Third Quarter 2021

Management Discussion and Analysis

Nine months ended June 30, 2021

(expressed in thousands of Canadian dollars)

Dated: August 26, 2021

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

MANAGEMENT DISCUSSION AND ANALYSIS
THIRD QUARTER
FOR THE NINE MONTHS ENDED JUNE 30, 2021

Date of this report: August 26, 2021

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 nine months ended June 30, 2021, relative to the nine months ended June 30, 2020, and the financial position of the Company at June 30, 2021 relative to September 30, 2020. It should be read in conjunction with the EnWave’s unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine months ended June 30, 2021 (“Q3 2021”) and 2020 (“Q3 2020”), as well as the 2020 annual MD&A, the 2020 annual audited consolidated financial statements and accompanying notes, and 2020 Annual Information Form (“AIF”) (available at www.enwave.net or on www.sedar.com). The financial information contained in this MD&A has been prepared in accordance with International Financial Reporting Standards (“IFRS”), which is the required reporting framework for Canadian publicly accountable enterprises.

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

Management’s Responsibility for Financial Information

The Company’s management is responsible for presentation and preparation of the 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 judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from the present judgments and estimates.

Company Overview

Radiant Energy Vacuum (“REV™”) Technology

EnWave Corporation 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 **47 royalty-bearing commercial licenses** with and sold REV™ equipment to a diverse portfolio of companies operating throughout 20 different countries on five continents. The Company has also started the build-out of a toll manufacturing operation in Canada to be branded as REVworx™ in order to accelerate the commercialization of consumer-packaged goods (“CPG”) made with EnWave’s patented technology.

REV™ dehydration technology applies microwave energy under vacuum to offer flexible, efficient, low temperature drying suitable for food products, cannabis, biomaterials and pharmaceutical ingredients. The Company currently 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. The Company is developing markets for its REV™ technology by selectively collaborating with strategic partners focused on creating new or improved product applications, increasing throughputs and/or reducing processing costs. 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 units produced from the use of the REV™ technology. The licenses also restrict the royalty partner's commercial use of the technology to specific products within a limited geographic territory.
3. **Equipment Rentals.** EnWave rents pilot-scale 10kW units to companies evaluating the Company's patented technology for product and process development purposes. 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 is launching a toll manufacturing division called REVworx™ to accelerate the commercialization of more food products using REV™ technology. The toll manufacturing operation will utilize both pilot-scale and large-scale REV™ equipment and the Company intends to utilize the installed capacity to produce commercial products on a fee-for-service basis. This new strategic division is intended to complement the current equipment sales and royalty-licensing business model of the Company and will serve as a low-barrier entry point for CPG companies seeking to market trial REV™-dried products. Management expects the facility will be ready for commercial production in the last quarter of calendar year 2021.

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

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

NutraDried Food Company

The Company's wholly owned subsidiary, NutraDried Food Company, LLC ("NutraDried"), is a limited liability corporation registered in Washington State, USA. NutraDried manufactures and sells Moon Cheese®, an all-natural dried cheese snack produced using REV™ technology. NutraDried also co-manufactures REV™-dried cheese for sale in bulk as an ingredient or inclusion for third-party brands. NutraDried currently produces REV™-dried cheese using two 100kW nutraREV® machines. NutraDried produces Moon Cheese® in cheddar, gouda, parmesan garlic, black pepper white cheddar and pepper jack flavours at its manufacturing facility located in Ferndale, Washington State. Moon Cheese® is sold in over 25,000 retail locations across Canada and the United States. Notable retail points of distribution currently include Starbucks, Publix, Target, Safeway/Albertsons, Food Lion, Rite Aid and CVS, among others. NutraDried recently introduced a new Protein Blitz Mix product sold in zesty ranch and crazy cheesy flavours.

NutraDried has demonstrated the ability for REV™ technology to operate reliably at scale. This subsidiary began as a proof-of-concept for the Company in 2013, as it showcased the capabilities of large-scale commercial REV™ machinery to potential royalty partners, and has grown into a successful snack business. Furthermore, NutraDried's business model has established a precedent for analysis by dairy companies considering the commercialization of innovative, shelf-stable dairy snacks. The Company's strategy is to grow NutraDried's business through increased retail distribution, online distribution and introducing new, innovative product extensions into its portfolio. The Company also seeks to supply third-party brands with shelf-stable cheese ingredients for use in mixes and other products.

NutraDried holds a commercial license for REV™ technology and pays a quarterly royalty to EnWave based on its revenue. The royalty payment from NutraDried, a subsidiary of EnWave, is eliminated from revenue in the consolidated financial statements of the Company. EnWave hopes to see the royalty payments from NutraDried increase in coming quarters due to increased bulk sales of REV™-dried dairy products, the introduction of new, innovative product formats and velocity and distribution improvements for its branded Moon Cheese® portfolio.

The quarterly royalty payments from NutraDried to EnWave were as follows:

($ '000s)	*Sep 30, 2019*	*Dec 31, 2019*	*Mar 31, 2020*	*Jun 30, 2020*	*Sep 30, 2020*	*Dec 31, 2020*	*Mar 31, 2021*	*Jun 30, 2021*
NutraDried Royalty(1)	837	208	288	236	670	340	166	218

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

Recent Developments

Appointment of NutraDried Chief Executive Officer

In June 2021, the Company appointed Mr. Brad Lahrman as Chief Executive Officer of NutraDried. Mr. Lahrman brings fifteen years of leadership experience in mid-market consumer product companies. Most recently Mr. Lahrman held the position of General Manager of Schouten's USA, a major plant-based protein company. With his extensive experience in consumer products, his intention is to drive the development of a refined multi-channel sales strategy, including the development of new products for in-house brands, bulk sales, private-label and co-manufacturing.

Cannabis Processing Breakthrough – Terpene Max™ Process Yields Superior Terpene and Cannabinoid Retention

EnWave has obtained approval from Health Canada under the *Cannabis Act* for a Research License for its Delta, B.C. pilot plant facility. The Health Canada Research License has enabled the Company to expedite process development and data analytics for terpene and cannabinoid retention along with other critical properties of cannabis products processed using REV™. Through extensive in-house cannabis drying trials and third-party analysis of the dried plant material, EnWave has developed critical processing know-how and collected empirical data to further prove that using REV™ drying technology rather than traditional room or rack drying methods will create material value for licensees in the cannabis sector.

In December 2020, the Company developed Terpene Max™, a proprietary drying protocol for cannabis that dries cannabis material at temperatures lower than 40 degrees Celsius in under two hours. Certain certificates of analysis from third-party labs show that several cannabis strains dried using Terpene Max™ retained 88% of the terpenes when compared to the fresh flower, which is a material improvement when compared to room/rack dried cannabis flower. Quantitatively, Terpene Max™ yielded 10-20% more terpenes than the room/rack dried flower. The Company knows that REV™ has the ability to produce a superior quality flower to room/rack dried flower, and will continue to vigorously pursue new machinery sales and licensing using REV™ for the rapid, gentle drying of cannabis in legal jurisdictions.

Claim Against Former CEO and Others

The Company has filed a lawsuit in the Supreme Court of British Columbia against several defendants, including the Company's former CEO, Mr. Timothy Durance, three former EnWave employees, Gary Sandberg, Bino Anand and Reihaneh Noorbakhsh, and three companies associated with Mr. Durance, including Dehydration Research, LLC and Durance Technologies Inc. Mr. Durance was EnWave's CEO from 1999 until his departure from EnWave in August 2018.

EnWave, in its Notice of Civil Claim, alleges that Mr. Durance and other defendants associated with Mr. Durance have used and disclosed EnWave's confidential information in breach of obligations owed to EnWave. The Notice of Civil Claim seeks damages, an accounting of profits and injunctive relief.

On July 30, 2021, EnWave filed an injunction application seeking orders restraining Mr. Durance and his companies from selling or supplying vacuum microwave dryers pending trial. On August 20, 2021, the court granted an order prohibiting Mr. Durance and his companies, and anyone acting in conjunction with them, from selling, attempting to sell, supplying, delivering or installing vacuum microwave dryers pending the hearing of EnWave's injunction application. The date for that injunction application has not yet been determined. The order will remain in effect until then.

Overall Performance

For the three months ended June 30, 2021, the Company reported consolidated revenues of $7,351 compared to $5,998 for the three months ended June 30, 2020, an increase of $1,353 or 23%. The Company reported net income after taxes for the three months ended June 30, 2021 of $670, compared to a loss of $1,166 for the three months ended June 30, 2020, an improvement of $1,836. The positive net income reported in the third quarter of 2021 marks the first time the Company has reported a positive consolidated quarterly net income – a major milestone in the commercialization of REV™ technology.

The Company reported positive Adjusted EBITDA(*), a non-IFRS financial measure, of $937 for Q3 2021, compared to a loss of $1,968 for Q2 2021, an increase of $2,905. Both the EnWave segment and the NutraDried segment reported positive Adjusted EBITDA(*) for Q3 2021.

The financial results for Q3 2021 were improved relative to Q2 2021 and Q3 2020 due to the overall reduction in SG&A expenses at NutraDried, paired with growth in the machinery sales and gross margins in EnWave's business. The third quarter was the first full period where the Company benefited from the cost control measures and restructuring program implemented at NutraDried in February 2021, and the steps taken resulted improved revenues and reduced expenses at NutraDried.

For the nine months ended June 30, 2021, the Company had consolidated revenues of $19,570, compared to $22,099 for the same period in 2020, a decrease of 11% or $2,529. The Company reported a consolidated net loss of $2,987 for the nine months ended June 30, 2021, compared to a consolidated net loss of $4,442 for the same timeframe in 2020, a decrease of $1,455.

EnWave reported revenues of $8,584 for the nine months ended June 30, 2021 compared to $8,333 for the nine months ended June 30, 2020, an increase of $251. EnWave reported positive segment income of $547 for the nine months ended June 30, 2021 compared to a loss of $2,714 for the nine months ended June 30, 2020, an increase of $3,261.

NutraDried reported revenues of $10,986 for the nine months ended June 30, 2021, compared to $13,766 for the nine months ended June 30, 2020, a decrease of $2,780 or 20%. NutraDried reported a segment loss of $4,091 for the nine months ended June 30, 2021, compared to a segment loss of $1,720 for the nine months ended June 30, 2020, an increase of $2,371.

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

Commercial Licensing and Partnership Development

Global Strategic Partnership with Dole

On August 26, 2021, the Company formed a global strategic partnership with Dole Worldwide Food & Beverages Group ("Dole") to develop Innovative Nutrition Solutions using fruits and vegetables. Dole purchased a 10kW REV™ machine to accelerate internal product development and to allow for focused market trials in select regions. The strategic partnership with Dole will leverage the company's industry-leading brand alongside EnWave's patented dehydration technology to bring better-for-you snacking options to its global customer base. Under the strategic partnership, EnWave aims to supply Dole with additional REV™ machinery as it scales up production of its new product innovations.

Strategic Collaboration with Elea

On July 27, 2021, the Company entered a strategic sales and marketing collaboration with Elea Vertriebs- Und Vermarktungsgesellschaft ("Elea") to develop food applications that jointly leverage the benefits offered by Elea's Pulsed Electric Field ("PEF") technology and EnWave's REV™ technology. Elea is the world's leading provider of PEF systems to the food and beverage industry and intends to demonstrate the advantages of combining PEF with REV™ to produce premium products for its customer base.

EnWave has placed a 10kW REV™ machine at Elea's state-of-the-art pilot plant facility in Quakenbruck, Germany to showcase the material benefits of marrying the two technologies for the production of dried fruit, vegetable, meat, seafood, dairy and confectionary products. EnWave will leverage this machine placement and the strategic collaboration with Elea to drive new business development and sales opportunities.

License Agreement and Equipment Purchase Agreement with Colombian Dairy Company

On July 19, 2021, the Company signed an exclusive, royalty-bearing commercial license agreement and equipment purchase agreement for a 10kW REV™ machine with a leading Colombian Diary Company for the production of all natural, shelf-stable cheese snacks in Colombia. These new products will complement the broad existing portfolio of established dairy brands that are sold throughout South America.

License Agreement and Equipment Purchase Agreement with Medical Kiwi

On July 14, 2021, the Company signed a royalty-bearing commercial license agreement and equipment purchase agreement for a 10kW REV™ machine with Medical Kiwi Limited ("Medical Kiwi"), a New Zealand cannabis company. The license grants Medical Kiwi the right to use REV™ technology for the production of cannabis products in New Zealand. The 10kW REV™ machine will be used to dry cannabis flower and will be fabricated to the standard of Goods Manufacturing Practices ("GMP").

Installation of US Army 10kW Machine at Bridgford Foods

On July 14, 2021, the Company completed the installation and start-up of a 10kW REV™ machine for the US Army at its third-party manufacturing partner's facility, Bridgford Foods Corporation (NASDAQ: BRID). The machine will be used by Bridgford Foods to produce Close Combat Assault Rations for field testing. The US Army plans to advance the use of REV™ technology for select field rations, and the Company aims to secure additional purchase orders from the US Army's approved supplier network to establish the commercial production of military rations for the US Army. Concurrent with the work completed for the US Army, Bridgford plans to develop several commercial REV™ food applications and potentially could enter a commercial royalty-bearing license at any point during their Technology Evaluation and License Option Agreement term.

Technology Evaluation with AstraZeneca

On July 9, 2021, the Company signed a material transfer agreement with AstraZeneca AB (NASDAQ:AZN) to facilitate the trialing of REV™ technology for the dehydration and shelf-stabilization of liquid monoclonal antibody formulations. AstraZeneca will send proprietary materials to EnWave's testing facility in Vancouver, Canada to conduct initial proof-of-concept trials. If successful, the two companies intend to negotiate a more robust agreement to allow for further research and development activities.

License Agreement and Equipment Purchase Agreement with Cannaponics

On July 05, 2021, the Company signed a royalty-bearing commercial license agreement and equipment purchase agreement for a 10kW GMP REV™ machine with an Australian cannabis company, Cannaponics PTY Limited ("Cannaponics"). The license grants Cannaponics the right to use REV™ technology for the production of dried cannabis flower for use in medicinal products in Australia.

Fabrication and Shipment of 100kW Machine to Patatas Fritas Torres in Spain

In July 2021, the Company completed the manufacturing of a 100kW REV™ machine for its Spanish Royalty Partner, Patatas Fritas Torres ("Torres"), and shipped the machine to Spain for installation. The machine will be installed in the Fall of 2021 for Torres to scale-up production of its shelf-stable cheese snack under the "Just This" brand (justthis-snacks.com/en/).

License Agreement and Equipment Purchase Agreement with Europe Snacks

On June 30, 2021, the Company signed an exclusive royalty-bearing commercial license agreement and equipment purchase agreement for a 10kW REV™ machine with Europe Snacks Group ("Europe Snacks"), a European leader in savory snack production. The license grants Europe Snacks the rights to produce crunchy, shelf-stable cheese as well as several vegetable snacks in France. These products will complement its existing snack offerings, and if successful in the market, Europe Snacks will scale its REV™ manufacturing capabilities based on prospective increased demand from existing customers.

Equipment Purchase Agreement with AvoLov, LLC

On May 11, 2021, the Company signed an equipment purchase agreement with AvoLov, LLC d.b.a. BranchOut Food ("BranchOut"), a company located in Oregon, to acquire a 60kW REV™ machine. This large-scale machine will provide BranchOut with REV™ processing capacity to meet an increasing demand for its portfolio of innovative "better-for-you" avocado and fruit snack products. BranchOut signed a new royalty-bearing commercial license agreement granting it certain manufacturing exclusivity for its line of avocado products within North America, South America and Central America, which stipulates certain performance measures that are required to maintain this exclusivity.

The Company shipped the 60kW machine to AvoLov's South American facility in July and expects to complete the commissioning and training within the 2021 calendar year.

Equipment Purchase Agreement with NuWave Foods

On April 20, 2021, the Company signed an equipment purchase agreement with NuWave Foods, Inc. ("NuWave") to acquire a 10kW REV™ machine to commercialize a lineup of bakery products with elongated shelf lives.

Royalty Partner Pipeline

EnWave has several prospective royalty partners evaluating REV™ technology under Technology Evaluation and License Option Agreements ("TELOAs"). EnWave earns revenue under TELOAs from short-term REV™ machine rentals as well as fees for access to EnWave's R&D facilities and product development expertise. EnWave's food scientists and engineers work with the prospective licensees during the term of the TELOA to formulate and optimize innovative products using REV™ and to develop a path towards commercialization.

EnWave's current sales pipeline comprises several companies that have entered into TELOAs as well as many earlier-stage prospects that are in active discussions about using REV™ under mutual non-disclosure agreements. Not every prospective licensee enters into a TELOA; there have been many recent licenses signed where a prospective licensee has bypassed the TELOA phase and entered directly into a commercial license agreement and purchased REV™ machinery. This is often the case when the product application has been previously proven commercially, or when the value proposition or business case is 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 **five active 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
Aurora(1)	120kW	Cannabis	Canada
Aurora(1)	120kW	Cannabis	Canada
GEA Lyophil GmbH(1)	4kW	Pharmaceuticals	Germany
Patatas Fritas Torres	100kW	Dairy	Spain
Responsible Foods(1)	10kW	Healthy Snacks	Iceland
Natural Nutrition(1)	10kW	Fruits and Vegetables	Chile
Natural Nutrition(1)	10kW	Fruits and Vegetables	Chile
Illinois Cannabis Company	120kW	Cannabis	USA
Dairy Concepts(1)	10kW	Dairy	Ireland & UK
AvoLov	60kW	Fruits and Vegetables	Americas
Cannaponics	10kW	Cannabis	Australia
Medical Kiwi	10kW	Cannabis	New Zealand

Note:

(1) The machine has been fabricated by the Company and delivered to the customer's site. EnWave awaits instruction from customer to complete installation.

NutraDried Food Company

In Q3 2021, NutraDried's financial performance improved significantly relative to Q2 2021 and Q3 2020. EnWave completed a restructuring at NutraDried in February 2021 designed to improve margins, reduce expenses across operations, refocus on the core competencies of the business and return the business to consistent profitability. The restructuring resulted in a reduction of executive, administrative and production staffing by 24 positions, and the elimination of non-essential third-party consultants and contractors. NutraDried realized the benefit of the restructuring in Q3 2021 and was cash flow positive for the quarter.

NutraDried has refocused its marketing strategy to prioritize consumer-focused spending over agencies and advisory fees, and to target spending on areas that will maximize returns. In addition, NutraDried has begun to proactively seek contract manufacturing opportunities to leverage the installed REV™ capacity. NutraDried successfully shipped over 100,000 pounds of bulk sales in Q3 2021 to several new customers. Crunchy cheese in bulk format is now being sold for ingredient sales to third-party brands for use in trail mixes, salad toppings and other food products. The management team continues to aggressively pursue several additional private-label and contract manufacturing opportunities to diversify and grow NutraDried's sales pipeline.

Quarterly sales of Moon Cheese® improved in Q3 2021 when compared to Q2 2021 by $1,453, or 62%. The improved sales relative to the prior quarter as a positive indication of future growth and expanded capacity utilization at NutraDried, and with the retail landscape reopening from the COVID-19 pandemic in the U.S., management expects to see continued growth in distribution points and unit velocities. In July 2021, NutraDried appointed a new grocery channel broker in the U.S., Alliance Sales and Marketing, to provide representation nationally for the grocery channel. Management expects that Alliance will serve as a strong partner and will work to further expand Moon Cheese® sales into new retailers.

NutraDried aims to continue to grow its national distribution presence in the U.S. and is targeting numerous new retailers and new product lines as part of its strategy. The Company's objective is to continue to grow its core distribution in the U.S. mainstream retail grocery channel by securing new national retail accounts and smaller regional accounts. In Q3 2021, NutraDried confirmed new distribution for Moon Cheese® into certain Walmart stores in the U.S. and expects to begin shipments in late Q4 2021. The Company also continues to innovate new products, such as its new line of cheese and nut mixes called Protein Blitz Mix, as well as other formats and offerings to grow distribution. The Company experienced setbacks in expanding distribution as a result of the COVID-19 pandemic, but in recent months, the Company has seen more positive engagement from retailers and is in the process of securing new points of distribution in current and new retail partners.

COVID-19 Pandemic

The COVID-19 global pandemic has continued to negatively impact global economic activity, has caused significant volatility and disruption in global financial markets, and has introduced significant uncertainty and unpredictability throughout the world. It has been our priority to safeguard the health and safety of our employees and our partners and to continually assess and mitigate the risks to our business operations. Currently, the majority of first world countries have rolled out vaccination programs that are aggressively targeting the overall population and as a result, the number of COVID-19 cases are trending downwards and restrictions are starting to lessen. While uncertainty remains as to the duration and extent of the economic impact from the COVID-19 pandemic, the Company is well positioned with its strong balance sheet and significant available liquidity. As of the date of this report, we continue to operate with a focus on controlling costs and managing short-term liquidity, while continuing to drive growth in revenues. At this time, we cannot forecast the full duration and magnitude of COVID-19 impacts but the Company expects this pandemic to challenge our results of operations, financial position and cash flows in fiscal year 2021 and possibly the beginning of fiscal year 2022.

Refer to the disclosures in the Company's 2020 Annual Management Discussion and Analysis and the 2020 Annual Information Form, both available on SEDAR at www.sedar.com for disclosures related to the impact of COVID-19 on the Company's business, as well as risk factors related to the COVID-19 pandemic.

Summarized Quarterly Results

The following is a selected summary of quarterly results for the eight most recently completed quarters to June 30, 2021, reported in Canadian dollars, the Company's presentation currency:

	2019	2020				2021		
($ '000s)	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*
Revenues	16,188	8,609	7,492	5,998	10,784	7,533	4,686	7,351
Direct costs	(11,597)	(5,413)	(5,629)	(4,441)	(8,629)	(5,835)	(4,208)	(4,737)
Gross profit	4,591	3,196	1,863	1,557	2,155	1,698	478	2,614
Expenses	(4,756)	(4,777)	(3,907)	(3,542)	(3,184)	(3,764)	(3,965)	(2,239)
Other income	-	-	-	690	929	325	483	225
Income tax (expense) recovery	(260)	155	194	129	101	370	718	70
Net income (loss) after income tax	(425)	(1,426)	(1,850)	(1,166)	1	(1,371)	(2,286)	670
Adjusted EBITDA(1)	864	(743)	(1,462)	(1,034)	20	(911)	(1,968)	937
Loss per share: Basic and diluted	(0.01)	(0.01)	(0.02)	(0.01)	(0.00)	(0.01)	(0.02)	0.00
Total assets	43,250	40,139	39,704	38,190	40,663	34,633	33,301	32,568
Total liabilities	12,306	10,075	10,194	9,885	12,312	7,622	8,427	7,224

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

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

The revenues and gross profit also vary from quarter to quarter depending on the timing of Moon Cheese® product rotations at Costco, a major customer historically. Since Q1 2021, the Company has not had any product rotations at Costco, resulting in lower quarterly revenues relative to Q1 through Q4 of 2020. Revenues for Q3 2021 were higher than Q2 2021 due to growth in NutraDried's bulk product sales, and growth in EnWave's machine fabrication revenues. Revenues in Q4 2020 and Q1 2021 were higher due to the Company's participation in Costco's BOGO promotion in those periods. In Q4 2019 revenues were significantly higher than other periods also due to a Costco BOGO promotion of Moon Cheese®.

The Company's direct costs increased in Q3 2021 relative Q2 2021 due more machine fabrication activity. Direct costs in Q3 2021 are lower than for Q1 and Q2 2020 due to lower sales volumes at NutraDried. Expenses in Q3 2021 are lower than in Q1 and Q2 2021 due to reduced lower administrative expenses at NutraDried. Overall, the Company took steps in Q3 2021 to materially reduce non-essential expenses at NutraDried.

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 nine months ended June 30, 2021 and 2020, and should be read in conjunction with those financial statements.

($ '000s)	**Three months ended June 30,**			**Nine months ended June 30,**		
	2021	2020	Change %	**2021**	2020	Change %
Revenues	**7,351**	5,998	23%	**19,570**	22,099	(11%)
Direct costs	**4,737**	4,441	7%	**14,780**	15,483	(5%)
Gross margin	**2,614**	1,557	68%	**4,790**	6,616	(28%)
Operating expenses						
General and administration	**1,035**	1,197	(14%)	**3,375**	4,513	(25%)
Sales and marketing	**831**	1,449	(43%)	**3,656**	5,188	(30%)
Research and development	**391**	396	(1%)	**1,423**	1,412	1%
	2,257	3,042	(26%)	**8,454**	11,113	(24%)
Net income (loss) after taxes	**670**	(1,166)	157%	**(2,987)**	(4,442)	33%
Loss per share						
Basic	**$0.00**	$(0.01)		**$(0.03)**	$(0.04)	
Diluted	**$0.00**	$(0.01)		**$(0.03)**	$(0.04)	

Discussion of Operations

Revenue

Revenue is earned from two business segments: EnWave and NutraDried. EnWave generates revenue from the sale of REV™ machinery to royalty partners, rental revenue from short-term rentals of REV™ machinery to prospective royalty partners, and royalties earned from commercial license agreements. EnWave anticipates generating revenue from toll manufacturing services starting in the last quarter of calendar year 2021. NutraDried generates revenue from the sale of Moon Cheese® into retail and wholesale distribution channels, as well as for sale as bulk for ingredient purposes.

	Three months ended June 30,		**Nine months ended June 30,**	
($ 000's)	**2021**	2020	**2021**	2020
Revenue	7,351	5,998	19,570	22,099

Revenue for the nine months ended June 30, 2021 was $19,570, a decrease of $2,529 compared to the nine months ended June 30, 2020. Revenue for the three months ended June 30, 2021 was $7,351, an increase of $1,353 compared to the three months ended June 30, 2020. The decrease in revenues for the nine months ended June 30, 2021 relative to June 30, 2020 is primarily due to lower Moon Cheese® sales, offset by an increase in the purchase order volume for large-scale and customized machinery. The timing and frequency of each large-scale commercial machine order affects the timing of our revenues from the sale of REV™ machinery.

Quarterly Revenue:

	2019	2020				2021		
($ '000s)	***Q4***	***Q1***	***Q2***	***Q3***	***Q4***	***Q1***	***Q2***	***Q3***
EnWave	4,286	4,555	2,169	1,609	1,601	2,676	2,348	3,560
NutraDried	11,902	4,054	5,323	4,389	9,183	4,857	2,338	3,791
Total	16,188	8,609	7,492	5,998	10,784	7,533	4,686	7,351

EnWave had revenue of $8,584 for the nine months ended June 30, 2021, an increase of $251 compared to the revenue of $8,333 for the nine months ended June 30, 2020. EnWave had revenue of $3,560 for the three months ended June 30, 2021, compared to $1,609 for the three months ended June 30, 2020, an increase of $1,951. The increase in revenue in the third quarter of 2021 compared to the third quarter of 2020 is due to an increase in REV™ machine sales in the period.

We continue to pursue revenue growth in EnWave through repeat and new commercial machine sales and installations by signing additional 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.

EnWave earned royalties of $673 during the nine months ended June 30, 2021, compared to $691 for the nine months ended June 30, 2020, a slight decrease of $18. Royalties are payable to EnWave as a percentage of the value of products sold or based on the number of units produced by our royalty partners. Royalties for the three months ended June 30, 2021 were $191 compared to $144 for the three months ended June 30, 2020, an increase of $47. The increase to royalties during the quarter was due to additional REV™ machines being commissioned and royalties commencing from commercial production.

Revenue from NutraDried was $10,986 for the nine months ended June 30, 2021, compared to $13,766 for the nine months ended June 30, 2020, a decrease of $2,780 or 20%. The decrease in revenues for the first three quarters of 2021 was primarily due to lower sales to Costco under regional product rotations. In Q3 2021, NutraDried had revenue of $3,791 compared to $4,389 for Q3 2020, and $2,338 Q2 2021. During Q3 2021 NutraDried's revenues increased relative to Q2 2021 by $1,453 primarily due to the addition of new sales into the bulk and co-manufacturing channel.

We anticipate NutraDried's revenues to experience continued growth over the coming quarters as the impacts of the COVID-19 pandemic begin to lessen. In Q3 2021 our unit velocities experienced growth relative to 2020 as the retail landscape and consumer behaviour in the U.S. began to normalize. NutraDried experiences variability in order frequency and volumes with significant customers, which can affect the timing of product sales recorded as revenue. We expect that NutraDried's revenue will rebound as the Company pursues additional points of distribution, launches new products and grows its bulk and co-manufacturing product offerings.

Direct costs

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

	Three months ended June 30,		**Nine months ended June 30,**	
($ 000's)	**2021**	2020	**2021**	2020
Direct costs	4,737	4,441	14,780	15,483
% of revenue	64%	74%	76%	70%

Direct costs for the nine months ended June 30, 2021 decreased by $703, or 5% compared to the nine months ended June 30, 2020. Direct costs for the three months ended June 30, 2021 increased by $296, or 7% compared to the three months ended June 30, 2020. Direct costs for EnWave are driven by commercial machine selling and construction activity. As a percentage of revenue, direct costs for the three months ended June 30, 2021 decreased by 10% relative to the three months ended June 30, 2020. For the nine months ended June 30, 2021 direct costs as a percentage of revenue increased by 6% compared to the nine months ended June 30, 2020.

Direct costs for EnWave are driven by direct material and overhead costs associated with commercial machine selling and construction activity. During the nine months ended June 30, 2021, EnWave yielded a ratio of direct costs to revenue of 58%, compared to 75% for the nine months ended June 30, 2020. The increase to EnWave's gross margin is attributable to two higher margin equipment sales contracts in the period, along with a reduction to the machine fabrication overheads. The Company has successfully lowered its manufacturing overhead costs compared to the prior year through a reduction of staff, contractors and by subleasing underutilized warehouse space. We expect EnWave's margins will continue to improve as the portfolio of high-margin royalty revenues grows through the commercial success of its royalty partners, and the increase in demand and installation of additional machinery and toll-manufacturing services.

The ratio of direct costs to revenue was 89% for NutraDried for the nine months ended June 30, 2021, compared to 68% in the nine months ended June 30, 2020. The decrease to gross margin was driven by an increase to trade spending, freight costs and lower manufacturing volumes resulting in lower fixed overhead absorption. For Q3 2021 the ratio of direct costs to revenue for NutraDried improved to 25%, compared to negative 21% in Q2 2021 and 13% for Q1 2021. The Company has restructured NutraDried and taken steps to confirm new channels for its products with the goal of increasing NutraDried's gross margins over the coming quarters.

Direct costs of NutraDried are highly dependent on the commodity pricing of raw cheese as the primary raw material used in production. Cheese prices have stabilized to historically normal levels in Q3 2021. Changes to block cheese pricing will have an impact on gross margin for product sales. We continuously monitor the impact of commodity price fluctuations and may employ hedging tactics where appropriate to mitigate risk.

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 June 30,		**Nine months ended June 30,**	
($ 000's)	**2021**	2020	**2021**	2020
General and administration	1,035	1,197	3,375	4,513
% of revenue	14%	20%	17%	20%

G&A expenses for the nine months ended June 30, 2021 were $3,375 compared to $4,513 for the nine months ended June 30, 2020, a decrease of $1,138. G&A expenses for the three months ended June 30, 2021 were $1,035 compared to $1,197 for the three months ended June 30, 2020, a decrease of $162. The decrease in G&A expenses was largely driven by a reduction to administrative costs at NutraDried implemented as part of the restructuring and cost control program implemented.

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 June 30,		Nine months ended June 30,	
($ 000's)	**2021**	2020	**2021**	2020
Sales and marketing	831	1,449	3,656	5,188
% of revenue	11%	24%	19%	23%

S&M expenses for the nine months ended June 30, 2021 were $3,656 compared to $5,188 for the nine months ended June 30, 2020, a decrease of $1,532. S&M expenses for the three months ended June 30, 2021 were $831 compared to $1,449 for the three months ended June 30, 2020, a decrease of $618.

S&M expenses for EnWave were $933 for the nine months ended June 30, 2021, compared to $1,151 for the nine months ended June 30, 2020, a decrease of $218. The decrease in S&M expenses was due to a reduction in personnel related costs and decreased travel and attendance at trade shows. The Company continues to use lower cost digital sales and marketing tools to showcase, engage and communicate with both prospective and current partners on the commercial viability of it's REV™ technology. S&M resources for EnWave are designed to increase the Company's presence, and drive market penetration and revenue growth.

S&M expenses for NutraDried were $2,723 for the nine months ended June 30, 2021, compared to $4,037 for the nine months ended June 30, 2020, a decrease of $1,314. NutraDried materially reduced S&M expenses in Q3 2021 by reducing staffing levels, eliminating the use of expensive agency services, and refocusing spending on lower cost digital tools and insourcing of marketing activities. Management believes NutraDried can grow its revenues and distribution with the current activities and expenditure rates, and will continue to control S&M expenses at NutraDried to align with the size and needs of the business.

Research and development

Research and development ("R&D") expenses include the salaries of the pilot plant technicians and scientists, global patent filing and maintenance costs, laboratory and pilot plant facility costs, R&D travel costs, and new product development at NutraDried.

	Three months ended June 30,		Nine months ended June 30,	
($ 000's)	**2021**	2020	**2021**	2020
Research and development	391	396	1,423	1,412
% of revenue	5%	7%	7%	6%

R&D expenses for the nine months ended June 30, 2021 were $1,423 compared to $1,412 for the nine months ended June 30, 2020, an increase of $11. R&D expenses for the three months ended June 30, 2021 were $391, compared to $396 for the three months ended June 30, 2020, remaining relatively consistent. Our R&D expenses fluctuate depending on the timing and filing of additional patents and patent maintenance fees related to the Company's intellectual property, and NutraDried's new product development activities.

Stock-based compensation

Stock-based compensation expense was $637 for the nine months ended June 30, 2021, compared to $1,156 for the nine months ended June 30, 2020, a decrease of $519. Stock-based compensation expense was $198 for the three months ended June 30, 2021, compared to $314 for the three months ended June 30, 2020, a decrease of $116. The decrease to stock-based compensation expense was due to the timing and vesting of stock options and restricted share rights granted during the current and prior years.

	Three months ended June 30,		Nine months ended June 30,	
($ 000's)	**2021**	2020	**2021**	2020
Stock-based compensation	198	314	637	1,156

Foreign exchange (gain) loss

Foreign exchange loss for the nine months ended June 30, 2021 was $4, compared to a gain of $142 for the nine months ended June 30, 2020. Foreign exchange gain for the three months ended June 30, 2021 was $275 compared to a loss of $151 for the three months ended June 30, 2020.

	Three months ended June 30,		Nine months ended June 30,	
($ 000's)	**2021**	2020	**2021**	2020
Foreign exchange (gain) loss	(275)	151	4	(142)

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.

Other income

Other income relates to government assistance the Company received from stimulus programs introduced by the Canadian and U.S. government due to the COVID-19 pandemic. For the three and nine months ended June 30, 2021, EnWave received $225 and $1,033, respectively, of financial relief from the Canadian federal government. The Company received funding from two federal programs: the Canada Emergency Wage Subsidy ("CEWS") program to subsidize payroll costs, and the Canada Emergency Rent Subsidy ("CERS") program to subsidize rent costs. The subsidy funds are non-repayable to the government as long as the Company continues to meet the eligibility criteria.

	Three months ended June 30,		Nine months ended June 30,	
($ 000's)	**2021**	2020	**2021**	2020
Other income	225	690	1,033	690

Restructuring costs

Restructuring costs for the nine months ended June 30, 2021 were $691 compared to $nil for the nine months ended June 30, 2020. There were no restructuring costs incurred in the three months ended June 30 2021. The restructuring costs relate to severance costs and other expenses in connection with the reduction of NutraDried's executive, administrative and production staffing by 24 positions in February 2021.

	Three months ended June 30,		Nine months ended June 30,	
($ 000's)	**2021**	2020	**2021**	2020
Restructuring costs	-	-	691	-

Income taxes

Income tax recovery was $1,158 for the nine months ended June 30, 2021 compared to $478 for the nine months ended June 30, 2020. Income tax recovery was $70 for the three months ended June 30, 2021, compared to $129 for the three months ended June 30, 2020. The Company's current tax recovery is solely related to NutraDried's U.S. sourced income and its ability to carry-back current year operating losses and apply them against taxable income from prior years. The Company's deferred tax recovery relates to changes to the deferred tax asset and/or liability related to NutraDried's U.S. sourced income or loss.

There are a number of items that can significantly impact our effective income tax rate, including legislative rate changes, foreign currency exchange rate fluctuations, earnings subject to tax in jurisdictions where the tax rate is different than the Canadian statutory rate, fluctuations in net income, granting of equity-based awards, and other permanent differences between the tax and accounting bases of our assets and liabilities. As a result, our recorded tax provision can be significantly different from the expected tax provision calculated based on the Canadian statutory rate.

	Three months ended June 30,		Nine months ended June 30,	
($ 000's)	**2021**	2020	**2021**	2020
Current income tax (recovery) expense	7	(116)	(453)	(410)
Deferred income tax (recovery) expense	(77)	(13)	(705)	(68)
Total income tax (recovery) expense	(70)	(129)	(1,158)	(478)

Liquidity and Capital Resources

Working capital

The components of the Company's working capital on June 30, 2021 and September 30, 2020 are:

($ '000s)	**June 30, 2021**	September 30, 2020
Current Assets		
Cash and cash equivalents	**15,381**	14,712
Restricted cash	**287**	250
Trade receivables	**2,014**	10,992
Due from customers on contract	**460**	356
Loan receivable, current	**518**	-
Inventory	**5,585**	7,117
Prepaids and other receivables	**499**	692
Income taxes receivable	**960**	742
	25,704	34,861
Current Liabilities		
Borrowings	**-**	667
Trade and other payables	**3,159**	7,704
Customer deposits and deferred revenue	**1,983**	1,771
Current portion of lease liabilities	**726**	427
Current portion of other liability	**116**	124
	5,984	10,693
Working Capital	**19,720**	24,168

As at June 30, 2021, the Company had working capital of $19,720, compared to $24,168 as at September 30, 2020. As at June 30, 2021 the cash and cash equivalents balance is $15,381 compared to $14,712 as at September 30, 2020, an increase of $669. The change in cash and cash equivalents is primarily due to the Company's collection of trade receivables and decrease to inventory, offset by the reduced trade and other payables, issuance of loans receivable to customers, and repayment of borrowings. The Company generated net cash from operating activities of $3,744 for the nine months ended June 30, 2021.

EnWave had trade receivables of $618 as at June 30, 2021, compared to $966 as at September 30, 2020, and NutraDried had trade receivables of $1,396 as at June 30, 2021 compared to $9,996 as at

September 30, 2020. The decrease in EnWave's trade receivables relates to the net collections of deposits and performance milestones completed on equipment purchase contracts. The large decrease of NutraDried's trade receivables relates to collections on account for amounts owing to the Company as at September 30, 2020.

Due from customers on contract to EnWave as at June 30, 2021 was $460 compared to $356 at September 30, 2020, with the increase related to progress on construction contracts in advance of billings. The amounts due from customers on contract are billed and collected when project specific milestones are reached on each project.

EnWave had inventory of $2,934 as at June 30, 2021 compared to inventory of $2,939 at September 30, 2020, remaining relatively consistent. The inventory of EnWave relates to 10kW machines used for rentals and those under fabrication, as well as parts for larger machines. The increase in inventory is primarily due to additional parts purchased for machine fabrication to meet purchase orders and demand, offset by the timing of sales and commissioning of 10kW machines.

NutraDried had inventory of $2,651 as at June 30, 2021 compared to $4,178 as at September 30, 2020, a decrease of $1,527. NutraDried's inventory comprises food product and packaging supplies. Inventory at NutraDried was lower as at June 30, 2021 compared to September 30, 2020 due to large shipments to Costco in Q1 2021 and a reduction in production volume to align with current sales.

EnWave had current loans receivable of $518 as at June 30, 2021, compared to $nil as at September 30, 2020 in relation to the equipment finance loans to be paid by customers related to equipment purchase contracts. The loans receivable bear interest at annual interest rates ranging between 8% and 12%, have fixed terms ranging from 12 to 48 months and are amortized with monthly blended payments of interest and principal.

Trade and other payables as at June 30, 2021 includes $1,790 of trade payables and accrued liabilities related to EnWave, compared to $1,638 as at September 30, 2020. The increase is associated with purchases of materials offset by the timing of payments. Trade and other payables for NutraDried were $1,369 as at June 30, 2021, compared to $6,066 as at September 30, 2020 with the decrease largely associated with the payment of trade, personnel and promotional expenses that were accrued at September 30, 2020.

Financing and liquidity

Cash and cash equivalents were $15,381 at June 30, 2021 compared to $14,712 at September 30, 2020. The change in cash consists of:

	Three months ended June 30,		**Nine months ended June 30,**	
($ 000's)	**2021**	2020	**2021**	2020
Cash from (used in) operating activities	**780**	20	**3,744**	(3,524)
Cash used in investing activities	**(268)**	(61)	**(1,698)**	(456)
Cash from financing activities	**(192)**	48	**(1,115)**	829

We believe that our current working capital surplus of $19,720 is sufficient to meet our financing needs, maintain right-sized operations and to 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.

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. The Company is not exposed to any externally imposed capital requirements. While we plan to fund our operations through sales of REV™ machinery, royalty generation, Moon Cheese® sales, and toll manufacturing services in the future, there can be no assurance that sufficient revenue will be generated to meet our cash needs.

The ability to achieve our targeted future operating results is based on a number of assumptions that involve significant judgements and estimates, which cannot be assured. 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.

Normal course issuer bid

In October 2021, the TSX Venture Exchange ("TSXV") approved the Company's normal course issuer bid ("NCIB"). The Company may elect to purchase outstanding common shares over a period of 12 months when management feels the market price of its common shares are attractive and the purchase would represent a prudent allocation of capital.

During the year, the Company has repurchased and cancelled its common shares as set forth in the table below:

Period	Number of Common Shares	Average Price ($)	Value ($)
2021			
Feb	2,500	1.3600	3,400
Mar	37,500	1.3540	50,776
Apr	nil	Nil	nil
May	166,800	1.1854	197,720
Jul	72,900	0.9847	71,786
Total	**279,700**	**$1.1572**	**$323,682**

Capital expenditures

During the nine months ended June 30, 2021, we incurred capital expenditures of $1,845 related to the acquisition of plant and equipment. NutraDried accounted for $396 of the capital expenditures for the period with additions to production and packaging equipment. EnWave accounted for $1,449 of the capital expenditures for the period primarily for assets under construction in relation to the build-out of its REVworx™ toll manufacturing facility.

The Company continues to build-out its REVworx™ toll manufacturing facility at its corporate headquarters in Delta, B.C. The REVworx™ facility is being designed to meet all the necessary quality standards and food safety requirements for commercial food processing. This also includes preparing our facility to install and operate a large-scale REV™ processing line and equipment, as well as purchasing auxiliary food processing and packaging equipment. Based on current forecasts, we believe that the facility will be ready for commercial food production in the late calendar year 2021. As at June 30, 2021, the Company had $485 of contractual capital expense commitments related to the project. EnWave's current cash holdings is sufficient to fund the required investment.

Although we plan to continue to invest in capital equipment as necessary to support our growth, our business is not overly capital intensive. NutraDried will require additional capital expenditures to fund operations in the near term and may require additional capital in the long term to expand production capacity to support future improved distribution of Moon Cheese®, as well as co-manufacturing contracts.

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 June 30, 2021:

($ '000s)	**Due within 1 year**	**Due between 1 - 3 years**	**Due after 3 years**	**Total**
Financial liabilities				
Borrowings	-	8	178	186
Trade and other payables	3,159	-	-	3,159
Lease liabilities	726	1,001	18	1,745
Other liability	116	35	-	151
Total	**4,001**	**1,044**	**196**	**5,241**

Transactions with Related Parties

During the three and nine months ended June 30, 2021, the Company paid quarterly directors' fees to its four independent directors through a combination of cash and stock-based compensation for their services as directors of the Company.

The table below summarizes the transactions with related parties for the three and nine months ended June 30, 2021 and 2020:

($ '000s)	**Three months ended June 30,**		**Nine months ended June 30,**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Directors' fees	**50**	50	**150**	140
Stock-based compensation	**37**	78	**165**	263
	87	128	**315**	403

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 for the three and nine months ended June 30, 2021 and 2020 comprises the following expenses:

($ '000s)	**Three months ended June 30,**		**Nine months ended June 30,**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Salaries, bonuses, severance and short-term employee benefits	**193**	238	**1,265**	1,229
Stock-based compensation	**99**	120	**284**	530
	292	358	**1,549**	1,759

Critical Accounting Estimates

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

There have been no changes in the Company's critical accounting estimates during the nine months ended June 30, 2021. For more information on the Company's accounting policies and key estimates, refer to the note disclosures in the annual consolidated financial statements and MD&A as at and for the year ended September 30, 2020.

Accounting standards and amendments issued and not yet adopted

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

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

The amendment clarifies the classification requirements to determine if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and is to be applied retrospectively, with earlier application permitted. The Company 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 maintains a provision for credit losses relating to specific losses estimated on individual exposures. As at June 30, 2021, the Company has recorded $nil (2020 - $64) provision for expected credit losses.

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

The Company transacts with a number of Canadian and US 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 June 30, 2021:

($ '000s)	**Neither past due nor impaired**	**Past due but not impaired**		
	0 – 30 days	**31 – 90 days**	**91 – 365 days**	**365 + days**
Trade receivables	1,813	137	64	-
Due from customers on contract	460	-	-	-
Loan receivables	809	-	-	-
Total	3,082	137	64	-

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 at June 30, 2021, the Company had cash and cash equivalents of $15,381 to settle current liabilities of $5,984.

Financial assets maturity table:

($ '000s)	**0 – 30 days**	**31 – 90 days**	**91 – 365 days**	**365 + days**
Cash and cash equivalents and restricted cash	15,381	-	287	-
Trade receivables	1,919	95	-	-
Due from customers on contract	33	427	-	-
Loans receivable	41	99	377	292
Indirect taxes receivable	22	-	-	-
Income taxes receivable	-	-	960	-
Total	17,396	621	1,624	292

Financial liabilities maturity table:

($ '000s)	**0 – 30 days**	**31 – 90 days**	**91 – 365 days**	**365 + days**
Borrowings	-	-	-	186
Trade and other payables	3,074	85	-	-
Lease liabilities	57	118	551	1,019
Other liability		31	85	35
Total	3,131	234	636	1,240

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 borrowings. The Company earns interest on deposits based on current market interest rates, which during the nine months ended June 30, 2021 ranged from 0.40% to 0.45% (2020 - 1.75% to 2.10%). A 1% change in interest rates would affect the results of operations by approximately $97 (2020 - $104).

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 have an effect on the Company's results of operations. As at June 30, 2021, 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. At June 30, 2021, and September 30, 2020, 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 nine months ended June 30, 2021 and 2020 as follows:

($ '000s)

Currency	**2021**	2020
US dollar	**393**	76

Capital management

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

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

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

Non-IFRS Financial Measures

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

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

The table below provides a reconciliation of the NutraDried royalty to revenues as reported in the Company's condensed consolidated interim financial statements:

($ '000s)	*Sep 30, 2019*	*Dec 31, 2019*	*Mar 31, 2020*	*Jun 30, 2020*	*Sep 30, 2020*	*Dec 31, 2020*	*Mar 31, 2021*	*Jun 30 2021*
NutraDried Royalty	837	208	288	236	670	340	166	218
Intercompany Revenue Adjustment (1)	(837)	(208)	(288)	(236)	(670)	(340)	(166)	(218)
Revenues(2)	16,188	8,609	7,492	5,998	10,784	7,533	4,686	7,351
Revenues	16,188	8,609	7,492	5,998	10,784	7,533	4,686	7,351

Notes:

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

(2) Revenues as reported in the Company's condensed consolidated interim statements of loss for the period.

We define Adjusted EBITDA as earnings before deducting amortization and depreciation, stock-based compensation, foreign exchange gain or loss, finance expense or income, income tax expense or recovery and non-recurring impairment, restructuring, severance charges and government grants related to COVID-19 programs. 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.

On October 1, 2019, the Company adopted IFRS 16, *Leases*. The adoption of IFRS 16 has resulted in the replacement of rent expense previously recorded in direct costs and general and administration expenses with depreciation expense of the right-of-use assets and higher finance costs related to the interest expense of the corresponding lease liabilities, which impacts the calculation of Adjusted EBITDA. The Company has not restated its 2019 results.

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

($ '000s)	*Sep 30, 2019*	*Dec 31, 2019*	*Mar 31, 2020*	*Jun 30, 2020*	*Sep 30, 2020*	*Dec 31, 2020*	*Mar 31, 2021*	*Jun 30, 2021*
Net income (loss) after income tax	(425)	(1,426)	(1,850)	(1,166)	1	(1,371)	(2,286)	670
Amortization and depreciation	591	359	407	513	759	670	594	639
Stock-based compensation	511	468	374	314	227	254	185	198
Foreign exchange (gain) loss	3	45	(338)	151	92	227	52	(275)
Finance income, net	(76)	(34)	(26)	(27)	(29)	4	(3)	-
Income tax expense (recovery)	260	(155)	(194)	(129)	(101)	(370)	(718)	(70)
Non-recurring restructuring charges	-	-	165	-	-	-	691	-
Government grants	-	-	-	(690)	(929)	(325)	(483)	(225)
Adjusted EBITDA	864	(743)	(1,462)	(1,034)	20	(911)	(1,968)	937

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

Forward-looking Statements

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

- EnWave's ultimate success in selling, licensing or generating a sustainable royalty stream from its *nutra*REV® and *quanta*REV® technologies in the cannabis and food industries will depend, in 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.

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 2020 Annual Information Form. Additional risks and uncertainties applicable to the forward-looking statements set out herein include, but are not limited to: fluctuations in EnWave's quarterly operating results; fluctuations in EnWave's operating and capital expenses; fluctuations in foreign exchange rates and interest rates that negatively impact EnWave; new or increased competition from other companies developing microwave vacuum technology; the inaccuracy of industry data and projections relied upon by EnWave; interruptions to EnWave's supply chain for key machine components; EnWave will become involved in material litigation; material defects and component quality of parts and raw materials sourced from EnWave suppliers; unforeseen changes to food safety and compliance regulations in the U.S. food processing industry; R&D efforts may not result in the creation of new or enhanced products in a timely or cost-effective fashion or at all; EnWave's royalty partners' and licensees' unwillingness to continue doing business with EnWave on favourable terms or at all; EnWave's business development efforts may not result in increased vertical and market penetration in the global dehydration industry; EnWave's technology may not function as intended or be suitable for the end users it is intended for; unknown or unexpected defects with EnWave's technology that are not correctable in a timely or cost-effective fashion or at all; necessary additional financing may not be available on favourable terms or at all; inability to recruit and retain qualified personnel; legal or regime changes, including changes to import and export requirements of foreign jurisdictions; political risk of domestic and foreign nations; war, terrorism, rebellion, revolt, protests, or other civil conflict; unionization, strikes or labour unrest; the global economic climate; general market trends; EnWave's intellectual property may not be sufficiently protected against third party infringement or misappropriation; EnWave's products may materially infringe on a third party's intellectual property rights; the ongoing ability and desirability of licensees to continue paying EnWave patent licensing royalties on a timely basis or at all; material litigation may arise; material unexpected costs related to EnWave's technology liability or warranty; loss of Starbucks and/or Costco as customer(s) of NutraDried; produce recalls or other food safety issues and regulatory actions could arise; information technology data and security breaches; fire, flood, earthquake, or other natural events; failure to obtain necessary permits, certifications, and authorizations; foreign currency fluctuations; dairy and other food commodity pricing fluctuations; share price volatility; unfavourable legal environments for the deployment of REV™ machinery for cannabis processing in certain jurisdictions; deficiencies in accounting policies or internal controls and procedures over financial reporting; insufficiency of insurance; unavailability of certain tax credits; and unexpected tax liabilities.

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

Off Balance Sheet Arrangements

As of the date of this report, there are no 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:

	June 30, 2021		August 26, 2021	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Common shares outstanding	111,687,955	N/A	111,615,055	N/A
Options				
Outstanding	7,205,667	1.44	7,180,667	1.44
Exercisable	5,577,001	1.50	5,670,584	1.50
RSRs				
Outstanding	805,000	1.15	805,000	1.15
Warrants				
Investor warrants	5,012,202	1.50	5,012,202	1.50

As of the date of this MD&A, the Company has 111,615,055 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 the 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
Dr. Stewart Ritchie
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
Dan Henriques, CPA, CA	Chief Financial Officer

Contact information:

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