ENWAVE CORPORATION

Second Quarter 2023
Management Discussion and Analysis

Six months ended March 31, 2023

(expressed in thousands of Canadian dollars)

Dated: May 25, 2023

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

MANAGEMENT DISCUSSION AND ANALYSIS
SECOND QUARTER
FOR THE SIX MONTHS ENDED MARCH 31, 2023

Date of this report: May 25, 2023

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 six months ended March 31, 2023 relative to the six months ended March 31, 2022, and the financial position of the Company at March 31, 2023 relative to September 30, 2022. It should be read in conjunction with EnWave's unaudited condensed consolidated interim financial statements and accompanying notes for the three and six months ended March 31, 2023 ("Q2-2023") and 2022 ("Q2-2022"), as well as the 2022 annual MD&A and the 2022 annual audited consolidated financial statements and accompanying notes, and the 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 the presentation and preparation of the condensed consolidated interim financial statements and the MD&A. The condensed consolidated interim 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 condensed consolidated interim 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 **51 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. 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 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 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 serve 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 expand the use of REV™ into additional markets.

Recent Developments

NutraDried Operational Wind-Down and Sale of Assets

On January 23, 2023 the Company announced it will commence an orderly wind-down and value maximization process for its operating subsidiary NutraDried. NutraDried's financial performance over the past three fiscal years had deteriorated materially and after assessment of long-term prospects, EnWave's Board of Directors and Executive Management determined that the performance standards that EnWave requires for future ownership and support will not be achieved. NutraDried's diminishing performance over the past three years has been linked to abnormally high block pricing for cheese combined with overall lower sales across several of its key distribution channels which are expected to continue in the near to long-term future.

On March 15, the Company announced the sale of certain assets (the "Asset Sale") of NutraDried to Creations foods U.S. Incorporated ("Creations"), a snacking company located in Washington State. Creations is a portfolio company of Tio Investment Partners, a Canadian firm that focuses on innovation in the agri-food space. The Asset Sale to Creations includes the Moon Cheese® brand, as well as other NutraDried trademarks, auxiliary equipment and saleable inventory for total consideration of $1,608 USD. Creations will take over production, sales and distribution of the Moon Cheese product portfolio.

EnWave sold one of the two 100kW Radiant Energy Vacuum machines installed at NutraDried's facility (the "REV™ Purchase Order") to Creations for consideration of $1,000 USD. The REV™ Purchase Order will generate a margin commensurate with EnWave's target margin for typical REV™ machine sales. EnWave intends to strategically re-sell the second 100kW REV™ machine to either a current or new licensed royalty partner in the coming quarters and has already re-sold the 10kW REV™ machine to a current royalty partner. EnWave has also executed a royalty-bearing commercial license agreement with Creations to produce cheese snacks in the United States (the "License"). In addition, NutraDried has assigned one of two facility leases to Creations effective April 1, 2023. The License, and REV™ Purchase Order will immediately improve EnWave's cash royalty generation potential and allows for the Company to allocate all resources to grow its technology licensing business.

As part of the orderly wind-down and as of the date of this report, 30 NutraDried employees are no longer with the Company, including Brad Lahrman, NutraDried's former CEO. NutraDried continues to employ 3 people to assist in the orderly wind-down.

Overall Performance

For Q2 2023, the Company had revenues of $4,635, compared to $1,498 in the same period in fiscal 2022, an increase of 209% or $3,137. The Company had a net profit from continuous operations of $687 in Q2 2023, compared to a net loss from continuous operations of $1,699 for Q2 2022, an increase of $2,386. The Company reported an Adjusted EBITDA(*) profit of $1,151 for Q2 2023 compared to an Adjusted EBITDA(*) loss of $1,039 for Q2 2022, an increase of $2,190.

EnWave's revenues increased $3,137 due to timing of machine fabrication contracts and the sale of two high margin machines in Q2 2023, which were repurchased from a cannabis partner and repatriated from NutraDried. For the six months ended March 2023, EnWave reported a net loss of $56 for Q2 2023, compared to a net loss of $1,384 for Q2 2022, an increase of $1,328. During the quarter, the Company had five customized machines in fabrication, four of which were large-scale machines and one which was a GMP small-scale machine.

EnWave had third-party royalty revenue of $277 for Q2 2023, compared to $245 for Q2 2022, an increase of $32 or 13% as a result of an increase in 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 Q2 2023, the Company reported a loss from discontinued operations of $3,386 compared to $687 for Q2 2022, a decrease of $2,699. For the six months ended March 31, 2023, the Company reported a loss from discontinued operations of $4,672 compared to $1,255 in the same period in 2022, a decrease of $3,417. The decrease is 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.

Commercial Licensing and Partnership Development

Equipment Purchase Agreement and License Agreement with a Major Canadian Cannabis Company

On January 18, 2023, the Company signed a royalty-bearing commercial license agreement with an undisclosed, major Canadian cannabis company and granted the non-exclusive rights to produce cannabis products in Canada. The Cannabis Partner purchased a 120kW REV™ machine to initiate commercial production of premium smokeable flower, cannabis plant material destined for extraction and several edible products.

Equipment Purchase Agreement with Existing Royalty Partner to Triple Capacity

On February 24, 2023, the Company sold two 10kW REV™ machines to an existing licensed royalty partner. The royalty partner will triple its North American REV™ manufacturing capacity with these machines to better support the growing market demand for its commercial products. The Company delivered the first machine in Q2 2023 and the second unit is expected to be delivered in the latter half of fiscal 2023.

Equipment Purchase Agreement and License Agreement with PiP International

On May 15, 2023, the Company signed a license with PiP International Incorporated ("PIP") to allow for the commercialization of high-value plant-based ingredients. PIP has purchased a 10kW REV™ machine for continued product development.

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 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 **four 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)
Australian Cannabis Company	10kW GMP	Cannabis	Australia(1)
Cannabis Multi-State Operator	120kW	Cannabis	USA(1)
Unnamed Cannabis Operator	10kW GMP	Cannabis	Europe(1)
Royalty Partner	60kW	Fruit and Vegetables	Japan
Current Royalty Partner	2 x 10kW	Cheese	U.S.A

Note:

(1) The machine has been fabricated by the Company and is awaiting commissioning at the royalty partner's site.

Summarized Quarterly Results

The following is a selected summary of quarterly results for the eight most recently completed quarters to March 31, 2023, reported in Canadian dollars, the Company's presentation currency:

	2021		2022				2023	
($ '000s)	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*
Revenues	3,560	3,883	4,066	1,498	2,660	2,832	2,785	4,635
Direct costs	(1,841)	(2,010)	(1,789)	(935)	(1,423)	(1,725)	(1,756)	(2,371)
Gross profit	1,719	1,873	2,277	563	1,237	1,107	1,029	2,264
Expenses	(1,124)	(1,802)	(1,962)	(2,262)	(2,044)	(1,558)	(1,772)	(1,577)
Net income(loss)	595	71	315	(1,699)	(807)	(451)	(743)	687
Discontinued operations	75	(51)	(568)	(687)	(1,208)	(1,822)	(1,286)	(3,386)
Adjusted EBITDA(1)	455	177	609	(1,039)	(224)	(27)	(256)	1,151
Loss per share: continuing operations – basic and diluted	0.01	0.00	0.00	(0.02)	(0.01)	(0.02)	(0.01)	0.01
Loss per share: discontinued operations - basic and diluted	0.00	0.00	(0.01)	0.00	(0.01)	(0.02)	(0.01)	(0.03)
Loss per share: basic and diluted	0.01	0.00	(0.01)	(0.02)	(0.02)	(0.04)	(0.02)	(0.02)

(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 condensed consolidated interim financial statements and accompanying notes for the three and six months ended March 31, 2023 and 2022 and should be read in conjunction with those financial statements.

($ '000s)	**Three months ended March 31,**			**Six months ended March 31,**		
	2023	2022	Change %	**2023**	2022	Change %
Revenues	**4,635**	1,498	209%	**7,420**	5,564	33%
Direct costs	**(2,371)**	(935)	154%	**(4,127)**	(2,724)	52%
Gross margin	**2,264**	563	302%	**3,293**	2,840	16%
Operating expenses						
General and administration	**697**	745	(6%)	**1,252**	1,464	(14%)
Sales and marketing	**276**	521	(45%)	**890**	1,105	(19%)
Research and development	**415**	550	(28%)	**812**	1,087	(25%)
	1,388	1,816	(24%)	**2,954**	3,656	(19%)
Net income(loss) - continuous operations	**687**	(1,699)	140%	**(56)**	(1,384)	96%
Net loss - discontinued operations	**(3,386)**	(687)	393%	**(4,672)**	(1,255)	272%
Adjusted EBITDA(1) (loss) income	**1,151**	(1,039)	211%	**895**	(430)	308%
Loss per share:						
Continuous operations – basic and diluted	**$ 0.01**	$ (0.02)		**$ (0.00)**	$ (0.01)	
Discontinued operations – basic and diluted	**$ (0.03)**	$ (0.00)		**$ (0.04)**	$ (0.01)	
Basic and diluted	**$ (0.02)**	$ (0.02)		**$ (0.04)**	$ (0.02)	

(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, and royalties earned from commercial license agreements. EnWave anticipates generating revenue from toll manufacturing services in fiscal 2023.

	Three months ended March 31,		Six months ended March 31,	
($ '000s)	**2023**	**2022**	**2023**	**2022**
Revenue	4,635	1,498	7,420	5,564

Revenue for the six months ended March 31, 2023, was $7,420, compared to $5,564 for the six months ended March 31, 2022, an increase of $1,856. Revenue for the three months ended March 31, 2023, was $4,635, compared to $1,498 for the three months ended March 31, 2022, an increase of $3,137. The increase in revenue was due to the resale of two large scale machines, one repurchased from a cannabis partner and the other from NutraDried in Q2 2023. In addition, general machine fabrication revenue was up with four large scale machines and one small GMP machine in production compared to three large scale and three small GMP machines in the same period of fiscal 2022. Overall, small scale machines sales were down from Q2 2022. 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. The REVworx™ division is pursuing new commercial opportunities for its services. 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 reported royalties of $277 for the three months ended March 31, 2023, compared to $245 for the three months ended March 31, 2022, an increase of $32 or 13%. Royalties for the six months ended March 31, 2023, are $690 compared to $750 in fiscal 2022, a decrease of $60 or 8%. 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 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 three months ending March 31, 2023, year over year, due to increased royalties on sales and production of Partners. Royalties decreased by $60 or 8% for the six months ending March 31, 2023, as a result of some partners foregoing exclusivity. Additionally, some partners had higher royalties during the calendar year 2022, resulting in a smaller royalty obligation in Q1 2023 to meet the minimum annual royalty threshold resulting in lower fiscal year to date royalties for the six months ending March 31, 2023.

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

Direct costs

Direct costs comprise the cost of components, manufacturing labour, overhead costs, depreciation of manufacturing 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.

	Three months ended March 31,		Six months ended March 31,	
($ '000s)	**2023**	**2022**	**2023**	**2022**
Direct costs	2,371	935	4,127	2,724
% of revenue	51%	62%	56%	49%

Direct costs for the three months ended March 31, 2023, were $2,371 compared to $935 for the three months ended March 31, 2022, an increase of $1,436. As a percentage of revenue, direct costs for the three months ended March 31, 2023 decreased by 11% due to the resale of high margin machines.

Direct costs for the six months ended March 31, 2023 were $4,127, compared to $2,724 for the six months ended March 31, 2022, an increase of $1,403. Direct costs as a percentage of revenues for the six months ended March 31, 2023, increased by 7% compared to the six months ended March 31, 2022. The decrease in gross margin was primarily due to the production mix and increased fabrication of large scale machines.

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.

	Three months ended March 31,		Six months ended March 31,	
($ '000s)	**2023**	**2022**	**2023**	**2022**
General and administration	697	745	1,252	1,464
% of revenue	15%	50%	17%	26%

G&A expenses for the six months ended March 31, 2023, were $1,252 compared to $1,464 for the six months ended March 31, 2022, a decrease of $212 or 14%. G&A expenses for the three months ended March 31, 2023, were $697 compared to $745 for the three months ended March 31, 2022, a decrease of $48. The overall decrease to G&A expenses primarily relates to reduced legal fees, investor relations consultants and personnel costs for Directors. The Company has not significantly adjusted its G&A spending relative to the prior year.

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.

	Three months ended March 31,		Six months ended March 31,	
($ '000s)	**2023**	**2022**	**2023**	**2022**
Sales and marketing	276	521	890	1,105
% of revenue	6%	35%	12%	20%

S&M expenses for the six months ended March 31, 2023, were $890 compared to $1,105 for the six months ended March 31, 2022, a decrease of $215. The decrease to S&M expenses is attributable a reduction in spend for branding consultants and a reduction in personnel costs. S&M expenses for the three months ended March 31, 2023, were $276 compared to $521 for the three months ended March 31, 2022, a decrease of $245 primarily due to reduced commissions paid to third-party sales representatives and personnel costs.

Research and development

Research and development ("R&D") expenses include the salaries of the pilot plant technicians and scientists, global patent filing and maintenance costs, pilot plant facility costs, and R&D staff travel expenses. R&D also includes overhead costs related to the Company's REVworx™ tolling facility, and depreciation expense for R&D equipment.

	Three months ended March 31,		Six months ended March 31,	
($ '000s)	**2023**	**2022**	**2023**	**2022**
Research and development	415	550	812	1,087
% of revenue	9%	37%	11%	20%

R&D expenses for the six months ended March 31, 2023, were $812 compared to $1,087 for the six months ended March 31, 2022, a decrease of $275. R&D expenses for the three months ended March 31, 2023, were $415 compared to $550 for the three months ended March 31, 2022, a decrease of $135. R&D expenses for 2023 decreased relative to 2022 due to less upgrades to machine designs, and fewer patent searches. 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 $365 for the six months ended March 31, 2023, compared to $612 for the six months ended March 31, 2022, a decrease of $247. Stock-based compensation expense was $197 for the three months ended March 31, 2023, compared to $378 for the three months ended March 31, 2022, a decrease of $181. The overall decrease to stock-based compensation expense was due to fewer stock option grants issued in 2023 and the vesting of stock options and restricted share rights ("RSRs") with the related expense recorded in prior quarters.

	Three months ended March 31,		**Six months ended March 31,**	
($ '000s)	**2023**	**2022**	**2023**	**2022**
Stock-based compensation	197	378	365	612

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.

	Three months ended March 31,		**Six months ended March 31,**	
($ '000s)	**2023**	**2022**	**2023**	**2022**
Loss on discontinued operations	(3,386)	(687)	(4,672)	(1,255)

Overall, sales decreased for the six months ending March, 31, 2023 to 2022, due to the absence of Costco Canada and Target sales in fiscal 2023.

The results of operations of NutraDried are presented as discontinued operations for the six months ended March 31, 2023:

	Six months ended	
	March 31, 2023 $	**March 31, 2022 $**
Revenues	**5,499**	7,617
Cost of sales	**(5,730)**	(6,006)
Inventory write down	**(634)**	-
	(865)	1,611
Expenses		
General and administration	**(450)**	(525)
Sales and marketing	**(1,004)**	(1,476)
Depreciation	**(899)**	(736)
Restructuring costs	**(794)**	-
Professional Fees	**(211)**	(107)
Loss before other items	**(4,223)**	(1,233)
Other items:		
Loss on the sale of assets	**(389)**	(22)
Impairment of right of use asset	**(60)**	-
Total other items	**(449)**	(22)
Loss from discontinued operations	**(4,672)**	(1,255)

Due to the wind-down higher costs were incurred for restructuring, personnel related expenses and legal fees. Additionally, there was a write down of inventory and a loss on the sale of assets as a result of the Asset Sale to Creations. . Sales and marketing decreased due to limited attendance at trade shows in fiscal 2023 and a decrease in external consultant services.

Liquidity and Capital Resources

Working capital

The components of the Company's working capital on March 31, 2023, and September 30, 2022 are:

($ '000s)	**March 31, 2023**	September 30, 2022
Current assets		
Cash and cash equivalents	**3,487**	6,199
Restricted cash	**610**	614
Trade receivables	**3,909**	1,980
Due from customers on contract	**813**	852
Loans receivable, current	**824**	515
Inventory	**4,404**	6,622
Prepaids and other receivables	**561**	678
Income taxes receivable	**30**	540
	14,638	18,000
Current liabilities		
Borrowings	**-**	4
Trade and other payables	**4,381**	4,476
Customer deposits and deferred revenue	**286**	1,311
Current portion of lease liabilities	**497**	820
Current portion of other liability	**-**	5
	5,164	6,616
Working capital	**9,474**	11,384

As at March 31, 2023, the Company had working capital of $9,474, compared to $11,384 as at September 30, 2022. As at March 31, 2023, the cash and cash equivalents balance is $3,487 compared to $6,199 as at September 30, 2022, a decrease of $2,712. The Company used net cash from operating activities of $1,635 at March 31, 2023 compared to $322 for the six months ended March 31, 2022.

EnWave had trade receivables of $959 as at March 31, 2023, compared to $813 as at September 30, 2022, and NutraDried had trade receivables of $2,950 as at March 31, 2023, compared to $1,167 as at September 30, 2022. The increase in EnWave's trade receivables relates to the net collections of deposits and performance milestones completed on equipment sales contracts. The increase in NutraDried's trade receivables mainly relates to the outstanding balance for the asset sale to Creations as at March 31, 2023.

Due from customers on contract to EnWave as at March 31, 2023, was $813 compared to $852 as at September 30, 2022, with the slight 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 $4,300 as at March 31, 2023, compared to inventory of $3,550 at September 30, 2022, an increase of $750. The increase is a result of efforts to mitigate supply chain risks and ensure critical components are available for machine fabrication. NutraDried had inventory of $104 as at March 31, 2023, compared to $3,072 as at September 30, 2022, a decrease of $2,968. The decrease in inventory primarily relates to the sale of NutraDried's inventory to Creations as part of the wind-down.

EnWave had current loans receivable of $824 as at March 31, 2023, compared to $515 as at September 30, 2022, that relate to equipment finance loans made to customers under equipment purchase arrangements. The current loans receivable increased due the sale of a 100kW machine to

Creations offset by repayment of loans during the year according to the scheduled amortization. The loans receivable bear interest at a weighted average rate of 8%, have terms ranging from 5 to 25 months and are amortized with monthly blended payments of interest and principal.

Trade and other payables as at March 31, 2023, includes $2,607 of trade payables and accrued liabilities related to EnWave, compared to $2,621 as at September 30, 2022. Trade and other payables for NutraDried were $1,774 as at March 31, 2023, compared to $1,855 as at September 30, 2022, with the decrease related to the wind-down of the company.

Financing and liquidity

Cash and cash equivalents were $3,487 as at March 31, 2023, compared to $6,199 as at September 30, 2022. As at March 31, 2023, we had net working capital of $9,474 compared to $11,384 at September 30, 2022. The change in cash consists of:

	Three months ended March 31,		Six months ended March 31,	
($ '000s)	**2023**	**2022**	**2023**	**2022**
Cash (used in) from continuous operating activities	**(327)**	1,509	**(1,635)**	(322)
Cash used in from discontinued operating activities	**(415)**	879	**(794)**	(664)
Cash used in investing continuous activities	**(9)**	(549)	**51**	(885)
Cash used in investing of discontinued activities	**513**	(354)	**343**	(452)
Cash used in financing continuous activities	**(133)**	(114)	**(239)**	(216)
Cash used in financing discontinued activities	**(335)**	(730)	**(448)**	(202)

We believe that our current working capital surplus of $9,474 is sufficient to meet our financing needs, maintain right-sized operations and grow in the near-term, and achieve planned growth in the long-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.

With the Asset Sale of NutraDried, management believes the completion of the related wind-down process will be cash neutral or cash positive to EnWave and will be completed by the end of fiscal 2023.

The Company has drawn from its cash position to finance its operations in Q2 2023. 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, toll manufacturing opportunities and to mitigate any future excess capital requirements with the wind-down of NutraDried by the end of the fiscal year. 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, 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 six months ended March 31, 2023, we incurred capital inflows of $28 related to the sale of plant and equipment compared to capital expenditures of $949 for acquisition of plant and equipment for the six months ended March 31, 2022 relating to the set up of our REVworx™ toll manufacturing facility. Discontinued operations had capital inflows of $343 resulting from the sale of assets to Creations compared to expenditures of $452 in the 6 months ending March 31, 2022 relating to 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 March 31, 2023:

($ '000s)	**Due within 1 year**	**Due between 1 - 3 years**	**Due after 3 years**	**Total**
Financial liabilities				
Trade and other payables	4,381	-	-	4,381
Lease liabilities	497	597	568	1,662
Total	**4,878**	**597**	**568**	**6,043**

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 March 31, 2023.

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. The claim was settled on March 21, 2023.

Transactions with Related Parties

During the three and six months ended March 31, 2023, the Company paid quarterly 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, a voluntary reduction in overall remuneration and no equity grants relative to the comparative period.

The table below summarizes the transactions with related parties for the three and six months ended March 31, 2023, and 2022:

($ '000s)	**Three months ended March 31,**		**Six months ended March 31,**	
	2023	2022	**2023**	2022
	$	$	**$**	$
Directors' fees	**20**	50	**40**	100
Stock-based compensation	**13**	23	**26**	46
	33	73	**66**	146

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. The decrease in management remuneration relates to voluntary salary reductions and a decrease in bonuses relative to the comparative period.

Remuneration of key management personnel of the Company, during the three and six months ended March 31, 2023, and 2022 comprises the following expenses:

($ '000s)	**Three months ended March 31,**		**Six months ended March 31,**	
	2023	2022	**2023**	2022
	$	$	**$**	$
Salaries, bonuses, and short-term employee benefits	**188**	316	**790**	1,237
Stock-based compensation	**151**	195	**246**	329
	339	511	**1,036**	1,566

Critical Accounting Estimates

The preparation of condensed consolidated interim 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 that 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.

Significant estimates and judgments used in the preparation of the consolidated financial statements are described in the annual audited consolidated financial statements for the year ended September 30, 2023 with the exception of new significant accounting estimates and judgements noted below.

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.

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 consolidated 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 is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Financial Instruments Risk

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 condensed consolidated interim financial statements.

Credit risk

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

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

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

The following table provides information regarding the aging of receivables as at March 31, 2023:

($ '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	3,671	147	91	-
Due from customers on contract	813	-	-	-
Loans receivable	1,526	-	-	-
Indirect tax receivable	-	-	33	-
Income tax receivable	-	-	30	-
Total	6,010	147	154	-

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 March 31, 2023, the Company had current assets of $14,638 to settle current liabilities of $5,164.

Financial assets maturity table:

($ '000s)	**0 – 30 days**	**31 – 90 days**	**91 – 365 days**	**Over 365 days**
Cash and cash equivalents and restricted cash	3,487	-	610	-
Trade receivables	3,909	-	-	-
Due from customers on contract	675	59	79	-
Loans receivable	136	149	539	702
Indirect taxes receivable	-	-	33	-
Income taxes receivable	-	-	30	-
Total	8,207	208	1,291	702

Financial liabilities maturity table:

($ '000s)	**0 – 30 days**	**31 – 90 days**	**91 – 365 days**	**Over 365 days**
Trade and other payables	4,187	114	49	-
Customer deposits and deferred revenue	286	-	-	-
Lease liabilities	46	92	359	1,165
Indirect taxes payable	31	-	-	-
Total	4,550	206	408	1,165

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 six months ended March 31, 2023 ranged from 3.70% to 4.65% (2022 - 0.65% to 1.10%). A 1% change in interest rates would affect the results of operations by approximately $45 (2022 - $42).

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 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 March 31, 2023, all of the Company's liquid assets and liabilities were held in Canadian dollars and US dollars.

The Company enters into foreign exchange derivative contracts when appropriate to minimize exposure to foreign currencies when appropriate. As at March 31, 2023, 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 net loss for the six months ended March 31, 2023, and 2022 as follows:

($ '000s)	**2023 $**	**2022 $**
US dollar	85	315

Capital management

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

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

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

Non-IFRS Financial Measures

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

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, government assistance and discontinued operations. We believe that Adjusted EBITDA is a useful measure as it provides an indication of the operational results of the business. We consider Adjusted EBITDA to be a key measure as it provides an alternative measure of profitability before taking into account the Company's non-cash expenses, and it is used by management to measure performance; however, this metric is not defined under IFRS. As a result, this amount may not be comparable to those calculated by other issuers.

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

($ '000s)	*Jun 30, 2021*	*Sep 30, 2021*	*Dec 31, 2021*	*Mar 31, 2022*	*Jun 30, 2022*	*Sep 30, 2022*	*Dec 31, 2022*	*Mar 31, 2023*
Net (loss) income after income tax	670	(1,138)	(253)	(2,386)	(2,015)	(2,273)	(2,029)	(2,699)
Amortization and depreciation(1)	176	265	203	243	323	329	289	276
Stock-based compensation(2)	198	187	234	378	308	212	168	197
Foreign exchange loss (gain)(3)	(275)	(19)	19	47	(48)	(114)	41	(9)
Finance (income) expense net(4)	(14)	(21)	(15)	(8)	-	(3)	(11)	-
Government assistance(6)	(225)	(306)	(147)	-	-	-	-	-
Discontinued operations(7)	(75)	1,209	568	687	1,208	1,822	1,286	3,386
Adjusted EBITDA	455	177	609	(1,039)	(224)	(27)	(256)	1,151

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 do not form part of the costs to operate our ongoing operations and are not expected to reoccur 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, they do not relate to revenues received from business operations and are non-recurring.
(7) 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, the Company ceasing to make investments in NutraDried, the timing of the wind-down and dissolution of NutraDried, expectations around the cost of winding down NutraDried, 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 *nutra*REV® and *quanta*REV® technologies in the cannabis and food industries will depend, in 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.
- The process of winding up NutraDried could involve time and expense to the Company materially greater than anticipated, which may result in the requirement for additional funding by the Company to complete such wind-up. Additionally, management time and focus, longer-term outlook and reputation could be negatively impacted.

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; 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 MD&A, the Company had no 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:

	March 31, 2023		**May 25, 2023**	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Common shares outstanding	110,500,055	N/A	110,535,055	N/A
Options				
Outstanding	8,328,267	1.33	6,538,667	1.31
Exercisable	6,373,699	1.41	5,438,669	1.45
RSRs				
Outstanding	695,000	1.00	660,000	0.97

As of the date of this MD&A, the Company has 110,535,055 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
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