



EnWave Reports 2022 Third Quarter Consolidated Interim Financial Results

Vancouver, B.C., August 22nd, 2022

EnWave Corporation (TSX-V:ENW | FSE:E4U) ("EnWave", or the "Company") today reported the Company's consolidated interim financial results for the third quarter ended June 30, 2022.

- Royalty revenue YTD of \$1.15 million, representing annual growth of 55% in the high-margin royalty portfolio.
- First 10kW GMP unit was commissioned for the dehydration of premium cannabis products in New Zealand, expanding the use of REV™ across the legalized global cannabis industry.
- REVworx™ facility obtained Safe Quality Food Certification ("SQF") as part of the strategy to provide advanced toll processing capabilities to the food industry.

Consolidated Financial Performance:

(\$ '000s)	Three months ended June 30,			Nine months ended June 30,		
	2022	2021	Change %	2022	2021	Change %
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 after taxes	(2,015)	670	(401%)	(4,654)	(2,987)	(56%)
Adjusted EBITDA ⁽¹⁾	(1,096)	937	(217%)	(2,013)	(1,942)	(4%)
Loss per share						
Basic and diluted	\$ (0.02)	\$0.00		\$ (0.04)	\$(0.03)	

⁽¹⁾ Adjusted EBITDA is a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures disclosure below for a reconciliation to the nearest IFRS equivalent.

EnWave's annual consolidated financial statements and MD&A are available on SEDAR at www.sedar.com and on the Company's website www.enwave.net.



Key Financial Highlights for Q3 (expressed in '000s):

- The Company reported consolidated revenue for Q3 2022 of \$5,554, compared to \$7,351 in Q3 2021, a decrease of \$1,797 or 24%.
 - EnWave's segment revenue was \$2,663 compared to \$3,560 in Q3 2021, a decrease of \$897 or 25%. Royalty revenues for Q3 2022 were \$301 compared to \$191 for Q3 2021, an increase of \$110 or 58%.
 - NutraDried's segment revenue was \$2,891 compared to \$3,791 for Q3 2021, a decrease of \$900 or 24% due to lower sales volumes of bulk and ingredient products.
- Gross margin for Q3 2022 was 26%, compared to 35% for Q3 2021 and Q2 2022. Gross margins at NutraDried in the quarter were compressed due to higher input costs related to cheese and freight.
- Adjusted EBITDA⁽¹⁾ (refer to *Non-IFRS Financial Measures* section below) for Q3 2022 was a loss of \$1,096 compared to a profit of \$937 for Q3 2021, a decrease of \$2,033.
- SG&A expenses (including R&D) were \$3,164 in Q3 2022, compared to \$2,257 in Q3 2021 an increase of \$907. The Company continued to invest in developing its intellectual property during the quarter to support the expansion of its global licensing strategy. Marketing investments were made to generate awareness and enhance the business development pipelines at EnWave and NutraDried.

Significant Corporate Accomplishments in Q3 2022 and Subsequently:

- Sold a 120kW REV™ machine to Dole Worldwide Food and Beverage Group (“Dole”), that will significantly increase Dole’s vacuum-microwave production capacity and processing capabilities. The machine is expected to be delivered in early calendar 2023 to begin royalty-bearing commercial production.
- Sold a third 10kW REV™ machine to Dairy Concepts to further increase their commercial production capacity for the sale of its shelf-stable hand-held dairy snacks in Ireland.
- Sold a 10kW REV™ machine to Fungaria Snack Ltd to develop and commercialize premium fruit and vegetable snack for the Hungarian market.
- Received a purchase order for an EU-GMP (European Union – Good Manufacturing Practice certified) with an unnamed pharmaceutical cannabis company to dry cannabis for medical consumption and derivative products for sale in the European Union and legal global markets.
- Obtained Safe Quality Food Certification (“SQF”) for REVworx™ state-of-the-art vacuum-microwave toll drying facility which has a 10kW and 60kW REV™ machine to provide toll drying services for companies of all sizes and in all sectors.
- Launched national distribution of 4 flavors of Moon Cheese® into Kroger.

- Signed a Technology Evaluation and License Option Agreement with Bounty Fresh Group, a leading producer of protein products in Southeast Asia, to evaluate the potential commercial use of REV™ technology in producing a variety of meat, cheese and other nutritious snacks.
- Signed a Technology Evaluation and License Option Agreement with Wyckoff Farms Inc. to evaluate the use of REV™ technology to dry premium hops products.
- Signed a Technology Evaluation Agreement with a large Canadian cannabis company to evaluate REV™ technology at its facilities using a 10kW machine.
- Completed the installation of BranchOut Snacks' 60kW REV™ machine in Peru to scale up royalty-bearing commercial production capacity for its line of better-for-you snack products.

Rescheduled Conference Call:

The Company has rescheduled the conference call to discuss the 2022 Third Quarter Financial Results and the Company's state of affairs. The conference call will be held on Tuesday August 23, 2022. Prepared remarks will be given followed by a question-and-answer session for shareholders.

Date: August 23rd, 2022

Time: 7:00am PST / 10:00am EST

Participant Access: 1-877-407-2988 (toll free number)

Webcast: <https://event.choruscall.com/mediaframe/webcast.html?webcastid=Zyo6ssWa>

¹ Non-IFRS Financial Measures:

This news release refers to Adjusted EBITDA which is a non-IFRS financial measure. We define Adjusted EBITDA as earnings before deducting amortization and depreciation, stock-based compensation, foreign exchange gain or loss, finance expense or income, income tax expense or recovery, non-recurring impairment, restructuring and/or severance charges, and government assistance. This measure is not necessarily comparable to similarly titled measures used by other companies and should not be construed as an alternative to net income or cash flow from operating activities as determined in accordance with IFRS. Please refer to the reconciliation between Adjusted EBITDA and the most comparable IFRS financial measure reported in the Company's consolidated financial statements.

(\$ '000s)	Three months ended		Nine months ended	
	2022	June 30, 2021	2022	June 30 2021
Net (loss) income after income tax	(2,015)	670	(4,654)	(2,987)
Amortization and depreciation	648	639	1,830	1,903
Stock-based compensation	308	198	920	637
Foreign exchange loss	(48)	(275)	18	4
Finance expense, net	11	-	20	1
Income tax recovery	-	(70)	-	(1,158)
Non-recurring impairment and restructuring costs	-	-	-	691
Government assistance	-	(225)	(147)	(1,033)
Adjusted EBITDA	(1,096)	937	(2,013)	(1,942)

Non-IFRS financial measures should be considered together with other data prepared accordance with IFRS to enable investors to evaluate the Company's operating results, underlying performance and prospects in a manner similar to EnWave's management. Accordingly, these non-IFRS financial measures are 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. For more information, please refer to the *Non-IFRS Financial Measures* section in the Company's MD&A available on www.sedar.com.

About EnWave

EnWave is a global leader in the innovation and application of vacuum microwave dehydration. From its headquarters in Vancouver, BC, EnWave has developed a robust intellectual property portfolio, perfected its Radiant Energy Vacuum (REV™) technology, and transformed an innovative idea into a proven, consistent, and scalable drying solution for the food, pharmaceutical and cannabis industries that vastly outperforms traditional drying methods in efficiency, capacity and product quality.

With more than fifty royalty-generating partners spanning twenty countries and five continents, EnWave's licensed partners are creating profitable, never-before-seen snacks and ingredients, improving the quality and consistency of their existing offerings, running leaner and getting to market faster with the company's patented technology, licensed machinery, and expert guidance.

EnWave's strategy is to sign royalty-bearing commercial licenses with food and cannabis producers who want to dry better, faster and more economical than freeze drying, rack drying and air drying, and enjoy the following benefits:

- Food and ingredients companies can produce exciting new products, reach optimal moisture levels up to seven times faster, and improve product taste, texture, color and nutritional value.
- Cannabis producers can dry four to six times faster, retain 20% more terpenes and 25% more cannabinoids, and achieve at least a 3-log reduction in crop-destroying microbes.

Learn more at EnWave.net.



EnWave Corporation

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