



EnWave Reports 2022 Second Quarter Consolidated Interim Financial Results

Vancouver, B.C., May 27th, 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 second quarter ended March 31, 2022.

- Q2 YTD royalties grew to \$750K representing 55% growth in our high-margin royalty base year-over-year.
- NutraDried’s Q2 revenue grew by 142% relative to Q1 with material new Moon Cheese® distribution into Kroger and a Costco Canada program.
- NutraDried launched Moon Cheese® Crunchy Sticks with Whole Foods Market and confirmed its second major distribution commitment from Walmart in 400 U.S. stores.
- REVworx™ facility is operational and progress is underway to obtain food safety certifications.
- EnWave’s potential new royalty partner pipeline is robust with six active technology evaluation agreements and many near-term opportunities for large-scale machinery scale-up with current partners.

Consolidated Financial Performance:

(\$ '000s)	Three months ended March 31,			Six months ended March 31,		
	2022	2021	Change %	2022	2021	Change %
Revenues	6,881	4,686	47%	13,178	12,219	8%
Direct costs	5,538	4,208	32%	9,119	10,043	(9%)
Gross margin	1,343	478	181%	4,059	2,176	87%
Operating expenses						
General and administration	1,190	1,214	(2%)	2,308	2,340	(1%)
Sales and marketing	1,449	1,304	11%	2,581	2,825	(9%)
Research and development	600	463	30%	1,177	1,032	14%
	3,239	2,981	9%	6,066	6,197	(2%)
Net loss after taxes	(2,386)	(2,286)	(4%)	(2,639)	(3,657)	28%
Adjusted EBITDA⁽¹⁾	(1,218)	(1,968)	38%	(917)	(2,879)	68%
Loss per share – basic and diluted	\$ (0.02)	\$ (0.02)		\$ (0.02)	\$ (0.02)	

⁽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 Q2 (expressed in '000s):

- The Company reported consolidated revenue for Q2 2022 of \$6,881, compared to \$4,686 in Q2 2021, an increase of \$2,195 or 47%.
 - EnWave's segment revenue was \$1,494 compared to \$2,348 in Q2 2021, a decrease of \$854 or 36%. Royalty revenues for Q2 2022 were \$245 compared to \$163 for Q2 2021, an increase of \$82 or 51%. Machine sales were lower than in the comparable quarter, however, the machine sales pipeline is robust, and the Company expects to confirm further large-scale orders with royalty partners scaling-up projects in the near future. Machinery related revenue has been historically lumpy and management expects this to continue.
 - NutraDried's segment revenue was \$5,387 compared to \$2,388 for Q2 2021, an increase of \$2,999 or 126%. In Q2 NutraDried secured a national program for Moon Cheese® in Costco Canada, and further expanded its grocery distribution into Kroger; Moon Cheese® Crunchy Sticks launched nationally into Whole Foods Market.
- Gross margin for Q2 2022 was 20%, up from 10% for Q2 2021, and down from 43% in Q1 2022. Gross margin in Q2 was downwardly impacted by lower EnWave machine revenue relative to Q1, which was offset partially by growth in higher margin royalty revenues.
- Adjusted EBITDA⁽¹⁾ (refer to *Non-IFRS Financial Measures* section below) for Q2 2022 was a loss of \$1,218 compared to a loss of \$1,968 for Q2 2021, an improvement of \$750. The Company is focused on reaching consistent positive Adjusted EBITDA⁽¹⁾ by scaling revenues, including growing its royalty portfolio, while tightly controlling expenses.
- SG&A expenses (including R&D) were \$3,239 in Q2 2022, compared to \$2,981 in Q2 2021 an increase of \$258. EnWave continued to invest in sales and business development activities to drive penetration of REV™ technology into the global food and cannabis industries.

Significant Corporate Accomplishments in Q2 2022 and Subsequently:

- Sold a 120kW REV™ machine to EnWave's Italian royalty partner, Orto Al Sole, to scale-up commercial drying of premium fruits and vegetables in Italy. The machine is expected to be delivered in Summer 2022 to begin royalty-bearing commercial production.
- Advanced the global strategic partnership with Dole Worldwide Food and Beverage Group ("Dole") and placed a second 10kW machine with Dole to accommodate the market trial of its line of products made using EnWave's technology.
- Launched the REVworx™ state-of-the-art vacuum-microwave toll drying facility and installed both a 60kW and 10kW REV™ machine to provide toll drying services for companies of all sizes.
- Obtained a new U.S. patent for the drying and decontamination of cannabis using REV™ technology. This new patent further strengthens EnWave's intellectual property protection of its method of reducing bioburden in cannabis while concurrently achieving fast, uniform drying.
- NutraDried launched its new lineup of Moon Cheese® Crunchy Sticks, an all-natural cheese stick snack that comes in five delicious flavours. The new product line debuted at Expo West, and

NutraDried has already confirmed national distribution for three flavours of Moon Cheese® Sticks with Whole Foods Market in the U.S, as well as distribution with Walmart. The new product will be launched online via mooncheese.com and amazon.com in Q3.

- Received a purchase order from [Nomad Nutrition](#) for a second 10kW machine to double their commercial production capacity for the sale of their Ready-To-Eat adventure meals.
- Signed a Technology Evaluation and License Option Agreement with [GoldenCrops Corporation](#), a Southeast Asian ingredient manufacturer, to evaluate the potential commercial use of REV™ technology in producing a variety of fruit, dairy and grain products.
- Installed 10kW REV™ machine in Spain for [Fresh Business](#) to conduct intensive new product development using EnWave's technology as a new chokepoint for expansion into Western European industries.

Conference Call:

EnWave's executive management will be holding a conference call to discuss its 2022 Second 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: May 27, 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=J8fQb02Y>

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 statement.

(\$ '000s)	Three months ended December 31,		Six months ended December 31	
	2022	2021	2022	2021
Net (loss) income after income tax	(2,386)	(2,286)	(2,639)	(3,657)
Amortization and depreciation	735	594	1,182	1,264
Stock-based compensation	378	185	612	439
Foreign exchange loss	47	52	66	279
Finance expense (income), net	8	(3)	9	1
Income tax recovery	-	(718)	-	(1,088)
Non-recurring impairment and restructuring costs	-	691	-	691
Government assistance	-	(483)	(147)	(808)
Adjusted EBITDA	(1,218)	(1,968)	(917)	(2,879)

Non-IFRS financial measures should be considered together with other data prepared in 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

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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.