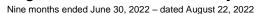


Third Quarter 2022 Management Discussion and Analysis

Nine months ended June 30, 2022

(expressed in thousands of Canadian dollars)

Dated: August 22, 2022





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

MANAGEMENT DISCUSSION AND ANALYSIS THIRD QUARTER FOR THE NINE MONTHS ENDED JUNE 30, 2022

Date of this report: August 22, 2022

This Management's Discussion and Analysis ("MD&A") provides a review of EnWave Corporation's ("EnWave", "the Company", "we", "us" or "our") financial performance, on a consolidated basis, for the nine months ended June 30, 2022 relative to the nine months ended June 30, 2021, and the financial position of the Company at June 30, 2022 relative to September 30, 2021. It should be read in conjunction with EnWave's unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine months ended June 30, 2022 ("Q3-2022") and 2021 ("Q3-2021"), as well as the 2021 annual MD&A and the 2021 annual audited consolidated financial statements and accompanying notes, and the 2021 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.

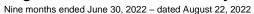
The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

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 ("REVTM") Technology

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





REVworxTM facility houses both a batch 10kW and 60kW continuous vacuum-microwave line to accelerate the commercialization of products made with EnWave's patented technology.

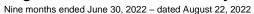
REV[™] dehydration technology applies microwave energy under vacuum to offer flexible, efficient, low temperature drying suitable for food products, cannabis, biomaterials and certain pharmaceutical ingredients. The Company has two primary commercial scale technologies, *nutra*REV[®], a drumbased system, 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 has recently 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 new division is intended to complement the current equipment sales and royalty-licensing business model of the Company and serve as a lower barrier entry point for consumer packaged goods ("CPG") companies seeking to market trial REV™-dried products. The facility opened for commercial production in March 2022.

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





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

NutraDried Food Company

The Company's wholly owned subsidiary, NutraDried Food Company, LLC ("NutraDried"), is a limited liability corporation registered in Washington, USA. NutraDried manufactures and sells Moon Cheese®, an all-natural dried cheese snack in several formats produced using REV™ technology. NutraDried also co-manufactures REV™-dried cheese for sale in bulk as an ingredient or inclusion for third-party brands. NutraDried currently produces REV™-dried cheese using two 100kW nutraREV® machines at its manufacturing facility located in Ferndale, Washington State. Moon Cheese® is sold in over 25,000 retail locations across Canada and the United States. Notable retail points of distribution currently include Starbucks, Publix, Safeway/Albertsons, Food Lion, Rite Aid, Whole Foods, and Kroger, among others.

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

NutraDried holds a commercial license for REV™ technology and pays a royalty to EnWave based on its revenue. The royalties from NutraDried, a subsidiary of EnWave, are eliminated from revenue in the consolidated financial statements of the Company.

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

(\$ '000s)	Sep 30,	Dec 31,	Mar 31,	Jun 30,	Sep 30,	Dec 31,	Mar 31,	Jun 30,
	2020	2020	2021	2021	2021	2021	2022	2022
NutraDried Royalty ⁽¹⁾	670	340	166	218	181	137	341	175

(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*.

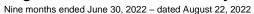
Recent Developments

Management and Board Directors

On August 2, 2022, the Company announced the retirement of Dr. Stewart Ritchie from the Company's board of directors due to personal health reasons. The Company is grateful for the governance and strategic guidance provided by Dr. Ritchie and for his contribution over the past 8 years of service. The Company does not plan to fill the vacancy created by Dr. Ritchie's departure.

REVworx[™] Safe Quality Food Certification

REVworx[™], the Company's state-of-the-art vacuum-microwave toll drying facility, successfully obtained Safe Quality Food ("SQF") Certification allowing the Company to offer toll drying services to food producing partners around the globe. It is a rigorous certification process incorporating training, line trial production, testing, inspection, and process development. The SQF Program provides credible food safety and quality standards and is recognized by the Global Food Safety Initiative (GFSI) to ensure food safety and quality codes designed for the industry, customer, and regulatory requirements for all sectors of the food supply chain are adhered to. REVworx[™] toll drying facility is equipped with 10kW and 60kW REV[™] machine and other food processing equipment that is made available for contract manufacturing services.





Overall Performance

For Q3 2022, the Company had consolidated revenues of \$5,554 compared to \$7,351 for Q3 2021, a decrease of \$1,797 or 24%. For the three quarters of fiscal 2022, the Company had consolidated revenues of \$18,732, compared to \$19,570 in the same period in fiscal 2021, a decrease of \$838 or 4%. The Company had a consolidated net loss of \$4,654 in the nine months ended June 30, 2022, compared to a consolidated net loss of \$2,987 for the same period in 2021, an increase of \$1,667.

The Company reported an Adjusted EBITDA^(*) loss of \$1,096 for Q3 2022, compared to a positive Adjusted EBITDA^(*) of \$937 for Q3 2021, a reduction of \$2,033. For the nine months ended June 30, 2022, the Company reported an Adjusted EBITDA^(*) loss of \$2,013, compared to \$1,942 for the nine months ended June 30, 2021, a slight decrease of \$71. The EnWave segment reported a positive Adjusted EBITDA^(*) which was offset by NutraDried's Adjusted EBITDA^(*) loss for the nine months ended June 30, 2022.

For the nine months ended June 30, 2022, EnWave reported revenues of \$8,224 compared to \$8,584 for the nine months ended June 30, 2021, a decrease of \$360. EnWave's revenues were lower due to less machine fabrication revenue, offset by higher royalty revenue. EnWave reported a segment loss of \$907 for the nine months ended June 30, 2022, compared to positive segment income of \$547 for the nine months ended June 30, 2021, a decrease of \$1,454.

NutraDried reported revenues of \$10,508 for the nine months ended June 30, 2022, compared to \$10,986 for the nine months ended June 30, 2021, a decrease of \$478 or 4%. NutraDried reported a segment loss of \$3,683 for the nine months ended June 30, 2022, compared to a segment loss of \$4,091 for the nine months ended June 30, 2021, a decrease of \$408.

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

Commercial Licensing and Partnership Development

Technology Evaluation and License Option Agreement with Goldencrops

On May 3, 2022, the Company signed a Technology and Evaluation License Option Agreement with Goldencrops Corporation, a Southeast Asian ingredient manufacturer. Goldencrops is evaluating REV™ technology to produce a variety of fruit, dairy and grain products. Goldencrops will rent a 10kW REV™ machine placed in Douliu, Taiwan, during the term of the evaluation.

Equipment Purchase Agreement with Dairy Concepts

On June 27, 2022, the Company signed a third equipment purchase agreement with Dairy Concepts IRL ("DCI"), for another 10kW REV™ machine. DCI has tripled its commercial production capacity for production of shelf-stable hand-held dairy snacks made using REV™ technology in Cork, Ireland.

Equipment Purchase Agreement with Fungaria

On June 28, 2022, the Company signed an equipment purchase agreement with Fungaria Snacks Ltd. ("Fungaria") having previously signed a technology evaluation agreement in February 2021. The purchase of a 10kW REV™ dehydration machine will be utilized for the development and commercialization of premium fruit and vegetables snacks for the Hungarian market.

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

On June 29, 2022, the Company received a purchase order for an EU-GMP (European Union – Good Manufacturing Practice certified) 10kW REV™ dehydration machine from an unnamed pharmaceutical cannabis company. The machine will be used to dry cannabis for medical consumption and derivative products for sale in the European Union and legal worldwide markets.





Technology Evaluation Agreement with Bounty Fresh Group

On July 11, 2022, the Company signed a Technology Evaluation and License Option Agreement with New Plymouth Food Inc., a part of Bounty Fresh Group, a leading producer of protein products in Southeast Asia. Bounty will lease a 10 kW REVTM machine to develop meat, cheese and other nutritious snacks at their main processing plant in the Philippines.

Equipment Purchase Agreement with Dole Worldwide Food & Beverage Group for a 120kW REVTM machine.

On July 12, 2022, the Company signed an equipment purchase agreement with Dole Worldwide Food & Beverage Group ("Dole") to supply a 120kW REV™ dehydration processing line that will significantly increase Dole's processing capabilities. EnWave and Dole announced a Global Strategic Partnership in August 2021 what will leverage Dole's industry-leading brand alongside EnWave's patented dehydration technology to launch better-for-you-snacking options for consumers.

Technology Evaluation Agreement with Canadian Cannabis Processor

On August 16, 2022, the Company signed a Technology Evaluation Agreement with a large Canadian cannabis company to evaluate REV™ technology at their facilities using a 10kW machine. The Canadian cannabis company will produce commercial products using REV™ machinery for a term of up to six months. If the trial is successful, a license will be signed and sale of REV™ machinery consummated thereafter.

Technology Evaluation Agreement with Wyckoff Farms Inc. for Hops Drying

On August 18, 2022, the Company signed a Technology Evaluation and License Option Agreement with Wyckoff Farms Inc. to evaluate the use of REV™ technology to dry premium hops products. Wyckoff will use the Terpene Max protocol developed by EnWave in an effort to further optimize the quality of their premium offerings. If the trial is successful, Wyckoff has the option to enter into an exclusive license to use REV™ technology in the United States for hops drying.

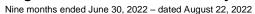
Wyckoff Farms Inc. owns Microdried[®], one of EnWave's existing royalty partners that operates three large-scale REV™ processing lines for the production of high-quality, nutritious fruit and vegetable products.

Royalty Partner and REV™ Machine Sales Pipeline

The Company rents REV™ machinery to companies evaluating the technology for specific product applications under Technology Evaluation and License Option Agreements ("TELOAs"). The strategy under these arrangements is to co-develop product applications using the technology for specific partner opportunities and to ultimately convert TELOAs into commercial licenses. EnWave earns revenue under TELOAs from short-term REV™ machine rentals as well as fees for access to EnWave's R&D facilities and product development expertise. EnWave's food scientists and engineers work with the prospective licensees during the term of the TELOA to formulate and optimize innovative products using REV™, and to develop a path towards commercialization.

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

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





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⁾
Cannabis Single-State Operator	120kW	Cannabis	USA ⁽¹⁾
Orto Al Sole	120kW	Fruits and Vegetables	Italy
Unnamed Cannabis Operator	10kW GMP	Cannabis	Europe
Dole	120kW	Fruits and Vegetables	Asia
Dairy Concepts IRL	10kW	Dairy	Ireland
Nomad Nutrition	10kW	Ready-to-Eat Meals	Canada ⁽¹⁾

Note:

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

NutraDried Food Company

NutraDried's sales in Q3 reflected new distribution into Kroger, a major U.S. grocery chain. Kroger listed 3 SKUs nationally across 2,200 stores in the U.S. The addition of Kroger as a major new customer in Q3 was partially offset by Target delisting Moon Cheese® from approximately 500 stores. Target delisting was due to planning changes by the purchaser not sales velocity or performance. We hope to be re-listed in FY 2023. There were no sales to Costco during Q3 2022, but Costco remains a strategically important customer and a number of club opportunities are being pursued. NutraDried attended the Sweets & Snacks Expo in Chicago in May 2022 to meet with buyers, retailers, and customers to seek new distribution and expand its presence in the snacking vertical.

NutraDried produces and sells dried cheese in bulk format for ingredient applications to third-party brands for use in mixes and other snack products. The management team continues to pursue new bulk, private label and contract manufacturing opportunities to diversify and grow NutraDried's revenue base.

NutraDried aims to continue to grow its distribution nationally in the U.S. and is targeting numerous new retailers in the grocery channel as part of its strategy. The Company's objective is to continue to grow its core distribution in the U.S. retail grocery channel by securing new national retail accounts and smaller regional accounts.

Cheese Pricing

NutraDried is exposed to commodity price fluctuations for block cheese, its primary raw material input cost. The commodity pricing of bulk cheese has increased since the beginning of the fiscal year, which has reduced gross margin. The input cost of cheese rose sharply in Q3 2022, which has increased our cost of goods and shrank gross margin. Cheese pricing for a 40-pound cheddar block on the Chicago Mercantile Exchange averaged \$2.03/lb for fiscal 2022 and peaked at \$2.67/lb in



May 2022. In Q4 cheese prices have come down, however, the higher cost of goods is expected to negatively impact cost of goods for the balance of the year and into fiscal 2023. The volatility in cheese pricing impacts NutraDried's cost of goods sold, and when possible, NutraDried uses forward contracts to mitigate the impacts of commodity price fluctuations.

Summarized Quarterly Results

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

	2020		202	21			2022	
(\$ '000s)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenues	10,784	7,533	4,686	7,351	6,906	6,297	6,881	5,554
Direct costs	(8,629)	(5,835)	(4,208)	(4,737)	(4,529)	(3,581)	(5,538)	(4,090)
Gross profit	2,155	1,698	478	2,614	2,377	2,716	1,343	1,464
Expenses	(3,184)	(3,764)	(3,965)	(2,239)	(3,370)	(3,116)	(3,729)	(3,479)
Other income	929	325	483	225	306	147	-	-
Income tax (expense) recovery	101	370	718	70	(451)	-	-	-
Net income (loss) after income tax	1	(1,371)	(2,286)	670	(1,138)	(253)	(2,386)	(2,015)
Adjusted EBITDA ⁽¹⁾	20	(911)	(1,968)	937	(223)	301	(1,218)	(1,096)
Loss per share: Basic and diluted	(0.00)	(0.01)	(0.02)	0.00	(0.01)	(0.00)	(0.02)	(0.02)
Total assets	40,663	34,633	33,301	32,568	30,641	29,990	29,362	27,629
Total liabilities	12,312	7,622	8,427	7,224	7,653	7,047	8,519	8,315

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

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

Revenues and gross profit also vary from quarter to quarter depending on the timing of Moon Cheese® product rotations at Costco, a major customer historically and the timing of machine fabrication revenues. Revenues for Q3 2022 were the lowest since Q2 2021 due to lack of Moon Cheese® sales to Costco U.S and Costco Canada. Revenues in Q4 2020 were higher due to a national promotion NutraDried ran in Costco U.S across multiple regions. Revenues from EnWave were higher in Q3 2022 than Q2 2022 due to increased machine fabrication revenues. Revenues for EnWave were higher in Q1 2022 compared to all previous quarters in fiscal 2021 due to higher machine sales activity for both large and small machines in the period.

Direct costs for Q3 2022 decreased relative to Q2 2022 with a shift in sales mix from NutraDried revenues in Q2 2022 to increased EnWave revenues in Q3 2022 which is typically at a higher margin. Direct costs for both companies have increased due to inflation and input cost increases in Q2 and onwards of 2022. Direct costs for Q3 2022 were lower than all preceding quarters in fiscal



year 2021 due to additional contributions from EnWave as a result of reselling a large-scale REV™ machine and a partially fabricated machine for additional margin.

The Company's expenses increased from Q1 2022 through Q3 2022 primarily due to additional travel and tradeshow expenses, along with start-up costs for REVworx™ which have been reduced in Q3 2022. Expenses were highest in Q2 2021 due to NutraDried's severance costs for restructuring which was a one-time occurrence. Adjusted EBITDA⁽¹⁾ was negative for Q3 2022 and Q2 2022 due to decreased sales for NutraDried, higher cheese pricing, decreased production capacity and absorption of overhead in conjunction with the timing of fabrication of customized machines and lower machine sales. Adjusted EBITDA⁽¹⁾ was positive for Q1 2022 due to an improved contribution from machinery sales at EnWave offset by NutraDried's loss.

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, 2022 and 2021, and should be read in conjunction with those financial statements.

(\$ '000s)	Three mo	nths ended	l June 30,	Nine months ended June 30,		
			Change			Change
	2022	2021	%	2022	2021	%
Revenues	5,554	7,351	(24%)	18,732	19,570	(4%)
Direct costs	4,090	4,737	(14%)	13,209	14,780	(11%)
Gross margin	1,464	2,614	(44%)	5,523	4,790	15%
Operating expenses						
General and administration	1,186	1,035	15%	3,494	3,375	4%
Sales and marketing	1,493	831	80%	4,074	3,656	11%
Research and development	485	391	24%	1,662	1,423	17%
	3,164	2,257	40%	9,230	8,454	9%
Net (loss) income after taxes	(2,015)	670	(401%)	(4,654)	(2,987)	(56%)
Adjusted EBITDA ⁽¹⁾ (loss) income	(1,096)	937	(217%)	(2,013)	(1,942)	(4%)
Loss per share						
Basic	\$ (0.02)	\$0.00		\$ (0.04)	\$(0.03)	
Diluted	\$ (0.02)	\$0.00		\$ (0.04)	\$(0.03)	

⁽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

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 fiscal 2023. 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 en	ded June 30,	Nine months ended June 30,		
_(\$ '000s)	2022	2021	2022	2021	
Revenue	5,554	7,351	18,732	19,570	



Revenue for the nine months ended June 30, 2022, was \$18,732, compared to \$19,570 for the nine months ended June 30, 2021, a decrease of \$838. Revenue for the three months ended June 30, 2022, was \$5,554, compared to \$7,351 for the three months ended June 30, 2021, a decrease of \$1,797. The decrease in revenues for the three and nine months ended June 30, 2022, is primarily due to no regional product rotations in Costco for Moon Cheese[®] and a decrease in purchase order volume for REV[™] machinery in the third quarter of 2022 relative to 2021. The reduction in revenue was partially offset by higher royalty revenue generated in Q3 2022. 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:

	2020 2021					2022		
_(\$ '000s)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
EnWave	1,601	2,676	2,348	3,560	3,879	4,067	1,494	2,663
NutraDried	9,183	4,857	2,338	3,791	3,027	2,230	5,387	2,891
Total	10,784	7,533	4,686	7,351	6,906	6,297	6,881	5,554

Revenues from EnWave were \$8,224 for the nine months ended June 30, 2022, compared to \$8,584 for the nine months ended June 30, 2021, a decrease of \$360. The decrease was due to a combination of lower small machine sales offset by an increase in royalty growth. Revenues from EnWave were \$2,663 for the three months ended June 30, 2022, compared to \$3,560 for the three months ended June 30, 2021, a decrease of \$897 due to fewer large machine sales under fabrication in the period relative to the prior year.

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 has recently started up and management 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 \$1,051 for the nine months ended June 30, 2022, compared to \$674 for the nine months ended June 30, 2021, an increase of \$377 or 56%. Royalty revenue for Q3 2022 was \$301 compared to \$191 for Q3 2021, an increase of \$110 or 58%. The growth in royalties in Q3 2022 reflects the increase in large-scale machines installed for commercial production of royalty-bearing products as well as growth in the sales by a number of royalty partners. 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. The Company's royalties experience some seasonality due to the timing of annual minimum royalty payments required under its commercial license agreements to retain licensing exclusivity.

Revenues from NutraDried were \$10,508 for the nine months ended June 30, 2022, compared to \$10,986 for the nine months ended June 30, 2021, a decrease of \$478. Revenues from NutraDried were \$2,891 for the three months ended June 30, 2022, compared to \$3,791 for the three months ended June 30, 2021, a decrease of \$900. The decrease in revenues from NutraDried was primarily due to a reduction in bulk and ingredient sales of products in 2022 compared to 2021. Bulk and ingredient sales for 2022 have been modest but volumes have decreased when compared to prior year.

Direct costs

Direct costs comprise the cost of materials, packaging, 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 June 30,	Nine months ended June 30,		
(\$ '000s)	2022	2021	2022	2021	
Direct costs	4,090	4,737	13,209	14,780	
% of revenue	74%	64%	71%	76%	

Direct costs for the nine months ended June 30, 2022, decreased by \$1,571, or 11%, compared to the nine months ended June 30, 2021. Direct costs for the three months ended June 30, 2022, were \$4,090 compared to \$4,737 for the three months ended June 30, 2021, a decrease of \$647. As a percentage of revenue, direct costs for the three months ended June 30, 2022 increased by 10%, and for the nine months ended June 30, 2022, decreased by 5% compared to June 30, 2021.

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, 2022, EnWave yielded a ratio of direct costs to revenue of 50%, compared to 58% for the nine months ended June 30, 2021. The increase in gross margin was due to the sale of a large machine that was repurchased from a cannabis partner, resulting in lower direct costs. Input costs for machine fabrication have increased in recent months, with the cost of stainless steel, componentry and inbound freight rising. Higher manufacturing costs have been offset by growth in high-margin royalty revenues, resulting in improved gross margin.

The ratio of direct costs to revenue was 86% for NutraDried for the nine months ended June 30, 2022, compared to 89% for the nine months ended June 30, 2021, a decrease of 3%. The slightly higher gross margin was due to a slight decrease in trade spending which was offset by higher cheese prices in 2022. The input costs for NutraDried have risen sharply in 2022 with higher costs associated with cheese, packaging supplies and freight. The Company implemented a price increase for its products in May 2022 in an effort to partially offset the increase to input costs.

Direct costs of NutraDried are highly dependent on the commodity pricing of raw cheese as the primary raw material used in production. Cheese prices increased during the nine months ended June 30, 2022. The commodity price increases for cheese have downwardly impacted margins at NutraDried.

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 en	ded June 30,	Nine months ended June 30,	
(\$ '000s)	2022	2021	2022	2021
General and administration	1,186	1,035	3,494	3,375
% of revenue	21%	14%	19%	17%

G&A expenses for the nine months ended June 30, 2022, were \$3,494 compared to \$3,375 for the nine months ended June 30, 2021, an increase of \$119. G&A expenses for the three months ended June 30, 2022, were \$1,186 compared to \$1,035 for the three months ended June 30, 2021, an increase of \$151. The small increase to G&A expenses primarily relates to higher legal, insurance and administration costs. The Company has not significantly adjusted its G&A spending relative to the prior year.

Nine months ended June 30, 2022 – dated August 22, 2022



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 end	ed June 30,	Nine months ended June 30,	
(\$ '000s)	2022	2021	2022	2021
Sales and marketing	1,493	831	4,074	3,656
% of revenue	27%	11%	22%	19%

S&M expenses for the nine months ended June 30, 2022, were \$4,074 compared to \$3,656 for the nine months ended June 30, 2021, an increase of \$418. The increase to S&M expenses is attributable to attendance at tradeshows paired with increased business development travel, with inperson tradeshows resuming in 2022. S&M expenses for the three months ended June 30, 2022, were \$1,493 compared to \$831 for the three months ended June 30, 2021, an increase of \$662 primarily due to additional tradeshow and promotional travel costs at both EnWave and NutraDried.

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 expenses also include depreciation expense for R&D equipment and product development activities at NutraDried.

	Three months ende	ed June 30,	Nine months ended June 30,		
(\$ '000s)	2022	2021	2022	2021	
Research and development	485	391	1,662	1,423	
% of revenue	9%	5%	9%	7%	

R&D expenses for the nine months ended June 30, 2022, were \$1,662 compared to \$1,423 for the nine months ended June 30, 2021, an increase of \$239. R&D expenses for the three months ended June 30, 2022, were \$485 compared to \$391 for the three months ended June 30, 2021, an increase of \$94. R&D expenses for 2022 increased relative to 2021 due to upgrading machine designs, and patent filing and maintenance fees.

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

Stock-based compensation

Stock-based compensation expense was \$920 for the nine months ended June 30, 2022, compared to \$637 for the nine months ended June 30, 2021, an increase of \$283. Stock-based compensation expense was \$308 for the three months ended June 30, 2022, compared to \$198 for the three months ended June 30, 2021, an increase of \$110. The increase relates to the grant of additional stock option awards, restricted share rights and the related vesting of those grants.

	Three months ended June 30, Nine months end		ed June 30,	
(\$ '000s)	2022	2021	2022	2021
Stock-based	308	198	920	637
compensation				



Foreign exchange loss

Foreign exchange loss for the nine months ended June 30, 2022, was \$18 compared to \$4 for the nine months ended June 30, 2021. Foreign exchange gain for the three months ended June 30, 2022 was \$48 compared to \$275 for the three months ended June 30, 2021. The majority of the Company's foreign exchange gain or loss amounts consists of foreign exchange differences driven by our monetary assets and liabilities in US dollars. The fluctuation of foreign exchange is consistent with the Canadian dollar's appreciation or depreciation as measured against the US dollar for each period due to global macroeconomic factors.

	Three months ende	d June 30,	Nine months ended June 30,		
_ (\$ '000s)	2022	2021	2022	2021	
Foreign exchange (gain) loss	(48)	(275)	18	4	

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 nine months ended June 30, 2022, EnWave received \$147 from the Canadian federal government from the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") programs. The other income recorded in 2021 relates to COVID-19 relief received under the CERS and CEWS programs as well, which are non-repayable as long as the Company continues to meet the eligibility criteria.

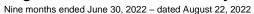
	Three months ende	d June 30,	Nine months ended June 30,		
(\$ '000s)	2022	2021	2022	2021	
Other income	_	225	147	1,033	

Liquidity and Capital Resources

Working capital

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

	June 30,	September 30,
(\$ '000s)	2022	2021
Current assets		
Cash and cash equivalents	6,754	11,790
Restricted cash	592	288
Trade receivables	1,956	2,130
Due from customers on contract	860	1,535
Loans receivable, current	558	847
Inventory	7,126	5,722
Prepaids and other receivables	601	833
Income taxes receivable	968	986
	19,415	24,131
Current liabilities	•	•
Borrowings	2	-
Trade and other payables	4,896	4,421
Customer deposits and deferred revenue	829	1,323
Current portion of lease liabilities	753	753
Current portion of other liability	36	121
	6,516	6,618
Working capital	12,899	17,513





As at June 30, 2022, the Company had working capital of \$12,899, compared to \$17,513 as at September 30, 2021. As at June 30, 2022, the cash and cash equivalents balance is \$6,754 compared to \$11,790 as at September 30, 2021, a decrease of \$5,036. The Company used \$2,213 of cash to purchase new plant and equipment and used net cash from operating activities of \$2,127 for the nine months ended June 30, 2022.

EnWave had trade receivables of \$1,024 as at June 30, 2022, compared to \$898 as at September 30, 2021, and NutraDried had trade receivables of \$932 as at June 30, 2022, compared to \$1,232 as at September 30, 2021. The increase in EnWave's trade receivables relates to the net collections of deposits and performance milestones completed on equipment sales contracts. The decrease in NutraDried's trade receivables relates to timing of collections on account for amounts owing to the Company as at June 30, 2022.

Due from customers on contract to EnWave as at June 30, 2022, was \$860 compared to \$1,535 as at September 30, 2021, with the decrease related to billings made on construction contracts. The amounts due from customers on contract are billed and collected when project specific milestones are reached on each project.

EnWave had inventory of \$4,042 as at June 30, 2022, compared to inventory of \$3,060 at September 30, 2021, an increase of \$982. The inventory of EnWave relates to 10kW machines used for rentals, and those under fabrication, as well as components purchased for the fabrication of several large machines. EnWave has increased inventory to mitigate supply chain risks and to ensure critical components are available for machine fabrication.

NutraDried had inventory of \$3,084 as at June 30, 2022, compared to \$2,662 as at September 30, 2021, an increase of \$422. NutraDried's inventory is comprised of food product and packaging supplies. Inventory at NutraDried was higher at June 30, 2022, compared to September 30, 2021, due to timing of shipments of product sold in the period and increased production volume to align with current sales.

EnWave had current loans receivable of \$558 as at June 30, 2022, compared to \$847 as at September 30, 2021, that relate to equipment finance loans made to customers under equipment purchase arrangements. The current loans receivable decreased due to repayment of loans during the year according to the scheduled amortization. The loans receivable bear interest at annual interest rates ranging between 6% and 12%, have fixed terms ranging from 5 to 33 months and are amortized with monthly blended payments of interest and principal.

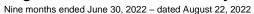
Trade and other payables as at June 30, 2022, includes \$2,639 of trade payables and accrued liabilities related to EnWave, compared to \$2,946 as at September 30, 2021. Trade and other payables for NutraDried were \$2,257 as at June 30, 2022, compared to \$1,475 as at September 30, 2021, with the increase related to increased inventory purchases in the period.

Financing and liquidity

Cash and cash equivalents were \$6,754 as at June 30, 2022, compared to \$11,790 as at September 30, 2021. As at June 30, 2022, we had net working capital of \$12,899 compared to \$17,513 at September 30, 2021. The change in cash consists of:

	Three months end	ed June 30,	Nine months ended June 30		
_(\$ '000s)	2022	2021	2022	2021	
Cash (used in) from operating activities	(1,141)	780	(2,127)	3,744	
Cash used in investing activities	(877)	(268)	(2,213)	(1,698)	
Cash used in financing activities	(284)	(192)	(702)	(1,115)	

We believe that our current working capital surplus of \$12,899 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.

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

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

The ability to achieve our targeted future operating results is based on a number of assumptions that involve significant judgements and estimates, which cannot be assured. Our ability to fund our operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive and business conditions, and other factors, some of which are beyond our control, such as commodity pricing, the macroeconomic environment and the impact of COVID-19. If we are unable to achieve our targeted operating results, our liquidity could be adversely impacted. Our operating results could adversely affect our ability to raise additional capital to fund our operations and there is no assurance that debt or equity financing will be available in sufficient amounts, on acceptable terms, or in a timely basis.

Normal course issuer bid

On October 14, 2021, the Company announced the approval of its normal course issuer bid ("NCIB") by the TSX Venture Exchange ("TSXV"). This NCIB commenced on October 29, 2021, and will end on October 28, 2022 and allows the Company to purchase up to 10,778,194 common shares over a period of 12 months, but no more than 2,204,101 shares in any 30-day period. Purchases are made on the open market through the TSXV by Cormark Securities Inc. at the market price of such common shares at the time of acquisition. At the time of this report, no shares have been purchased or cancelled in the current fiscal year.

Capital expenditures

During the nine months ended June 30, 2022, we incurred capital expenditures of \$2,360 related to the acquisition of plant and equipment. NutraDried accounted for \$731 of the capital expenditures for the period with additions to production equipment. EnWave accounted for \$1,629 of the capital expenditures for the period primarily for assets purchased for the REVworx™ toll manufacturing facility.

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

Contractual obligations

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table provides information about certain of the Company's significant contractual obligations as at June 30, 2022:



(\$ '000s)	Due within 1 year	Due between 1 - 3 years	Due after 3 years	Total
Financial liabilities	•	-		
Borrowings	2	9	197	208
Trade and other payables	4,896	-	-	4,896
Lease liabilities	753	1,100	493	2,346
Other liability	36	-	-	36
Total	5,687	1,109	690	7,486

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 June 30, 2022.

On May 13, 2022, a purported class action proceeding was commenced in the United States District Court for the Southern District of New York against NutraDried, the Company's subsidiary, on behalf of visually impaired or legally blind individuals in the United States that attempted to access the Company's website, and who were allegedly denied access to the equal enjoyment of goods and/or services during the period from May 13, 2019 to May 13, 2022. The complaint alleges, inter alia, that the Company's mooncheese.com website fails to accommodate persons with disabilities according to the *American Disabilities Act*, and unlawfully discriminates to deny such persons the opportunity to participate, or benefit from, the Company's product and services. While this matter is ongoing, the Company intends to vigorously defend against the claims. No provision has been recognized as of June 30, 2022.

Transactions with Related Parties

During the three and nine months ended June 30, 2022, 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 table below summarizes the transactions with related parties for the three and nine months ended June 30, 2022, and 2021:

(\$ '000s)	Three mont	Three months ended June 30,		
	2022	2021	2022	2021
	\$	\$	\$	\$
Directors' fees	50	50	150	150
Stock-based compensation	19	37	64	165
	69	87	214	315

Compensation of key management personnel

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





Company, during the three and nine months ended June 30, 2022, and 2021 comprises the following expenses:

(\$ '000s)	Three month	ns ended	Nine months ended		
		June 30,		June 30,	
	2022	2021	2022	2021	
	\$	\$	\$	\$	
Salaries, bonuses, and short-term employee benefits	276	193	1,514	1,265	
Stock-based compensation	163	99	492	284	
	439	292	2,006	1,549	

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.

There have been no changes in the Company's critical accounting estimates during the nine months ended June 30, 2022. 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, 2021.

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, 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, due from customers on contract and loans receivable. The Company mitigates its exposure to credit loss by maintaining the majority of cash balances with major Canadian financial institutions.

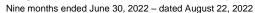
The Company provides credit to its customers in the normal course of business and, as such, has exposure to credit risk in relation to the collection of trade receivables, due from customers on contract and loans receivable. Prior to issuing credit, management performs due diligence reviewing the customer, taking into account its financial position, historical experience, and other factors. The Company minimizes its credit risk associated with trade receivables and due from customers on contract by maintaining ongoing close contact with customers and by reviewing individual account balances, and proactively following up on overdue amounts. The Company minimizes credit risk associated with loan receivables by performing due diligence prior to issuing loans, ensuring customers are reputable companies, filing a lien on the equipment in the country the machine resides and using the machine equipment as collateral. The Company maintains a provision for credit losses relating to specific losses estimated on an individual exposure. As at June 30, 2022, the Company has recorded a \$48 (2021 - \$nil) provision for expected credit losses.

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

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

The following table provides information regarding the aging of receivables as at June 30, 2022:

(\$ '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	1,736	133	87	-		
Due from customers on contract	860	-		-		
Loans receivable	902	-		-		
Total	3,498	133	87	-		





Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through ongoing management and forecasting of cash flows, budgeting, and equity financings. Cash flow forecasting is performed to monitor cash requirements and to manage capital management decisions. Such forecasting takes into account current and potential customers, contractual obligations and the Company's technology development and commercialization expectations.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with varying maturities selected with regards to the expected timing of expenditures from continuing operations. As at June 30, 2022, the Company held no foreign exchange derivatives.

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, 2022, the Company had cash and cash equivalents of \$6,754 to settle current liabilities of \$6,516.

Financial assets maturity table:

(\$ '000s)	0 – 30 days	31 – 90 days	91 – 365 days	Over 365 days
Cash and cash equivalents and restricted cash	6,754	-	592	-
Trade receivables	1,956	-	-	-
Due from customers on contract	520	340	-	-
Loans receivable	74	117	366	345
Income taxes receivable	-	-	968	-
Total	9,304	457	1,926	345

Financial liabilities, excluding other liability, maturity table:

(\$ '000s)	0 – 30 days	31 – 90 days	91 – 365 days	Over 365 days
Borrowings	-	-	2	206
Trade and other payables	4,256	-	640	-
Customer deposits and deferred revenue	829	-	-	-
Lease liabilities	56	113	584	1,593
Total	5,141	113	1,226	1,799

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 rate risk from the interest rate impact on cash and cash equivalents and restricted cash. The Company earns interest on deposits based on current market interest rates, which during the three months ended June 30, 2022, ranged from 2.05% to 2.55%. A 1% change in interest rates would affect the results of operations by approximately \$54.





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
- 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 June 30, 2022, 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 June 30, 2022, 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, 2022, and 2021 as follows:

(\$ '000s)	2022 \$	2021 \$
US dollar	418	393

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,	Dec 31,	Mar 31,	Jun 30,	Sep 30,	Dec 31,	Mar 31,	Jun 30,
	2020	2020	2021	2021	2021	2021	2022	2022
NutraDried Royalty	670	340	166	218	118	137	341	175
Intercompany Revenue Adjustment (1)	(670)	(340)	(166)	(218)	(118)	(137)	(341)	(175)
Revenues ⁽²⁾	10,784	7,533	4,686	7,351	6,906	6,297	6,881	5,554
Revenues	10,784	7,533	4,686	7,351	6,906	6,297	6,881	5,554

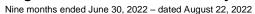
Notes:

- (1) Adjustment to eliminate intercompany revenue from the condensed consolidated interim financial statements.
- (2) Revenues as reported in the Company's condensed consolidated interim statements of loss for the period.

We define Adjusted EBITDA as earnings before deducting amortization and depreciation, stock-based compensation, foreign exchange gain or loss, finance expense or income, income tax expense or recovery and non-recurring impairment, restructuring and severance charges and government assistance. We believe that Adjusted EBITDA is a useful measure as it provides an indication of the operational results of the business. 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:

-	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun
	30,	31,	31,	30,	30,	31,	31,	30,
<u>(\$ '000s)</u>	2020	2020	2021	2021	2021	2021	2022	2022
Net (loss) income after income tax	1	(1,371)	(2,286)	670	(1,138)	(253)	(2,386)	(2,015)
Amortization and depreciation ⁽¹⁾	759	670	594	639	610	447	735	648
Stock-based compensation ⁽²⁾	227	254	185	198	187	234	378	308
Foreign exchange loss (gain)(3)	92	227	52	(275)	(19)	19	47	(48)
Finance (income) expense net ⁽⁴⁾	(29)	4	(3)	-	(8)	1	8	11
Income tax expense (recovery)	(101)	(370)	(718)	(70)	451	-	-	-
Non-recurring impairment and restructuring costs ⁽⁵⁾	-	-	691	-	-	-	-	-
Government assistance ⁽⁶⁾	(929)	(325)	(483)	(225)	(306)	(147)	-	-
Adjusted EBITDA	20	(911)	(1,968)	937	(223)	301	(1,218)	(1,096)





Notes:

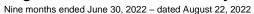
- (1) Amortization and depreciation of property, plant and equipment and intangible assets is a non-cash expense and therefore does not require any cash outlay by the Company.
- (2) These include awards that are settled though shares issued from treasury and generally do not require any cash outlay by 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.

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

Actual results could, however, be substantially different due to the risks and uncertainties associated with and inherent to EnWave's business, as more particularly described in the "Risk Factors" section of the Company's 2021 Annual Information Form. Additional risks and uncertainties applicable to the forward-looking statements set out herein include, but are not limited to: fluctuations in EnWave's quarterly operating results; fluctuations in EnWave's operating and capital expenses; fluctuations in foreign exchange rates and interest rates that negatively impact EnWave; new or increased competition from other companies developing microwave vacuum technology; the inaccuracy of industry data and projections relied upon by EnWave; interruptions to EnWave's supply chain for key machine components; EnWave will become involved in material litigation; material defects and component quality of parts and raw materials sourced from EnWave suppliers; unforeseen changes to food safety and compliance regulations in the U.S. food processing industry; R&D efforts may not result in the creation of new or enhanced products in a timely or cost-effective fashion or at all: EnWave's royalty partners' and licensees' unwillingness to continue doing business with EnWave on favourable terms or at all; EnWave's business development efforts may not result in increased vertical and market penetration in the global dehydration industry; EnWave's technology may not function as intended or be suitable for the end users it is intended for; unknown or unexpected defects with EnWave's technology that are not correctable in a timely or cost-effective fashion or at all; necessary additional financing may not be available on favourable terms or at all; inability to recruit and retain qualified personnel; legal or regime changes, including changes to import and export requirements of foreign jurisdictions; political risk of domestic and foreign nations; war, terrorism, rebellion, revolt, protests, or other civil conflict; unionization, strikes or labour unrest; the global economic climate; general market trends; EnWave's intellectual property may not be sufficiently protected against third party infringement or misappropriation; EnWave's products may materially infringe on a third party's intellectual property rights; the ongoing ability and desirability of licensees to continue paying EnWave patent licensing royalties on a timely basis or at all; material litigation may arise; material unexpected costs related to EnWave's technology liability or warranty;





loss of Starbucks, Costco or other major customer(s) of NutraDried; produce recalls or other food safety issues and regulatory actions could arise; information technology data and security breaches; fire, flood, earthquake, or other natural events; failure to obtain necessary permits, certifications, and authorizations; foreign currency fluctuations; dairy and other food commodity pricing fluctuations; share price volatility; unfavourable legal environments for the deployment of REV™ machinery for cannabis processing in certain jurisdictions; deficiencies in accounting policies or internal controls and procedures over financial reporting; insufficiency of insurance; unavailability of certain tax credits; unexpected tax liabilities; business interruptions and/or shutdowns caused by the COVID-19 pandemic.

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

Off-balance Sheet Arrangements

As of the date of this MD&A, the Company had a US\$205 (CA\$264) letter of credit issued in favour of a customer related to an equipment purchase contract. There are no other material off-balance sheet arrangements.

Capital Structure and Outstanding Share Data

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

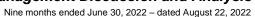
	June 30, 2022		August 22, 2022	
		Weighted		Weighted
		average		average
		exercise		exercise
		price		price
	Number	\$	Number	\$
Common shares outstanding	110,380,055	N/A	110,440,055	N/A
Options				
Outstanding	8,443,267	1.34	8,453,267	1.34
Exercisable RSRs	6,554,266	1.44	6,564,266	1.44
Outstanding	815,000	1.02	755,000	1.02
Warrants				
Investor warrants	5,012,202	1.50	5,012,202	1.50

As of the date of this MD&A, the Company has 110,440,055 common shares issued and outstanding. We maintain a Stock Option Plan (the "Option Plan") that enables us to grant options to directors, officers, employees and consultants. We maintain a Restricted Share Rights Plan (the "RSR Plan") that enables us to grant RSRs to directors, officers, employees and consultants. The Option Plan and RSR Plan permits the granting of compensation securities up to an aggregate maximum of 10% of our issued and outstanding common shares from time to time on a non-diluted basis, and the maximum number of RSRs granted thereunder is further limited to 1,895,000.

Other MD&A Requirements

Information pursuant to National Instrument 51-102.







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

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

Directors		
John P.A. Budreski		
Brent Charleton		
Mary C. Ritchie		
Stephen Sanford		
Patrick Turpin		
Pablo Cussatti		

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

Contact information:

Corporate, Strategic and Investor Inquiries	Administration and Finance
Brent Charleton, CFA President and Chief Executive Officer Telephone (+1) 778 378 9616 bcharleton@enwave.net	Dan Henriques, CPA, CA Chief Financial Officer Telephone (+1) 604 835 5212 dhenriques@enwave.net
