

## EnWave Reports 2023 First Quarter Consolidated Interim Financial Results

Vancouver, B.C., February 23<sup>rd</sup>, 2023

**EnWave Corporation (TSX-V:ENW | FSE:E4U) ("EnWave", or the "Company")** today reported the Company's consolidated interim financial results for the first quarter ended December 31, 2022.

- Reported an Adjusted EBITDA<sup>(1)</sup> loss of \$1.15 million, largely due to input price increases and low economies of scale in the NutraDried business segment.
- The EnWave business segment maintained a gross margin of 37% despite an inflationary backdrop. The Company reported a consolidated gross margin of 17% as a result of margin compression from the NutraDried business segment.
- EnWave's pipeline of prospective new royalty-bearing license and machine sale opportunities remains robust with continued adoption across the food industry for functional and healthy snacking, as well as the rapid drying of cannabis applications.

### Consolidated Financial Performance:

(\$ '000s)	Three months ended December 31,		
	2022	2021	Change %
Revenues	<b>4,714</b>	6,297	(25%)
Direct costs	<b>3,905</b>	3,581	9%
Gross margin	<b>809</b>	2,716	(70%)
Operating Expenses			
General and administration	<b>1,049</b>	1,118	(6%)
Sales and marketing	<b>1,171</b>	1,132	3%
Research and development	<b>403</b>	577	(30%)
	<b>2,623</b>	2,827	(7%)
Net loss after taxes	<b>(2,029)</b>	(253)	(702%)
Adjusted EBITDA <sup>(1)</sup>	<b>(1,151)</b>	301	(482%)
Loss per share – basic and diluted	<b>(0.02)</b>	(0.00)	

<sup>(1)</sup> 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](http://www.sedar.com) and on the Company's website [www.enwave.net](http://www.enwave.net)

### Key Financial Highlights for Q1 (expressed in '000s):

- The Company reported consolidated revenue for Q1 2023 of \$4,714 compared to \$4,971 in Q4 2022 and \$6,297 in Q1 2022.
  - EnWave's Q1 2023 business segment revenue was \$2,785 compared to \$4,067 in Q1 2022, a decrease of \$1,282 due to the timing of construction contracts and the sale of a high margin machine in Q1 2022 that was repurchased from a cannabis partner. EnWave's royalty revenue for Q1 2023 was \$413 compared to \$505 for Q1 2022, a decrease of \$92 or 18%.
  - NutraDried's Q1 2023 revenue was \$1,929 compared to \$2,230 for Q1 2022, a decrease of \$301 primarily due to reduced demand offset by the increase in sales for Moon Cheese® Crunchy Sticks.
- Gross margin for Q1 2023 was 17% compared to 43% for Q1 2022. In Q1 2022, EnWave sold a high margin machine that was repurchased from a cannabis partner. Additionally, the NutraDried segment experienced significant margin compression as a result of lower sales and higher input costs.
- Adjusted EBITDA (refer to *Non-IFRS Financial Measures* section below) for Q1 2023 was a loss of \$1,151 compared to income of \$301 for Q1 2022, a decrease of \$1,452. The adjusted EBITDA loss was predominantly a result of sales and raw material input price challenges associated with the NutraDried business segment.
- SG&A expenses (including R&D) were \$2,623 for Q4 2022 compared to \$2,827 for Q4 2021, a decrease of \$204 or 7%. The decrease is a result of the continued focus on managing non-revenue generating spending. Additionally, compensation of key management personnel decreased by \$358 or 34% relative to the comparative period. This was partially attributable to the voluntary salary reductions taken by key management personnel.

### Significant Corporate Accomplishments in Q1 2023 and Subsequently:

- Sold a 120kW REV™ machine to a Major Canadian Cannabis Company to produce a premium smokable flower, cannabis plant material destined for extraction and several edible products.
- Advanced the Global Strategic Partnership with Dole Worldwide Food & Beverage Group ("Dole"), with Dole leasing two more 10kW REV™ machines.
- The Company announced it would commence an orderly wind-down and value maximization process for its operating subsidiary NutraDried. NutraDried had revenue of \$1,929 (2022 - \$2,230), direct costs to revenue of 111% (2022 - 80%) and a net loss of \$1,732 (2022 - \$900) for the three months ended December 31, 2022. The wind-down and value maximization process



will allow EnWave to materially reduce expenditures and direct capital toward advancing the core business strategy of the Company. Management believes that the completion of this process will be cash neutral or cash positive to EnWave and completed by the end of fiscal 2023.

### 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)	<i>Three months ended December</i>	
	<b>2022</b>	<b>31, 2021</b>
Net (loss) income after income tax	(2,029)	(253)
Amortization and depreciation	672	447
Stock-based compensation	168	234
Foreign exchange loss (gain)	41	19
Finance (income) expense, net	(3)	1
Income tax expense (recovery)	-	-
Government assistance	-	(147)
<b>Adjusted EBITDA</b>	<b>(1,151)</b>	<b>301</b>

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](http://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, product, quality, and cost.

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 up to 20% more terpenes and 25% more cannabinoids, and achieve at least a 3-log reduction in crop-destroying microbes.

## **EnWave Corporation**

Mr. Brent Charleton, CFA  
President and CEO

For further information:

Brent Charleton, CFA, President and CEO at +1 (778) 378-9616

E-mail: [bcharleton@enwave.net](mailto:bcharleton@enwave.net)

Dylan Murray, CFO at +1 (778) 870-0729

E-mail: [dmurray@enwave.net](mailto:dmurray@enwave.net)

*Safe Harbour for Forward-Looking Information Statements: This press release may contain forward-looking information based on management's expectations, estimates and projections. All statements that address expectations or projections about the future, including statements about the Company's strategy for growth, product development, market position, expected expenditures, the Company ceasing to make investments in NutraDried, the timing of the wind-down and dissolution of NutraDried, expectations around the cost of winding down NutraDried, and the Company's intended focus for the future are forward-looking statements. These statements are not a guarantee of future performance and involve a number of risks, uncertainties and assumptions. Although the Company*





*has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended, including that the process of winding up NutraDried will involve time and expense to the Company materially greater than anticipated, that the realization of assets of NutraDried will not sufficiently cover the orderly wind-up of NutraDried, which could result in the requirement for additional funding by the Company to complete such wind-up, that the foregoing developments will adversely affect the Company, in terms of cost, management time and focus, outlook or reputation; the ability of the Company to achieve its longer-term outlook, the ability to lower costs, and the other risk factors set forth in the Company's public filings. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*

**Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.**

