



E N W Λ V E  
C O R P O R A T I O N

Condensed Consolidated Interim Financial Statements

**Three and nine months ended June 30, 2024 and 2023**

(Unaudited – prepared by management)  
(expressed in thousands of Canadian dollars)

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**NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity's auditor.

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# EnWave Corporation

## Condensed Consolidated Interim Statements of Loss

### For the three and nine months ended June 30, 2024 and 2023

(Unaudited, expressed in thousands of Canadian dollars, except per share data)

	Note	Three months ended		Nine months ended	
		June 30, 2024 \$	June 30, 2023 \$	June 30, 2024 \$	June 30, 2023 \$
<b>Revenues</b>	15	<b>2,622</b>	2,486	<b>4,547</b>	9,906
<b>Direct costs</b>		<b>1,471</b>	1,767	<b>3,330</b>	5,894
		<b>1,151</b>	719	<b>1,217</b>	4,012
<b>Expenses</b>					
General and administration		<b>664</b>	501	<b>1,740</b>	1,753
Sales and marketing		<b>358</b>	277	<b>1,149</b>	1,167
Research and development		<b>342</b>	408	<b>1,127</b>	1,220
Stock-based compensation	13(c)	<b>32</b>	103	<b>218</b>	468
Impairment of assets		-	315	-	315
Amortization of intangible assets		<b>1</b>	1	<b>2</b>	10
Finance income		<b>(42)</b>	(53)	<b>(148)</b>	(132)
Finance expense		<b>40</b>	31	<b>103</b>	99
Foreign exchange (gain)loss		<b>(9)</b>	54	<b>(36)</b>	86
		<b>1,386</b>	1,637	<b>4,155</b>	4,986
<b>Loss from continuing operations before income taxes</b>		<b>(235)</b>	(918)	<b>(2,938)</b>	(974)
Income tax expense					
Current		-	-	-	-
Deferred		-	-	-	-
<b>Loss from continuing operations</b>		<b>(235)</b>	(918)	<b>(2,938)</b>	(974)
<b>Loss from discontinued operations</b>	18	<b>(32)</b>	(1,031)	<b>(35)</b>	(5,703)
<b>Loss for the period</b>		<b>(267)</b>	(1,949)	<b>(2,973)</b>	(6,677)
<b>Net (loss)income per share:</b>					
<b>Continuing operations, basic and diluted</b>		<b>0.00</b>	(0.01)	<b>(0.02)</b>	(0.01)
<b>Discontinued operations, basic and diluted</b>		<b>0.00</b>	(0.01)	<b>0.00</b>	(0.05)
		<b>0.00</b>	(0.02)	<b>(0.02)</b>	(0.06)
<b>Weighted average number of common shares outstanding:</b>					
Basic		<b>110,819,560</b>	110,695,055	<b>110,771,898</b>	110,695,055
Diluted		<b>110,819,560</b>	110,695,055	<b>110,771,898</b>	110,695,055

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# EnWave Corporation

## Condensed Consolidated Interim Statements of Comprehensive Loss

### For the three and nine months ended June 30, 2024 and 2023

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(Unaudited, expressed in thousands of Canadian dollars)

	Three months ended		Nine months ended	
	June 30, 2024 \$	June 30, 2023 \$	June 30, 2024 \$	June 30, 2023 \$
<b>Loss for the period</b>	<b>(267)</b>	<b>(1,949)</b>	<b>(2,973)</b>	<b>(6,677)</b>
<b>Other comprehensive loss</b>				
Items that may be subsequently reclassified to profit or loss				
Foreign exchange translation gain (loss)	<u>2</u>	<u>(10)</u>	<u>11</u>	<u>(81)</u>
<b>Total comprehensive loss for the period</b>	<b><u>(265)</u></b>	<b><u>(1,959)</u></b>	<b><u>(2,962)</u></b>	<b><u>(6,758)</u></b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# EnWave Corporation

## Condensed Consolidated Interim Statements of Financial Position

As at June 30, 2024 and September 30, 2023

(Unaudited, expressed in thousands of Canadian dollars)

	Note	June 30, 2024 \$	September 30, 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4(a)	3,617	4,171
Restricted cash	4(b)	291	417
Trade receivables	6	2,008	1,183
Due from customers on contract	5	476	818
Loans receivable, current	9	651	984
Inventory	8	2,737	3,353
Prepays and other receivables	7	235	478
Income taxes receivable		-	672
		<u>10,015</u>	<u>12,076</u>
<b>Non-current assets</b>			
Loans receivable, non-current	9	62	462
Deposits and other receivables		56	56
Plant and equipment		1,933	2,269
Right-of-use assets	11(a)	1,424	1,166
Intangible assets		3	2
		<u>3,478</u>	<u>3,955</u>
<b>Total assets</b>		<u>13,493</u>	<u>16,031</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	1,458	2,516
Customer deposits and deferred revenue	5	1,521	443
Current portion of lease liabilities	11(b)	548	411
Current portion of other liability	12(a)	-	126
		<u>3,527</u>	<u>3,496</u>
<b>Non-current liabilities</b>			
Long-term portion of lease liabilities	11(b)	1,148	973
		<u>1,148</u>	<u>973</u>
<b>Total liabilities</b>		<u>4,675</u>	<u>4,469</u>
<b>Equity</b>			
Share capital	13(b)	79,973	79,812
Contributed surplus		12,479	12,422
Foreign currency translation reserve		526	515
Deficit		(84,160)	(81,187)
<b>Total equity</b>		<u>8,818</u>	<u>11,562</u>
<b>Total liabilities and equity</b>		<u>13,493</u>	<u>16,031</u>
<b>Contingencies and commitments</b>	12		

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## EnWave Corporation

### Condensed Consolidated Interim Statements of Changes in Equity

#### For the nine months ended June 30, 2024 and 2023

(Unaudited, expressed in thousands of Canadian dollars)

	Share capital		Warrants	Contributed surplus	Foreign currency translation reserve	Deficit	Total
	Number	Value					
		\$	\$	\$	\$	\$	\$
<b>Balance – September 30, 2022</b>	110,440,055	79,559	1,040	11,079	625	(74,675)	17,628
Net loss for the period	-	-	-	-	-	(6,677)	(6,677)
Effects of foreign currency translation	-	-	-	-	(81)	-	(81)
Expiry of warrants	-	-	(1,040)	1,040	-	-	-
Shares issued on exercise of stock options	-	-	-	-	-	-	-
Shares issued with restricted share rights	255,000	253	-	(253)	-	-	-
Restricted share rights	-	-	-	136	-	-	136
Stock-based compensation	-	-	-	332	-	-	332
<b>Balance – June 30, 2023</b>	<b>110,695,055</b>	<b>79,812</b>	<b>-</b>	<b>12,334</b>	<b>544</b>	<b>(81,352)</b>	<b>11,338</b>
<b>Balance – September 30, 2023</b>	110,695,055	79,812	-	12,422	515	(81,187)	11,562
Net loss for the period	-	-	-	-	-	(2,973)	(2,973)
Effects of foreign currency translation	-	-	-	-	11	-	11
Shares issued on exercise of stock options	-	-	-	-	-	-	-
Shares issued with restricted share rights	130,000	161	-	(161)	-	-	-
Restricted share rights	-	-	-	61	-	-	61
Stock-based compensation	-	-	-	157	-	-	157
<b>Balance – June 30, 2024</b>	<b>110,825,055</b>	<b>79,973</b>	<b>-</b>	<b>12,479</b>	<b>526</b>	<b>(84,160)</b>	<b>8,818</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# EnWave Corporation

## Condensed Consolidated Interim Statements of Cash Flows

### For the nine months ended June 30, 2024 and 2023

(Unaudited, expressed in thousands of Canadian dollars)

	Note	Nine months ended June 30,	
		2024 \$	2023 \$
<b>Cash flows generated from (used in) operating activities</b>			
Net loss for the period from continuing operations		(2,938)	(974)
Items not affecting cash			
Depreciation and amortization		862	841
Stock-based compensation	13(c)	218	468
Impairment of assets		-	315
Finance income	4a, 9	(148)	(132)
Finance expense	11b	103	99
Foreign exchange loss		(36)	86
		<b>(1,939)</b>	<b>703</b>
Changes in non-cash working capital			
Restricted cash		125	325
Trade receivables		(1,200)	(327)
Prepays and other receivables		317	156
Loans receivable		744	(727)
Inventory		628	310
Trade and other payables		(494)	(757)
Payment received from security deposits		17	(378)
Due from customers on contract and deferred revenue		1,410	(652)
Net cash used in from operating activities before income taxes		(392)	(1,347)
Net cash generated by (used in) operating activities from discontinued operations		459	(881)
Net cash generated by (used in) operating activities		<b>67</b>	<b>(2,228)</b>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment		(189)	(34)
Acquisition of intangible assets		(3)	-
Finance income received		72	49
Net cash (used in) generated by investing activities from continuing operations		(120)	15
Net cash generated from investing activities from discontinued operations		-	1,325
Net cash (used in) generated from investing activities		<b>(120)</b>	<b>1,340</b>
<b>Cash flows from financing activities</b>			
Payment of lease principal liabilities	11(b)	(303)	(277)
Payment of lease interest	11(b)	(103)	(99)
Payment received from finance leases		-	8
Payment of other liability		(126)	(4)
Net cash used in financing activities from continuing operations		(532)	(372)
Net cash used in financing activities from discontinued operations		-	(483)
Net cash used in financing activities		<b>(532)</b>	<b>(855)</b>
Effect of foreign exchange translation on cash		31	15
<b>Decrease in cash and cash equivalents - continuing operations</b>		<b>(1,013)</b>	<b>(1,689)</b>
<b>Increase (decrease) in cash and cash equivalents - discontinued operations</b>		<b>459</b>	<b>(39)</b>
<b>Cash and cash equivalents - Beginning of period</b>		<b>4,171</b>	<b>6,199</b>
<b>Cash and cash equivalents - End of period</b>		<b>3,617</b>	<b>4,471</b>
<b>Non-cash transactions</b>			
Acquisition of plant and equipment through accounts payable		23	(25)
Purchase of inventory through accounts payable		(12)	(164)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited, expressed in thousands of Canadian dollars)

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### 1 Nature of operations

EnWave Corporation (“EnWave” or “the Company”) was incorporated under the Canada Business Corporations Act on July 14, 1999. The Company’s principal business is the licensing of its intellectual property through royalty-bearing agreements and the design, construction, marketing, and sales of vacuum-microwave dehydration machinery for the food, cannabis and biomaterial industries.

The registered office of the Company is 1000 Cathedral Place - 925 West Georgia Street, Vancouver, BC V6C 3L2, Canada.

The Company’s wholly owned subsidiary, EnWave USA Corporation, is an incorporated subsidiary registered in the State of Washington.

NutraDried Food Company, LLC (“NutraDried”), is a wholly owned subsidiary of EnWave USA Corporation and a Limited Liability Corporation registered in Washington State. NutraDried manufactured, marketed, and sold certain dehydrated food products manufactured using EnWave’s proprietary technology. NutraDried is in the process of an orderly wind-down and its material capital assets have been sold as outlined in Note 18.

The Company’s wholly owned subsidiary, REV Technology Corporation, is an incorporated subsidiary registered in the State of Delaware.

### 2 Basis of preparation

#### Statement of compliance

These condensed consolidated interim financial statements (“interim financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) as applicable to the preparation of interim financial statements, as set out in International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended September 30, 2023. There are selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual consolidated financial statements as at and for the year ended September 30, 2023.

These interim financial statements were approved for issuance by the Board of Directors on August 22, 2024.

#### Critical accounting estimates

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The Company regularly reviews its estimates and assumptions; however, it is possible that circumstances may arise that may cause actual results to differ from management estimates, and these differences could be material. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recorded prospectively.

Significant estimates and judgments used in the preparation of the consolidated financial statements are described in the annual audited consolidated financial statements for the year ended September 30, 2023.



# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, expressed in thousands of Canadian dollars)

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### 3 Significant accounting policies

The accounting policies adopted are consistent with the September 30, 2023 annual consolidated financial statements and the unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's 2023 annual audited consolidated financial statements.

#### **Accounting standards and amendments issued and not yet adopted**

##### *IAS 1 - Classification of Liabilities as Current or Non-Current*

The amendment clarifies the classification requirements to determine if a liability with an uncertain settlement date should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition.

The amendment is effective for annual reporting periods beginning on or after January 1, 2024 and is to be applied retrospectively, with earlier application permitted. The Company has evaluated the implications of adopting the amendment and does not believe there to be any significant impact on the Company's consolidated financial statements.

##### ***New accounting standard IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information***

The new accounting standard requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

The amendment is effective for annual reporting periods beginning on or after January 1, 2024 with earlier application permitted as long as *IFRS S2 Climate-related Disclosures* is also applied. The company is in the process of evaluating the implications of the new standard and the potential impact on the Company's consolidated financial statements.

##### ***New accounting standard IFRS S2: Climate-related Disclosures***

The new accounting standard requires an entity to disclose information about its climate-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.

The amendment is effective for annual reporting periods beginning on or after January 1, 2024 with earlier application permitted as long as *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* is also applied. The company is in the process of evaluating the implications of the new standard and the potential impact on the Company's consolidated financial statements.

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited, expressed in thousands of Canadian dollars)

### 4 Cash and cash equivalents and restricted cash

#### a) Cash and cash equivalents

As at June 30, 2024, the Company had \$3,617 (September 30, 2023 - \$4,171) in cash funds held in current accounts.

#### b) Restricted cash

As at June 30, 2024, the Company had a \$291 (September 30, 2023 - \$417) restricted cash deposit held as collateral for the Company's forex credit line and corporate card. Restricted cash includes \$nil (September 30, 2023 - \$126) received from the Food Processing Growth Fund on behalf of the British Columbia Investment Agriculture Foundation.

### 5 Contract assets and contract liabilities

Due from customers on contract consists of unbilled amounts typically resulting from sales under equipment purchase contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. The Company receives payments from customers based on a billing schedule, as established in the contracts. Accounts receivables are recognized when the right to consideration becomes unconditional.

Customer deposits and deferred revenue consists of advance payments and billings in excess of revenue recognized and deferred revenue. Contract liabilities are recognized as revenue when the Company performs under the contract.

Net contract assets (contract liabilities) consisted of the following:

	June 30, 2024 \$	September 30, 2023 \$
Due from customers on contract	476	818
Customer deposits and deferred revenues	(1,521)	(443)
	<u>(1,045)</u>	<u>375</u>

During the nine months ended June 30, 2024, the Company recognized revenue from equipment sales and construction contracts of \$375 (June 30, 2023 - \$1,270) that was included as deferred revenue at the beginning of the period.

### 6 Trade receivables

	June 30, 2024 \$	September 30, 2023 \$
Trade receivables	2,008	1,183
	<u>2,008</u>	<u>1,183</u>

The company's provision for expected losses is de minimis.

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, expressed in thousands of Canadian dollars)

### 7 Prepaids and other receivables

	June 30, 2024 \$	September 30, 2023 \$
Prepaid expenses	200	374
Indirect tax receivable	35	104
Other receivables	-	-
	<u>235</u>	<u>478</u>

### 8 Inventory

	June 30, 2024 \$	September 30, 2023 \$
Machine parts and work-in-progress	<u>2,737</u>	<u>3,353</u>
	<u>2,737</u>	<u>3,353</u>

During the nine months ended June 30, 2024, the Company recognized \$nil (2023 - \$190) in inventory impairment related to machine parts and work in progress and \$nil in plant and equipment impairment (2023 - \$125). Discontinued operations recognized an inventory impairment as an expense of \$nil (2023 - \$624) related to machine parts and work-in-progress, see Note 18.

### 9 Loans receivable

	June 30, 2024 \$	September 30, 2023 \$
Current	651	984
Non-current	62	462
	<u>713</u>	<u>1,446</u>

The Company provides equipment finance loans to certain customers to finance equipment purchased from the Company. The loans receivable bear interest at a weighted average rate of 8%, have terms ranging from 2 to 25 months and are amortized with monthly blended payments of interest and principal. The loans receivable are measured at amortized cost using the effective interest method and are secured by the underlying equipment purchased by the customer. The company's provision for expected credit losses is de minimis.

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited, expressed in thousands of Canadian dollars)

### 10 Trade and other payables

	June 30, 2024	September 30, 2023
	\$	\$
Trade payables	348	709
Accrued liabilities	470	1,059
Personnel related accruals	439	544
Security deposits	17	44
Provision for warranty	184	160
	<u>1,458</u>	<u>2,516</u>

### 11 Lease liabilities

- a) The following is the carrying amounts of right-of-use assets recognized and the movements during the nine months ended June 30, 2024 and 2023:

	\$
<b>Leased buildings:</b>	
<b>Balance, September 30, 2022</b>	1,968
Disposal	(150)
Impairment of lease	(60)
Depreciation expense	(589)
Currency translation adjustments	(3)
<b>Balance, September 30, 2023</b>	<u>1,166</u>
Lease modifications	616
Depreciation expense	(358)
<b>Balance, June 30, 2024</b>	<u>1,424</u>

- b) The following is the carrying amounts of lease liabilities and the movements for the nine months ended June 30, 2024:

	\$
<b>Balance, September 30, 2022</b>	2,203
Lease disposal	(148)
Lease payments	(805)
Interest expense on lease liabilities	139
Changes due to foreign exchange rates	(5)
<b>Balance, September 30, 2023</b>	<u>1,384</u>
Lease modifications	616
Lease payments	(406)
Interest expense on lease liabilities	102
<b>Balance, June 30, 2024</b>	<u>1,696</u>
Current	548
Non-current	<u>1,148</u>
	<u>1,696</u>

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited, expressed in thousands of Canadian dollars)

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As at June 30, 2024, the lease liabilities are payable on an undiscounted basis as follows:

	<b>Undiscounted lease payments \$</b>
Less than one year	679
One to five years	1,262
More than five years	-
	<hr/>
	<b>1,941</b>

## 12 Contingencies and commitments

### a) Other liabilities

On August 15th, 2023, the Company received a grant from the Food Processing Growth Fund (“FPGF”) on behalf of the British Columbia Investment Agriculture Foundation (“IAF”) to purchase a seasoning machine and packaging system for the REVworx facility (the “REVworx”). As of June 30, 2024, the Company has received proceeds from the FPGF of \$251 (2023 - \$126). Due to the completion of the project, the Company recognized the grant, \$251, against the carrying cost of the seasoning machine and packaging system in plant and equipment.

### b) Claims and litigation

On September 20, 2022, a civil counterclaim commenced against the Company in the Supreme Court of British Columbia by certain former directors and officers of the Company. The counterclaim was filed in response to a civil claim filed by the Company against the former directors and officers. The counterclaim alleges breach of contract and breach of privacy with respect to the cessation of employment of one of the former directors. The Company believes the action to be without merit and intends to defend the counterclaim. No provision has been recognized as of June 30, 2024.

## 13 Share capital

### a) Authorized: unlimited number of voting common shares without par value.

Issued and outstanding: 110,825,055.

Authorized: unlimited number of voting preferred shares, issuable in series.

Issued and outstanding: nil.

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, expressed in thousands of Canadian dollars)

b) Issued and fully paid:

	<b>Number</b>	<b>Share capital Value \$</b>
Balance – October 1, 2022	<b>110,440,055</b>	<b>79,559</b>
Shares issued on vesting of restricted share rights	255,000	253
Balance – September 30, 2023	110,695,055	79,812
Shares issued on vesting of restricted share rights	130,000	161
<b>Balance – June 30, 2024</b>	<b>110,825,055</b>	<b>79,973</b>

- i) On December 5, 2023, the TSX Venture Exchange (“TSXV”) accepted the Company’s notice of intention to commence a Normal Course Issuer Bid (“NCIB”). Pursuant to the NCIB, the Company may repurchase up to 10,799,564 common shares, representing approximately 10% of the public float as of December 5, 2023, but no more than 2,213,901 in any 30-day period. The NCIB period commenced on December 5, 2023 and will end on the earlier of December 6, 2024, and the completion of purchases under the NCIB. All repurchased shares will be cancelled. During the nine months ended June 30, 2024, the Company did not purchase nor cancel any common shares.

c) Stock options

The Company’s stock option plan (the “Option Plan”) is available to eligible persons, whereby up to 10% of the issued common shares of the Company may be reserved for issuance under the Option Plan. The aggregate number of common shares reserved for issuance to any person within any one year may not exceed 5% of the number of outstanding common shares, on a non-diluted basis.

The exercise price of the options will be determined by the Board of Directors at the time of grant of the options, such price not to be less than the last daily closing price of the Company’s common shares prior to the date of grant, less the discount permitted by the policies of the TSXV.

Options issued under the Option Plan will vest according to the terms approved by the Board of Directors for each specific grant, except for options granted to individuals engaged in investor relations activities, which must vest over a 12-month period according to the Option Plan.

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited, expressed in thousands of Canadian dollars)

	June 30, 2024		June 30, 2023	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, beginning of the period	5,662,981	1.04	8,328,267	1.33
Options granted	-	-	1,969,648	0.63
Options exercised	-	-	-	-
Options cancelled	-	-	(2,438,667)	1.27
Options expired	(702,899)	1.69	(2,396,267)	1.14
<b>Outstanding, end of the period</b>	<b>4,960,082</b>	<b>0.95</b>	<b>5,462,981</b>	<b>1.20</b>
<b>Exercisable, end of the period</b>	<b>3,813,106</b>	<b>1.08</b>	<b>3,586,666</b>	<b>1.49</b>

During the nine months ended June 30, 2024 no stock options were issued. The weighted average fair value of options granted during the nine months ended June 30, 2024, was \$nil per option (2023 - \$0.09).

The following weighted average assumptions were used in calculating the fair value of the stock options granted using the Black-Scholes model for the nine months ended June 30, 2024 and 2023:

	Nine months ended June 30,	
	2024	2023
Risk-free interest rate	N/A	2.05%
Expected life	N/A	2.04 years
Estimated volatility	N/A	38%
Dividend rate	N/A	0.00%

Stock options outstanding as at June 30, 2024 have the following expiry date and exercise prices:

Year of expiry	Exercise price per share \$	Number of options
2024	1.74 - 2.19	985,000
2025	1.06 - 1.25	600,000
2026	0.90	510,000
2027	0.44 - 0.63	310,000
2028	0.27 - 0.75	2,555,082
		<b>4,960,082</b>

During the nine months ended June 30, 2024, the Company recorded stock-based compensation expense of \$218 (2023 - \$468), which includes compensation expense for stock options and for restricted share rights ("RSRs"). The fair value of each option and RSR is accounted for in the condensed consolidated interim statement of loss over the vesting period, and the related credit is included in contributed surplus.

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited, expressed in thousands of Canadian dollars)

### d) Restricted share rights

The Company has reserved up to a maximum of 1,895,000 common shares to be issued as RSRs under its restricted share rights plan ("RSR Plan"). The common shares reserved under the RSR Plan, together with stock options outstanding under the Option Plan, cannot exceed, in aggregate, 10% of the issued and outstanding shares of the Company.

The changes in RSRs for the nine months ended June 30, 2024 and 2023 were as follows:

	June 30, 2024		June 30, 2023	
	Number of RSRs	Weighted average grant date fair value \$	Number of RSRs	Weighted average grant date fair value \$
Outstanding, beginning of period	500,000	1.04	755,000	1.16
RSRs granted	-	-	-	-
RSRs vested	(130,000)	1.23	(255,000)	0.99
RSRs forfeited	(10,000)	0.90	-	-
<b>Outstanding, end of period</b>	<b>360,000</b>	<b>0.97</b>	<b>500,000</b>	<b>1.04</b>

During the nine months ended June 30, 2024, stock-based compensation expense of \$61 (2023 - \$136) was recorded for the RSRs vested during the period. RSRs vest three years from the award date, in accordance with the RSR Plan.

## 14 Related party transactions

### a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and/or its subsidiaries, including any external director of the Company and/or its subsidiaries.

Remuneration of key management personnel of the Company during the three and nine months ended June 30, 2024 and 2023 comprises the following expenses:

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Salaries, bonuses, and short-term employee benefits	146	148	714	938
Stock-based compensation	27	59	123	306
	<u>173</u>	<u>207</u>	<u>837</u>	<u>1,244</u>



# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, expressed in thousands of Canadian dollars)

### b) Transactions with related parties

The Company had transactions with related parties for the three and nine months ended June 30, 2024 and 2023 in the normal course of business as shown in the table below:

	Three months ended June 30,		Nine months ended June 30,	
	2024 \$	2023 \$	2024 \$	2023 \$
Directors' fees	15	20	55	60
Stock-based compensation	5	11	20	38
	<u>20</u>	<u>31</u>	<u>75</u>	<u>98</u>

## 15 Revenues

### a) Revenue breakdown for the three and nine months ended June 30, 2024 and 2023 is as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2024 \$	2023 \$	2024 \$	2023 \$
Equipment construction contracts	1,243	1,431	1,933	5,662
Equipment sales	579	463	735	2,363
Royalties and licensing fees	425	394	1,319	1,085
Equipment rental fees, tolling, testing fees and other	375	198	560	796
	<u>2,622</u>	<u>2,486</u>	<u>4,547</u>	<u>9,906</u>

Individual customers representing over 10% of the total revenue during the nine months ended June 30, 2024 and 2023 were as follows:

Customer	June 30, 2024		June 30, 2023	
	\$	%	\$	%
A	1,436	32	1,863	19
B	570	12	1,481	15
C	505	11	1,270	13
D	-	-	1,164	12
E	-	-	994	10
Others	2,036	45	3,134	31
	<u>4,547</u>	<u>100</u>	<u>9,906</u>	<u>100</u>

### b) Trade receivables from customers representing more than 10% of the total amount were as follows:

Customer	June 30, 2024		September 30, 2023	
	\$	%	\$	%
A	857	43	274	23
B	218	11	-	-
Others	933	46	909	77
	<u>2,008</u>	<u>100</u>	<u>1,183</u>	<u>100</u>

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, expressed in thousands of Canadian dollars)

### 16 Expenses by nature

Details of consolidated expenses by nature for direct costs, general and administration, sales and marketing, and research and development expenses for the three and nine months ended June 30, 2024 and 2023 are shown below:

Details of expenses by nature	Three months ended June 30,		Nine months ended June 30,	
	2024 \$	2023 \$	2024 \$	2023 \$
Cost of materials	739	1,093	1,206	3,764
Salaries, wages and employee expenses	1,160	1,098	3,398	3,611
Commissions, travel and promotional costs	150	112	481	387
Depreciation of plant and equipment	299	275	860	831
Professional services	271	206	800	679
Other expenses	77	51	191	253
Office and courier	74	58	217	216
Facility expenses	65	60	193	171
Bad debt	-	-	-	122
Total expenses	2,835	2,953	7,346	10,034

### 17 Financial instruments risk

The use of financial instruments exposes the Company to a number of risks. These risks include credit risk, liquidity risk, and market risk. The Company has established policies and procedures to manage these risks, with the objective of minimizing the adverse effects that changes in the variable factors underlying these risks could have on the Company's interim financial statements.

#### *Credit risk*

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss being incurred by the Company. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, restricted cash, trade receivables, due from customers on contract and loans receivable. The Company mitigates its exposure to credit loss by maintaining the majority of cash balances with major Canadian financial institutions.

The Company provides credit to its customers in the normal course of business and, as such, has exposure to credit risk in relation to the collection of trade receivables, due from customers on contract and loans receivable. Prior to issuing credit, management performs due diligence reviewing the customer, taking into account its financial position, historical experience, and other factors. The Company minimizes its credit risk associated with trade receivables and due from customers on contract by maintaining ongoing close contact with customers and by reviewing individual account balances, and proactively following up on overdue amounts. The Company minimizes credit risk associated with loan receivables by performing due diligence prior to issuing loans, ensuring customers are reputable companies, filing a lien on the equipment in the country the machine resides and using the machine equipment as collateral. The Company maintains a provision for credit losses relating to specific losses estimated on an individual exposure. As at June 30, 2024, the Company has recorded a \$nil (2023 - \$122) provision for expected credit losses.

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited, expressed in thousands of Canadian dollars)

The Company is exposed to credit risk in trade receivables by way of concentration of credit with a small number of customers. The Company determines its concentration of credit risk if the balance is more than 10% of total revenue or trade receivables. The Company expects these customers to remain as large customers in the future. Significant change in these customer relationships could materially impact the Company's future financial results. The Company seeks and ordinarily obtains progress advances in respect of its construction contracts. The maximum exposure to loss arising from trade receivables is equal to their total carrying amounts.

The Company transacts with a number of Canadian chartered banks and other brokerages. Due to the creditworthiness of its counterparties, the Company regards all changes in fair value of foreign exchange derivatives as arising only from changes in market factors, including foreign exchange rates. The Company monitors the exposure to any single counterparty along with its financial position. If it is determined that a counterparty has become materially weaker, the Company will work to reduce its credit exposure to that counterparty.

The following table provides information regarding the aging of receivables as at June 30, 2024:

	Neither past due nor impaired	Past due but not impaired		
	0 – 30 days	31 – 90 days	91 – 365 days	Over 365 days
Trade receivables	1,475	162	371	-
Due from customers on contract	476	-	-	-
Loans receivable	713	-	-	-
Indirect tax receivable	2	33	-	-
	<u>2,666</u>	<u>195</u>	<u>371</u>	<u>-</u>

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company manages liquidity risk through ongoing management and forecasting of cash flows, budgeting, and equity financings. Cash flow forecasting is performed to monitor cash requirements and to manage capital management decisions. Such forecasting takes into account current and potential customers, contractual obligations and the Company's technology development and commercialization expectations.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with varying maturities selected with regards to the expected timing of expenditures from continuing operations. As at June 30, 2024, the Company held no foreign exchange derivatives outstanding.

The Company attempts to ensure that sufficient funds are available to meet its operating requirements, after taking into account existing cash. The Company manages liquidity risk through the management of its capital structure and financial leverage.

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited, expressed in thousands of Canadian dollars)

a) Financial assets maturity table:

	0 – 30 days	31 – 90 days	91 – 365 days	Over 365 days
Cash and cash equivalents and restricted cash	3,617	250	41	-
Trade receivables	2,008	-	-	-
Due from customers on contract	-	476	-	-
Loans receivable	105	142	404	62
Indirect taxes receivable	2	33	-	-
	<u>5,732</u>	<u>901</u>	<u>445</u>	<u>62</u>

b) Financial liabilities, excluding other liability, maturity table:

	0 – 30 days	31 – 90 days	91- 365 days	Over 365 days
Trade and other payables	857	162	439	-
Customer deposits and deferred revenue	1,009	430	82	-
Lease liabilities	34	89	425	1,148
	<u>1,900</u>	<u>681</u>	<u>946</u>	<u>1,148</u>

### *Market risk*

Market risk is the risk that the fair value of future cash flows of the Company will fluctuate due to changes in interest rates and foreign currency exchange rates.

### *Interest rate risk*

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest risk from the interest rate impact on cash and cash equivalents, restricted cash, and loan payable. The Company earns interest on deposits based on current market interest rates, which during the nine months ended June 30, 2024 ranged from 5.00% to 5.40% (2023 – 3.70% to 4.65%). A 1% change in interest rates would affect the results of operations by approximately \$19 (2023 - \$45).

### *Foreign exchange risk*

The Company is exposed to the following foreign exchange risks related to the fluctuation of foreign exchange rates:

- (i) the Company operates in the United States and a portion of its expenses are incurred in US dollars; and
- (ii) the Company is exposed to currency risk through customers with sales contracts denominated in US dollars.

A significant change in the currency exchange rate of the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations. As at June 30, 2024, all of the Company's liquid assets and liabilities were held in Canadian dollars and US dollars.

The Company enters into foreign exchange derivative contracts when appropriate to minimize exposure to foreign currencies when appropriate. At June 30, 2024 and 2023, the Company held no foreign exchange contracts. The

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited, expressed in thousands of Canadian dollars)

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fair values of the foreign exchange derivatives are recurring measurements and are determined whenever possible based on observable market data. If observable market data on the financial derivatives is not available, the Company uses observable spot and forward foreign exchange rates to estimate their fair values.

A change in the value of the Canadian dollar by 10% relative to foreign currencies the Company is exposed to would have affected the Company's net loss from continuing operations for the nine months ended June 30, 2024 and 2023 as follows:

<b>Currency</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
US dollar	416	807

### Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the cost of capital at an acceptable risk.

In the management of capital, the Company includes the components of equity attributable to common shareholders. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

There were no changes in the Company's approach to capital management in the period. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

### 18 Discontinued Operations

In fiscal 2023, management commenced an orderly wind-down and value maximization process for NutraDried and agreed to sell certain assets, including trademarks, auxiliary production equipment and select saleable inventory, to Creations Foods U.S. Incorporated ("Creations"), for consideration of \$1,608 USD. As of June 30, 2024 \$nil USD remains outstanding.

Additionally, Creations purchased a 100kW REV™ Machine from EnWave Canada, installed at the NutraDried facility, for consideration of \$1,000 USD. As of June 30, 2024, \$320 USD is outstanding, \$309 USD is recognized in loans receivable paid monthly over an initial 25-month term and the remaining revenue of \$11 USD will be recognized as interest income for continuous operations over the remainder of the term.

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited, expressed in thousands of Canadian dollars)

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The results of operations of NutraDried are presented as discontinued operations for the nine months ended June 30, 2024:

	Nine months ended June 30	
	2024 \$	2023 \$
<b>Revenues</b>	-	5,172
<b>Cost of sales</b>	-	(5,974)
<b>Inventory write down</b>	-	(632)
	-	(1,434)
<b>Expenses</b>		
General and administration	(69)	(715)
Sales and marketing	110	(1,033)
Depreciation	-	(871)
Restructuring costs	-	(910)
Professional Fees	-	(292)
	-	(292)
<b>Loss before other items</b>	<b>41</b>	<b>(5,255)</b>
<b>Other items:</b>		
Loss on the sale of assets	(86)	(388)
Impairment of right of use asset	-	(60)
Other income	10	-
	10	-
<b>Total other items</b>	<b>(76)</b>	<b>(448)</b>
<b>Loss from discontinued operations</b>	<b>(35)</b>	<b>(5,703)</b>

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, expressed in thousands of Canadian dollars)

Cash flows from discontinued operations are as follows:

	Nine months ended June 30,	
	2024	2023
	\$	\$
<b>Cash flows generated from (used in) operating activities from discontinued operations</b>		
Net loss for the period from discontinued operations	(35)	(5,703)
Items not affecting cash		
Depreciation and amortization	-	871
Inventory write off	-	632
Loss on sale of assets	86	448
Other	-	15
	<u>51</u>	<u>(3,737)</u>
Changes in non-cash working capital		
Trade receivables	310	612
Prepays	3	-
Inventory	-	1,952
Trade and other payables	(581)	(348)
Income taxes receivable	676	503
Other	-	137
	<u>459</u>	<u>(881)</u>
Net cash generated from (used in) discontinued operations		
	<u>459</u>	<u>(881)</u>
<b>Cash flows generated from investing activities</b>		
Proceeds from sale of plant and equipment	-	1,358
Acquisition of plant and equipment	-	(33)
Net cash generated from investing activities from discontinued operations	<u>-</u>	<u>1,325</u>
<b>Cash flows used in financing activities</b>		
Repayment of debt	-	(223)
Payment of lease principal liabilities	-	(249)
Payment of lease interest	-	(11)
	<u>-</u>	<u>(483)</u>
Net cash used in financing activities from discontinued operations		
	<u>-</u>	<u>(483)</u>
<b>Increase (decrease) in cash and cash equivalents-discontinued operations</b>	<u>459</u>	<u>(39)</u>

# EnWave Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited, expressed in thousands of Canadian dollars)

### 19 Segmented information

The Company has assessed its operating segments to be EnWave and NutraDried according to the manner in which information is used by the Chief Operating Decision Maker (the "CODM"). The Company has determined that the Chief Executive Officer of the parent company is its CODM. The results of operations and the assets for each segment are shown below:

As at	June 30, 2024			September 30, 2023		
	EnWave \$	NutraDried \$	Total \$	EnWave \$	NutraDried \$	Total \$
<b>Assets</b>						
Trade receivables	2,008	-	2,008	790	393	1,183
Due from customers on contract	476	-	476	818	-	818
Inventory	2,737	-	2,737	1,446	-	1,446
Loans receivable	713	-	713	3,353	-	3,353
Plant and equipment	1,933	-	1,933	2,269	-	2,269
Right-of-use assets	1,424	-	1,424	1,166	-	1,166
Intangible assets	3	-	3	2	-	2
	<u>9,294</u>	<u>-</u>	<u>9,294</u>	<u>9,844</u>	<u>393</u>	<u>10,237</u>
<b>Liabilities</b>						
Trade and other payables	1,216	242	1,458	1,700	816	2,516
Customer deposits and deferred revenue	1,521	-	1,521	443	-	443
Lease liabilities	1,696	-	1,696	1,384	-	1,384
Other liability	-	-	-	126	-	126
	<u>4,433</u>	<u>242</u>	<u>4,675</u>	<u>3,653</u>	<u>816</u>	<u>4,469</u>