



## EnWave Announces 2019 Third Quarter Consolidated Interim Financial Results

Vancouver, B.C., August 29, 2019

**EnWave Corporation (TSX-V:ENW | FSE:E4U) ("EnWave", or the "Company")** today reported the Company's consolidated interim financial results for the third quarter ended June 30, 2019.

### Consolidated Financial Performance:

| (\$ '000s)                         | Three months ended June 30, |           |          | Nine months ended June 30, |           |          |
|------------------------------------|-----------------------------|-----------|----------|----------------------------|-----------|----------|
|                                    | 2019                        | 2018      | Change % | 2019                       | 2018      | Change % |
| Revenues                           | <b>10,075</b>               | 6,779     | 49%      | <b>26,654</b>              | 15,470    | 72%      |
| Direct costs                       | <b>7,217</b>                | 3,848     | 88%      | <b>17,639</b>              | 9,818     | 80%      |
| Gross margin                       | <b>2,858</b>                | 2,931     | (2%)     | <b>9,015</b>               | 5,652     | 60%      |
| Operating expenses                 |                             |           |          |                            |           |          |
| General and administration         | <b>1,118</b>                | 510       | 119%     | <b>3,165</b>               | 1,709     | 85%      |
| Sales and marketing                | <b>1,203</b>                | 1,105     | 9%       | <b>3,263</b>               | 2,378     | 37%      |
| Research and development           | <b>665</b>                  | 332       | 100%     | <b>1,375</b>               | 900       | 53%      |
|                                    | <b>2,986</b>                | 1,947     | 53%      | <b>7,803</b>               | 4,987     | 56%      |
| Net loss after taxes               | <b>(1,322)</b>              | (104)     | (1,170%) | <b>(1,561)</b>             | (1,020)   | (53%)    |
| Adjusted EBITDA*                   | <b>139</b>                  | 1,313     | (89%)    | <b>2,304</b>               | 1,632     | 41%      |
| Loss per share – basic and diluted | <b>\$ (0.01)</b>            | \$ (0.00) |          | <b>\$ (0.02)</b>           | \$ (0.01) |          |

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

EnWave's interim condensed 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 Q3 (expressed in '000s):

- Reported the highest ever quarterly revenue for the Company Q3 2019 of \$10,075 compared to \$8,773 in Q2 2019 and \$6,779 in Q3 2018. Revenue growth was driven by increased REV™ equipment orders by cannabis companies and continued growth in Moon Cheese® distribution.
- Continued to be cash flow positive with Adjusted EBITDA<sup>(\*)</sup> of \$139 for Q3 2019 compared to \$1,313 for Q3 2018, a decrease of \$1,174. Q3 YTD Adjusted EBITDA<sup>(\*)</sup> for the Company was \$2,304, compared to \$1,632 for Q3 YTD 2018.
- Consolidated net loss for the period after taxes was \$1,322 for Q3 2019 compared to a net loss of \$104 for Q3 2018, an increase of \$1,218. Consolidated net loss after taxes for Q3 YTD 2019 was \$1,561 compared to a net loss of \$1,020 for Q3 YTD 2018, an increase of \$541. The Company recorded a restructuring cost of \$612 in Q3 2019 related to the reorganization of the sales and marketing function of NutraDried.

- Increased G&A expenses to \$1,118 for Q3 2019 compared to \$510 for Q3 2018, an increase of \$608. The Company expanded its leadership team, including a new CEO for NutraDried and increased expenses related to securing additional royalty-bearing license agreements.
- Incurred S&M expenses of \$1,203 for Q3 2019 compared to \$1,105 for Q3 2018, an increase of \$98. Important foundational investments were made to improve the Moon Cheese® branding in preparation for a fall re-launch of the brand.
- Strengthened the balance sheet and completed a strategic investment with Aurora Cannabis Inc. (“Aurora”) in the Company for gross proceeds of \$10,087. The cash available to finance growth in the business was \$21,824 on June 30, 2019.

#### **Significant Accomplishments:**

- Commissioned the first 60kW REV™ machine for Tilray Inc. (“Tilray”), marking first large-scale continuous cannabis processing line installed by the Company. This major milestone for the Company confirms that EnWave’s technology can consistently produce high-quality dried cannabis and offer significant cost and processing advantages for cannabis producers.
- Signed a royalty-bearing commercial sub-license agreement with Aurora, granting Aurora non-exclusive rights to use EnWave’s technology for processing cannabis in Canada. Aurora purchased two 120kW REV™ machines and a 10kW machine for installation in Canada.
- Entered into royalty-bearing commercial license agreements with Aurora granting Aurora exclusive rights, with the rights to grant sub-licenses, for processing cannabis in the European Union (excluding Portugal) and South America. Aurora committed to purchasing a 60kW machine in 2020 for installation in South America and the Company is working with Aurora to confirm the purchase of a 120kW Good Manufacturing Practice (“GMP”) REV™ machine to be installed in Europe for Aurora to retain its exclusive rights.
- Partnered with Aurora to develop new innovations and intellectual property related to REV™ and its applications in the cannabis sector by signing an intellectual property agreement and initiating new joint development projects.
- Secured the first bearing commercial license agreement for the dehydration of industrial hemp products in the U.S. with Electric Farms, LLC (“Electric Farms”). Electric Farms purchased a 10kW machine for commercial dehydration of legalized hemp products.
- Signed a royalty-bearing commercial license agreement with Calbee Inc. (“Calbee”) and received a purchase order for a 10kW machine. Calbee is one of the largest snack companies in Japan and is conducting intensive product development efforts on new REV™ snack concepts.
- Signed a royalty-bearing commercial license agreement with Fresh Business Consulting S.L. (“Fresh Business”) for the production of premium dried fruit and vegetable products in Peru. Fresh Business purchased a 10kW machine to initiate commercial production and paid a deposit on a 100kW to retain exclusivity in Peru.
- Restructured the sales and marketing function of NutraDried to be managed in-house with the hiring a full-time Chief Marketing Officer and a full-time Senior Vice President of Sales. The addition of two experienced food industry executives is part of the strategy to grow the Moon Cheese® brand and product distribution throughout the United States and Canada.
- Confirmed Moon Cheese® will be distributed to all U.S. Costco divisions as part of the autumn Most Valuable Member (“MVM”) coupon program.

#### **(\*) 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, non-recurring restructuring costs and non-recurring impairment charges. 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 interim MD&A for June 30, 2019 and annual MD&A for the year ended September 30, 2018.

#### **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 organic materials. EnWave has further developed patent-pending methods for uniformly drying and decontaminating cannabis through the use of REV™ technology, shortening the time from harvest to marketable cannabis products.

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 thirty royalty-bearing licenses to date. In addition to these licenses, EnWave established a Limited Liability Corporation, NutraDried Food Company, LLC, to manufacture, market and sell all-natural dairy snack products in the United States, including the Moon Cheese® brand.

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 used in the food industry to dry food products quickly and at low-cost, while maintaining high levels of nutrition, taste, texture and colour; and
2. *quantaREV*® which is used for continuous, high-volume low-temperature drying.

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

#### **EnWave Corporation**

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