

EnWave Reports Fourth Quarter and Annual 2022 Consolidated Financial Results

Vancouver, B.C., December 16th, 2022

EnWave Corporation (TSX-V:ENW | FSE:E4U) ("EnWave", or the "Company") today reported the Company's consolidated financial results for the fourth quarter and fiscal year-ended September 30, 2022.

- Reported record annual royalty revenue of \$1.35 million representing an increase of 47% over the prior year.
- Completed the facility construction and SQF certification at REVworx and developed a robust pipeline of commercial tolling opportunities with global food companies.
- Maintained a consolidated gross margin of 27% in an inflationary economic backdrop.
- Reported an Adjusted EBITDA⁽¹⁾ loss of \$3.4 million, largely due to input price increases and low economies of scale in NutraDried's segment.
- EnWave's pipeline of prospective new royalty-bearing license and machine sale opportunities continues to be 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			Year ended		
	September 30,			September 30,		
	2022	2021	Change %	2022	2021	Change%
Revenues	4,971	6,906	(28%)	23,703	26,476	(10%)
Direct costs	4,203	4,529	(7%)	17,412	19,309	(10%)
Gross margin	768	2,377	(68%)	6,291	7,167	(12%)
Operating expenses						
General and administration	1,028	1,718	(40%)	4,522	5,093	(11%)
Sales and marketing	1,392	996	40%	5,466	4,652	17%
Research and development	513	453	13%	2,175	1,876	16%
Net loss	(2,273)	(1,138)	(100%)	(6,927)	(4,125)	(68%)
Adjusted EBITDA ⁽¹⁾	(1,479)	(223)	(563%)	(3,492)	(2,165)	(61%)
Loss per share – basic and diluted	(0.02)	(0.01)	(100%)	(0.06)	(0.04)	(50%)

¹ Adjusted EBITDA is a non-IFRS financial measure. Refer to the disclosure below and in the Company's MD&A regarding non-IFRS financial measures.

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 Q4 (expressed in '000s):

- The Company reported consolidated revenue for Q4 2022 of \$4,971 compared to \$6,906 in Q4 2021 a decrease of \$1,935 or 28%.
 - EnWave's Q4 2022 segment revenue was \$2,824 compared to \$3,879 in Q4 2021, a decrease of \$1,055 or 27%. The decrease is partly due to timing of revenue recognized on large-scale contracts. As at September 30, 2022, EnWave had two large-scale machines in its order backlog for which the majority of revenues will be recorded in Fiscal 2023.
 - Q4 2022 royalty revenue was \$290 compared to \$245 in Q4 2021, an increase of \$45 or 18%.
 - NutraDried's Q4 2022 segment revenue was \$2,147 compared to \$3,027 for Q4 2021, a decrease of \$880 largely due to lower bulk and ingredient sales for the current period.
- Gross margin for Q4 2022 was 15% compared to 34% for Q4 2021. In Q4 2021 a fully fabricated large-scale machine was resold for a one-time substantial margin that was not repeated in Q4 2022. NutraDried experienced substantial margin compression in Q4 2022 with higher cheese pricing increasing its cost of goods.
 - EnWave generated a Q4 2022 gross margin of 39% while NutraDried generated a negative gross margin of 15% in the period.
- Adjusted EBITDA⁽¹⁾ loss, a non-IFRS financial measure, for Q4 2022 was \$1,479 compared to \$223 for Q4 2021 a decrease of \$1,256. The wider loss was largely driven by the NutraDried segment's higher cost of goods in Q4 2022 driven by the higher cost of cheese.
- SG&A expenses (including R&D) were \$2,933 for Q4 2022 compared to \$3,167 for Q4 2021, a decrease of \$234. We reduced G&A costs as part of a continued focus on managing non-revenue generating spending, while increasing the investment into S&M to further develop the market for EnWave's proprietary REV™ technology.

Significant Corporate Accomplishments in Q4 2022 and Subsequently:

- Signed an equipment purchase agreement with Dole to deliver a 120kW large-scale REV™ machine to Asia, and leased Dole two additional 10kW REV™ machines to bridge production capacity until the large-scale 120kW machine is commissioned. Dole has developed a line of better-for-you snack products under the brand Good Crunch™ (<https://www.dolefoodservice.com/good-crunch>) that are produced using EnWave's REV™ technology.
- Signed an equipment purchase agreement with our Major Japanese Royalty Partner that is a leading global snack manufacturing company to deliver a 60kW large-scale REV™ machine. The

Major Japanese Royalty Partner plans to launch an innovative line better-for-you snacks in Japan using REV™ technology.

- Obtained Safe Quality Food certification for the REVworx toll drying facility and completed a number of test production runs for prospective customers.
- Signed 4 new technology evaluation agreements with companies operating in the global food and cannabis industries. Under these agreements the prospective licensees will develop new products using REV™ technology and have been granted an option to obtain a royalty-bearing commercial license.

Conference Call:

EnWave's executive management will be holding a conference call to discuss its 2022 Fourth Quarter and 2022 Annual Financial Results and the Company's state of affairs. Prepared remarks will be given followed by a question-and-answer session for shareholders.

Date: December 16, 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=Byr4fLNc>

(*) 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		Years ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Net (loss) income after income tax	(2,273)	(1,138)	(6,927)	(4,125)
Amortization and depreciation	718	610	2,548	2,513
Stock-based compensation	212	187	1,132	824
Foreign exchange loss	(114)	(19)	(96)	(15)
Finance expense (income), net	6	(8)	26	(7)
Income tax recovery	(28)	451	(28)	(707)
Non-recurring impairment and restructuring costs	-	-	-	691
Government assistance	-	(306)	(147)	(1,339)
Adjusted EBITDA	(1,479)	(223)	(3,492)	(2,165)

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, product quality, and cost.

With more than forty-five 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.

In addition, EnWave established a Limited Liability Corporation, NutraDried Food Company, LLC, to manufacture, market and sell REV-dried snack products within North America, including the popular Moon Cheese® brand, and serve as a co-manufacturer for third parties.

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

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

Dylan Murray, CPA, CA, CFO at +1 (778) 870-0729
E-mail: dmurray@enwave.net

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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.