strict compliance with Canadian, US, and other applicable international trade laws, there are no assurances that the Company's policies and procedures will prevent violations of such laws.
- 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, lenders, secure grants, or generate sustained positive operating cash flow it may limit the Company's research and development, ongoing testing programs, regulatory approvals and ultimately impact its ability to commercialize its technologies.
- A significant reduction of purchases, whether as a result of postponements or delays in orders for our products, contractual disputes or otherwise, by any of our largest Royalty Partners, could have a material adverse effect on our business, financial condition, liquidity and results of operations.
- The Company's revenue model is dependent on joint product development projects with prospective Royalty Partners operating under TELOAs. The Company is unable to predict when and if the time and economic investment made during the sales cycle will convert into a CLA and revenue from the sale of equipment and royalty payments. This sales cycle can be long and does not necessarily translate into revenues, and there is no guarantee that companies evaluating the adoption of REV™ under TELOAs or R&D agreements will convert into CLAs. As a result, the Company cannot accurately predict the length of its sales cycle, which results in periodic fluctuations in revenues, profitability and cash flow.
- EnWave's business is dependent on its ability to obtain and maintain the proprietary nature of its technologies, products and manufacturing processes. There can be no assurance that we will not be subject to intellectual property infringement claims by others, or that any patent applications will result in patents being issued or that current or additional patents will afford protection against competitors. No guarantee can be given that others will not independently develop substantially equivalent proprietary information or techniques, or otherwise gain access to our proprietary technology.
- The Company's future success and competitive position depends, in part, on its ability to obtain and maintain the proprietary nature of its technologies, products and manufacturing processes. There can be no assurance that we will not be subject to intellectual property infringement claims by others, or that any patent applications will result in patents being issued or that current or additional patents will afford protection against competitors.

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 2024 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; 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; product 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; 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 health crises including epidemics, pandemic, or emergence/re-emergence of infections diseases.

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 MD&A, the Company had no material off-balance sheet arrangements.

Capital Structure and Outstanding Share Data

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

	September 30, 2024		December 12, 2024	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Common shares outstanding	110,825,055	N/A	110,825,055	N/A
Options				
Outstanding	3,978,769	0.71	6,705,385	0.46
Exercisable	3,436,972	0.74	3,053,588	0.67
RSRs				
Outstanding	360,000	0.97	425,000	0.86

As of the date of this MD&A, the Company has 110,825,055 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.sedarplus.ca.

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

Directors
John P.A. Budreski
Brent Charleton
Mary C. Ritchie
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:

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