



EnWave Reports 2022 First Quarter Consolidated Interim Financial Results, Including Record Third-Party Royalties and REV™ Technology Business Segment Net Profit

Vancouver, B.C., February 25th, 2022

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 interim financial results for the first quarter ended December 31, 2021.

- EnWave’s vacuum-microwave machine and royalty segment reported its fourth consecutive quarter of revenue growth from machine sales and royalty revenue.
- Quarterly royalty revenue, excluding NutraDried’s royalty contribution of \$137K, was \$505K, the highest ever for the Company and reflects the continued commercial progress made in the deployment and utilization of REV™ machinery across an expanding global Royalty Partner portfolio.
- Reported positive consolidated Adjusted EBITDA⁽¹⁾ in Q1 2022, making progress towards the goal of consistent profitable growth. Commercial momentum is building in the U.S. cannabis market; EnWave’s Illinois-based cannabis royalty partner purchased a second 120kW REV™ machine to double capacity; pipeline of prospective new licensees and repeat large-scale orders is growing.
- NutraDried’s sales were challenged in the quarter by reduced sell-in activity with its two major distributors and weather-related delays to large Costco orders scheduled for December being delayed into January.
- NutraDried confirmed material new distribution for Moon Cheese® with Kroger, Whole Foods Market and Target that is anticipated to begin shipping in Q3/Q4 of the fiscal year.

Consolidated Financial Performance:

(\$ '000s)	Three months ended December 31,		
	2021	2020	Change %
Revenues	6,297	7,533	(16%)
Direct costs	3,581	5,835	(39%)
Gross margin	2,716	1,698	60%
Operating Expenses			
General and administration	1,118	1,126	(1%)
Sales and marketing	1,132	1,521	(26%)
Research and development	577	569	1%
	2,827	3,216	(12%)
Net loss after taxes	(253)	(1,371)	82%
Adjusted EBITDA ⁽¹⁾	301	(911)	133%
Loss per share – basic and diluted	(0.00)	(0.01)	

⁽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 Q1 (expressed in '000s):

- The Company reported consolidated revenue for Q1 2022 of \$6,297 compared to \$6,906 in Q4 2021 and \$7,533 in Q1 2021.
 - EnWave's Q1 2022 business unit revenue was \$4,067 compared to \$2,676 in Q1 2021, an increase of \$1,391. EnWave's royalty revenue for Q1 2022 was \$505 compared to \$320 for Q1 2021, an increase of 58%.
 - NutraDried's Q1 2022 revenue was \$2,230 compared to \$4,857 for Q1 2021, a decrease of \$2,627 largely due to the elimination of a large national buy-one, get-one Costco promotion shipped in Q1 2021. NutraDried confirmed new distribution for Moon Cheese® into Costco Canada that was supposed to ship in Q1 2022 but were delayed into Q2 2022 due to weather conditions in late December.
- Gross margin for Q1 2022 was 43% compared to 23% for Q1 2021, a significant improvement. Gross margin in Q1 2022 increased due to a change in sales mix with higher revenues from the EnWave segment, as well as the growth in high-margin royalty revenue. In Q1 2022 EnWave redeployed a large-scale REV™ machine that was not being utilized by a Canadian cannabis partner to a U.S. cannabis royalty partner for a higher than typical margin.
- Adjusted EBITDA (refer to *Non-IFRS Financial Measures* section below) for Q1 2022 was income of \$301 compared to a loss of \$911 for Q1 2021, an improvement of \$610. The Company is focused on achieving its target of achieving consistent, growing profitability in the near-term, which includes NutraDried delivering positive Adjusted EBITDA.
- Trimmed SG&A (inclusive of R&D) across both EnWave and NutraDried, reporting a 12% reduction or \$381 in operating expenses compared to Q1 2021. NutraDried's operating expenses have been appropriately reduced, and both business units have the right infrastructure in place to deliver scalable profitability.
- 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 Q1 2022 and Subsequently:

- Commissioned a 120kW REV™ machine for EnWave's Illinois-based cannabis partner for the rapid processing of premium smokeable cannabis. Received a second purchase order from the Illinois-based cannabis partner for another 120kW REV™ system to double its processing capacity.
- 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/).

- 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).
- 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.
- Received a purchase order from Consulting Fresh Business (d.b.a. "NEOREV") for a 10kW REV™ machine to be installed in Spain for intensive new product research and development using EnWave's technology to develop further commercial applications in Europe.
- Advanced the Global Strategic Partnership with Dole Worldwide Food & Beverage Group ("Dole"), with Dole acquiring a second 10kW REV™ machine.
- Confirmed the commercial scale-up of EnWave's Italian royalty partner, Orto Al Sole, with the purchase of a 120kW REV™ machine for the large-scale drying of premium fruits and vegetables in Italy. Orto Al Sole previously purchased a 10kW system and given recent commercial success has expanded its REV™ processing capacity to fulfil demand.
- Launched an exciting lineup of Moon Cheese® Sticks, an all-natural cheese stick snack that comes in five flavours: Kick It Up A Nacho, Yum Inferno, Cheesy Does It, Rowdy Ranch and Wild White Chedda'. So far NutraDried has already confirmed national distribution for three flavours of Moon Cheese® Sticks with Whole Foods Market in the U.S.
- Secured material new distribution for Moon Cheese® with major U.S. retailers, including up-to 2,200 Kroger stores, 1,300 new Target locations among others. The new distribution confirmed by NutraDried is expected to begin shipping in the second half of Fiscal 2022.

Conference Call:

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

Date: February 25, 2022

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

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

Webcast: <https://themediiframe.com/mediaframe/webcast.html?webcastid=UltWY7Ag>

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 31,</i>	
	2021	2020
Net (loss) income after income tax	(253)	(1,371)
Amortization and depreciation	447	670
Stock-based compensation	234	254
Foreign exchange loss (gain)	19	227
Finance (income) expense, net	1	4
Income tax expense (recovery)	-	(370)
Government assistance	(147)	(325)
Adjusted EBITDA	301	(911)

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 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.

EnWave Corporation

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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, and the expected synergies following the closing are forward-looking statements. All third-party claims referred to in this release are not guaranteed to be accurate. All third-party references to market information in this release are not guaranteed to be accurate as the Company did not conduct the original primary research. 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. 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.