



## EnWave Reports Fourth Quarter and Annual 2021 Consolidated Financial Results

Vancouver, B.C., December 16<sup>th</sup>, 2021

**EnWave Corporation (TSX-V:ENW | FSE:E4U) (“EnWave”, or the “Company” - <https://www.commodity-tv.com/ondemand/companies/profil/enwave-corp/>)** today reported the Company’s consolidated financial results for the fourth quarter and fiscal year-ended September 30, 2021.

EnWave’s vacuum-microwave machine and royalty business performed materially better in fiscal 2021 than in fiscal 2020, with record margins and profitability.

NutraDried, the Company’s wholly-owned subsidiary, struggled during the first two fiscal quarters leading to a material restructuring that positively improved results in Q3 and Q4. The turnaround at NutraDried is well underway with new leadership and there are material opportunities to further improve the performance of this business unit in fiscal 2022.

### Consolidated Financial Performance:

(\$ '000s)	Three months ended September 30,			Year ended September 30,		
	2021	2020	Change %	2021	2020	Change %
Revenues	<b>6,906</b>	10,784	(36%)	<b>26,476</b>	32,883	(19%)
Direct costs	<b>4,529</b>	8,629	(48%)	<b>19,309</b>	24,112	(20%)
Gross margin	<b>2,377</b>	2,155	10%	<b>7,167</b>	8,771	(18%)
Operating expenses						
General and administration	<b>1,718</b>	939	83%	<b>5,093</b>	5,469	(7%)
Sales and marketing	<b>996</b>	1,282	(22%)	<b>4,652</b>	6,740	(31%)
Research and development	<b>453</b>	577	(21%)	<b>1,876</b>	1,989	(6%)
Net (loss) income	<b>(1,138)</b>	1	-	<b>(4,125)</b>	(4,441)	(7%)
Adjusted EBITDA <sup>(*)</sup>	<b>(223)</b>	20	(1,215%)	<b>(2,165)</b>	(3,219)	(33%)
Loss per share – basic and diluted	<b>(0.01)</b>	0.00	-	<b>(0.04)</b>	(0.04)	0%

\* 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](http://www.sedar.com) and on the Company’s website [www.enwave.net](http://www.enwave.net).

### Key Financial Highlights for Q4 (expressed in ‘000s):

- The Company reported consolidated revenue for Q4 2021 of \$6,906 compared to \$7,351 in Q3 2021 and \$10,784 in Q4 2020.
- EnWave’s Q4 2021 business unit revenue was \$3,879 compared to \$1,601 in Q4 2020, an increase of \$2,278. EnWave ramped revenues from Radiant Energy Vacuum (“REV<sup>™</sup>”) machine sales with current and new licensees for the food and cannabis industries.

- NutraDried's Q4 2021 revenue was \$3,027 compared to \$9,183 for Q4 2020, a decrease of \$6,156 largely due to the elimination of a large national buy-one, get-one Costco promotion shipped in Q4 2020. NutraDried continues to rebuild distribution for its Moon Cheese® product portfolio and subsequently has confirmed new Costco shipments scheduled in Q1 and Q2 2022 on both Canada and the U.S.
- Gross margin for Q4 2021 was 34% compared to 20% for Q4 2020, a major increase due to the confirmation of higher margin REV™ machine sales during the period. Gross margin in Q3 2021 was 36%, and the 34% achieved in this quarter was broadly consistent with a strong margin profile. Throughout 2021, EnWave successfully redeployed three large-scale REV™ machines that were not being utilized from two Canadian cannabis partners, generating robust margins in its machine sales business.
- Adjusted EBITDA<sup>(\*)</sup>, a non-IFRS financial measure, for Q4 2021 was a loss of \$223 compared to Adjusted EBITDA<sup>(\*)</sup> of \$20 for Q4 2020 and Adjusted EBITDA<sup>(\*)</sup> of \$937 for Q3 2021. The Adjusted EBITDA<sup>(\*)</sup> for Q4 2021 was near to break-even, and the Company remains focused on further market penetration at EnWave and NutraDried in pursuit of consistent, growing profitability. The Company made significant progress towards this target since the restructuring and cost control program implemented at NutraDried in Q2 2021.
- EnWave purchased and cancelled 1,572,900 common shares in Q4 under the Normal Course Issuer Bid at an average share price of \$1.01 using cash of \$1,597.
- Obtained TSX Venture Exchange approval for a normal course issuer bid starting on October 29, 2021 and ending on October 28, 2022 whereby EnWave is entitled to purchase up to 2,204,101 shares in any 30-day period up to a maximum of 10,778,194 shares during the year.

#### **Significant Corporate Accomplishments in Q4 2021:**

- Signed a royalty-bearing commercial license agreement and sold a 10kW GMP REV™ machine to Cannaponics PTY Limited, an Australian cannabis company.
- Advanced the development of using REV™ in the pharmaceutical sector through a material transfer agreement with AstraZeneca AB (NASDAQ:AZN) to dry monoclonal antibodies and completed the installation of a pilot-scale pharmaceutical REV™ machine with GEA Lyophil GmbH ("GEA"). EnWave has a joint development agreement with GEA in place to advance the design and application of microwave-assisted lyophilization for pharmaceutical applications, and the pilot-scale machine will be used to conduct demonstrations for interested pharmaceutical companies. GEA has several leading global pharmaceutical companies confirmed to trial REV™ in 2022.
- Completed the commissioning of a third 10kW REV™ machine for the U.S. Army at its third-party manufacturing partner's facility, Bridgford Foods Corporation (NASDAQ: BRID). The machine will be used by Bridgford Foods to produce Close Combat Assault Rations for field testing under the U.S. Army's development program.
- Signed a royalty-bearing commercial license agreement and sold a 10kW GMP REV™ to Medical Kiwi Limited, a New Zealand cannabis company.
- Signed a royalty-bearing commercial license agreement with a leading Colombian dairy company and sold a 10kW machine for installation in Colombia to conduct initial commercial market trials. If initial efforts are successful, the Colombian dairy company will require additional REV™ machinery to scale for meaningful commercial production.
- Formed a global strategic partnership with Dole Worldwide Food & Beverages Group for the use of REV™ technology to produce Innovative Nutrition Solutions. Dole purchased a 10kW REV™ machine to conduct intensive market trials. The strategic partnership with Dole will leverage EnWave's REV™ technology to bring better-for-you snacking options to its global customer base under its industry-leading brand. Concurrent in its snack product development, EnWave and Dole

are collaborating on the development of superior functional ingredients that use upcycled fruit materials.

- Signed a royalty-bearing commercial license agreement and sold a 10kW GMP REV™ to a second Australian cannabis company.
- Developed extensive cannabis drying protocols using the Company's proprietary Terpene Max™ rapid drying protocol and collected empirical data supporting both the quality and processing advantages for EnWave's technology in the cannabis industry. Results from controlled studies show that cannabis flower dried using TerpeneMax™ on average contains 10-20% more terpenes than room or rack dried flower, and in many instances contained higher THC content than the control samples.
- Signed a royalty-bearing commercial license agreement with one of the largest American multi-state operators (the "MSO"). The MSO conducted extensive diligence over the advantages of using REV™ for the rapid and controlled drying of cannabis for both combustible and extract products and purchased a 120kW REV™ system to commence commercial operations using the technology.
- Added three new sales channel representatives to advance the sales, marketing and licensing of REV™ machinery into the European and Latin American markets.

#### **Significant Corporate Accomplishments Subsequent to Q4 2021:**

- Commissioned a 120kW REV™ machine for the large-scale processing of premium smokable cannabis for the Illinois-based cannabis partner. This now provides the second in-market use-case for the value-added processing of cannabis using the Company's proprietary TerpeneMax™ drying protocol. EnWave anticipates generating the royalties from the partner's use of the technology in Q1 2022.
- Commissioned a 100kW REV™ machine for Patatas Fritas Torres ("Torres") in Spain to scale-up the commercial launch of all-natural cheese snacks for the European market. Torres has launched its "Just This" cheese snack brand using the EnWave technology ([justthis-snacks.com/en/](http://justthis-snacks.com/en/)).
- Secured a national promotion for 10oz Gouda Moon Cheese® with Costco Canada that is expected to ship in late Q1 and into early Q2 2022. Confirmed an additional rotation for Moon Cheese® with a U.S. region of Costco for Q2 2022. NutraDried will continue to pursue Costco as a strategic customer for the club channel while aggressively pursuing growth in the U.S. grocery channel and in bulk sales.
- Sold a second 10kW REV™ machine to Dairy Concepts IRL of Ireland to scale-up manufacturing of its lineup of Cheese O's shelf-stable cheese snacks ([cheeseos.ie](http://cheeseos.ie)).
- Signed a Technology Evaluation Agreement with Protein Isolate Plant International Inc. ("PIP International") to evaluate the potential commercial use of REV™ technology in PIP International's large scale yellow pea wet fractionation processing facility.
- Entered India, a major new market for REV™ production, by signing a Technology Evaluation and License Option Agreement with M/S Lalsai Dehy Foods ("LD Food") and placing a 10kW REV™ machine under rental with LD Food for extensive product development on agricultural products for the Indian market.
- Advanced a new product launch opportunity at NutraDried in preparation for a Spring 2022 launch intended to strengthen NutraDried's competitive advantage as a category innovator in the rapidly growing healthy snack space. NutraDried plans to explore, and when appropriate, launch innovative and exciting new products to leverage the use of REV™ in the better-for-you snack vertical.

EnWave's executive management will be holding a conference call to discuss its 2021 Fourth Quarter and 2021 Annual Financial Results and the Company's state of affairs. Prepared remarks will be given followed by a question-and-answer session for shareholders.

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Date: December 16, 2021

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

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

Webcast: <https://78449.themediaframe.com/dataconf/productusers/enw/mediaframe/47460/index1.html>

### (\*) **Non-IFRS Financial Measures:**

Adjusted EBITDA is not a measure of financial performance under IFRS. 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. 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 discussion included in the Company's annual MD&A for the year-ended September 30, 2021 for a reconciliation from net loss to Adjusted EBITDA.

### **About EnWave**

EnWave Corporation, a Vancouver-based advanced technology company, has developed Radiant Energy Vacuum ("REV™") – an innovative, proprietary method for the precise dehydration of food and cannabis applications. The Company has developed patented methods for uniformly drying and decontaminating cannabis through the use of REV™ technology, shortening the time from harvest to marketable cannabis products. EnWave also holds a robust intellectual property portfolio protecting several unique processes relating to specific food applications produced using vacuum-microwave technology.

REV™ technology's commercial viability has been demonstrated and is growing rapidly across several market verticals in the food, and pharmaceutical sectors, including legal cannabis. EnWave's strategy is to sign royalty-bearing commercial licenses with innovative, disruptive companies in multiple verticals for the use of REV™ technology. The company has signed over forty-five licenses to date spanning twenty countries and five continents. In addition to these licenses, EnWave established a Limited Liability Corporation, NutraDried Food Company, LLC, to manufacture, market and sell REV™-dried snack products in North America, including the Moon Cheese® brand, as well as co-manufacture for third parties.

EnWave has introduced REV™ as a disruptive dehydration platform in the food and cannabis sectors: faster and cheaper than freeze drying, with better end product quality than air drying or spray drying. EnWave currently offers two distinct commercial REV™ platforms:

1. *nutraREV*® which is a drum-based system that dehydrates organic materials quickly and at low-cost, while maintaining high levels of nutrition, taste, texture and colour; and,
2. *quantaREV*® which is a tray-based system used for continuous, high-volume low-temperature drying.

EnWave is also active in the pharmaceutical industry through a joint development agreement with GEA Lyophil, a leader in GMP drying machinery.

More information about EnWave is available at [www.enwave.net](http://www.enwave.net).

**EnWave Corporation**

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