



EnWave Announces Fourth Quarter and 2019 Annual Consolidated Financial Results

Vancouver, B.C., December 11th, 2019

EnWave Corporation (TSX-V:ENW | FSE:E4U) ("EnWave", or the "Company") is pleased to report the Company's consolidated financial results for the fourth quarter and year-ended September 30, 2019.

Consolidated Financial Performance:

(\$ '000s)	Three months ended September 30,			Year ended September 30,		
	2019	2018	Change %	2019	2018	Change %
Revenues	16,188	7,355	120%	42,842	22,825	88%
Direct costs	11,597	4,097	183%	29,236	13,915	110%
Gross margin	4,591	3,258	41%	13,606	8,910	53%
Operating Expenses						
General and administration	1,164	730	59%	4,329	2,439	77%
Sales and marketing	2,524	1,353	87%	5,787	3,731	55%
Research and development	317	313	1%	1,692	1,213	39%
	4,005	2,396	67%	11,808	7,383	60%
Net (loss) income for the period after taxes	(425)	75	(667%)	(1,986)	(945)	(100%)
Adjusted EBITDA ^(*)	864	1,300	(34%)	3,168	2,932	8%
Earnings (loss) per share – basic and diluted	(0.00)	0.00		(0.02)	(0.01)	

EnWave's annual and interim consolidated financial statements and MD&As are available on SEDAR at www.sedar.com and on the Company's website www.enwave.net.

Significant Accomplishments in 2019

NutraDried Food Company:

- Expanded the distribution of Moon Cheese® into multiple meaningful new retail points of distribution in the U.S. as well as increased sales of the product to Costco through participation in the MVM Coupon Program.
- Completed a complete re-branding of Moon Cheese® with new and improved packaging, website, added a new 1oz package to the lineup to complement the existing 2oz and 10oz packages, and created two new flavours. The new packaging and package sizes began shipping in Q1 2020 and will be on-shelf in early calendar year 2020.
- Enhanced the sales and marketing function of NutraDried by bringing it in-house with the hiring a full-time Chief Marketing Officer and a full-time Senior Vice President of Sales. NutraDried also added three full-time regional sales representatives in the United States as part of the strategy to

grow the Moon Cheese® brand and product distribution throughout the retail grocery, club, food service and convenience store channels.

- Shortly after the 2019 fiscal year-end, announced plans to add a third large scale 120kW *nutraREV*® machine to expand production capacity of NutraDried by approximately 50%.

Commercial Licenses and REV™ Machine Sales:

- Signed a total of 14 new royalty-bearing commercial license agreements for fiscal year 2019 through to the date of this report. Seven of these license agreements were in the cannabis/hemp vertical and six were in the food products vertical.
- Sold more than triple the capacity of REV™ machinery in 2019 than sold in 2018.
- Signed a royalty-bearing commercial license agreement with Calbee Inc. (“Calbee”) and received a purchase order for a 10kW machine. Calbee, the largest Japanese snacking company, plans to conduct intense product development in 2019 and to launch several new products through market testing efforts in 2020.
- Signed a royalty-bearing commercial license agreement with Kameya Foods Corporation (“Kameya Foods”), a Japanese food products company located in an agriculturally diverse area, with access to a variety of local, high-quality raw materials. Kameya Foods purchased a 10kW REV™ machine to initiate commercial production.
- Signed a royalty-bearing commercial license agreement with Royal Friesland Campina N.V. (“Friesland Campina”), one of Europe’s largest dairy companies. Friesland Campina will deploy REV™ technology to develop new products that fit the evolving consumer needs and taste preferences. Friesland Campina purchased a 10kW REV™ unit to initiate production.
- Received a purchase order from Milne Microdried Inc. (“Milne”) for a 120kW REV™ processing line. The purchase order represents Milne’s third 120kW REV™ machine and significantly increases Milne’s total royalty-bearing processing capacity.
- Received a purchase order from Bare Foods Co., a leading American snack food company recently acquired by PepsiCo, for its third 10kW REV™ machine to expand commercial production of healthy fruit snack products.
- 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. Fresh Business must purchase a 100kW machine prior to December 31, 2019 to retain their license exclusivity.
- Signed a royalty-bearing commercial license agreement with Patatas Fritas Torres S.L. (“Patatas Fritas Torres”), a Spanish producer of premium potato chip products. Patatas Fritas Torres purchased a 10kW machine to initiate commercial production of cheese snack products in Spain.
- EnWave was also selected as a 2019 Venture 50™ company in the Clean Technology & Life Sciences category.

Hemp and Cannabis Progress:

- 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), South America and Australia. Aurora committed to longer-term purchases for a 60kW machine for installation in South America and a 60kW machine for installation in Australia. 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.
- 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.
- Entered into a royalty-bearing commercial sub-license agreement with The Green Organic Dutchman (“TGOD”) granting TGOD non-exclusive rights to use EnWave’s technology for processing legalized cannabis in Canada. TGOD purchased four large-scale REV™ machines for installation in Canada including a 60kW REV™ machine and three 120kW REV™ machines, all with automated robotic tray handling systems. EnWave has employed prudent cash collection methods to eliminate financial exposure to potential non-payments by TGOD regarding the ordered REV™ machinery.
- Signed a royalty-bearing commercial sub-license agreement with Glasshouse Botanics Inc., a Canadian cannabis producer, and entered into an equipment lease agreement for a 10kW REV™ machine to initiate commercial production.

Key Financial Highlights for Fiscal Year 2019 (expressed in ‘000s):

- Reported record revenues for 2019 with \$42,842 compared to \$22,825 for 2018, an increase of \$20,017 or 88%. Growth in revenues was attributable to expanded sales and distribution of Moon Cheese® during the year as well as the highest ever number of REV™ machine sales contracts secured.
- Increased gross profit to \$13,606 for 2019 from \$8,910 for 2018, an increase of \$4,696 or 53%. Gross margin for 2019 was 32% compared to 39% for 2018.
- Achieved royalties^(*) of \$2,565 for 2019 compared to \$1,392 for 2018, growth of \$1,173 or 84%. These royalty amounts include royalties from NutraDried which amounted to \$1,830 in 2019 and \$821 in 2018 which are eliminated in the Company’s consolidated statements of net loss^(*). Royalties for 2019 not including those of NutraDried were \$735 compared to \$571 for 2018, an increase of \$164 or 29%. The future growth in royalties is tied to the growth of NutraDried and the timing of new commercial installations of REV™ machinery. With the growth in machine sales being primarily driven by major new orders by Canadian cannabis companies that have not yet been commissioned, the installed royalty capacity will continue to grow as these additional REV™ machines are installed in 2020.
- Advanced the sales and marketing efforts for both NutraDried’s products and EnWave’s technology with S&M expenses of \$5,787 in 2019 compared to \$3,731 in 2018. The Company added five full-time S&M professionals to NutraDried’s team and added two full-time S&M professionals to EnWave’s team.
- Maintained spending on R&D at \$1,692 for 2019 compared to \$1,213 for 2018. The Company filed for four new patents as part of the strategy to increase the protection of intellectual property that forms the foundation of the royalty-licensing business model.
- Continued to be cash flow positive with Adjusted EBITDA^(*) of \$3,168 for 2019 compared to \$2,921 for 2018. NutraDried continued to drive the positive cash flow profile from the sales of Moon Cheese® into wholesale and retail distribution channels.

- Completed a strategic investment by Aurora Cannabis Inc. (“Aurora”) in EnWave for gross proceeds of \$10,087 to fund future growth and to create economic alignment between the two companies’ international licensing arrangements.
- Strengthened the balance sheet with a cash equivalents balance of \$18,665 as at September 30, 2019. The Company’s balance sheet is healthy with a robust cash balance and no debt, positioning the Company well to fund future growth plans.

Key Financial Highlights for Q4 2019 (expressed in ‘000s):

- Increased revenue for Q4 2019 to \$16,188 compared to \$7,355 for Q4 2018, an increase of \$8,833 or 120%. The increase to revenues was attributable to a large distribution increase to Costco in Q4 2019 for the Most Valuable Member (“MVM”) Coupon program as well as growth in number of REV™ machines sold. Q4 2019 was the highest quarterly revenue in the history of the Company.
- Achieved gross profit of \$4,591 for Q4 2019 compared to \$3,258 for Q4 2018, an increase of \$1,333. Gross margin was 28% in Q4 2019 compared to 44% for Q4 2018, with the decrease attributable to MVM Coupon discounts on sales to Costco as part of the temporary national distribution and marketing program for Moon Cheese®.
- Invested in sales and marketing for NutraDried by increasing S&M expenses to \$2,524 in Q4 2019 compared to \$1,353 in Q4 2018. The additional S&M expenses are part of a Moon Cheese® re-brand with all new packaging and the introduction of a new 1oz package size and two new flavors. NutraDried also added three new full-time sales representatives to further drive increased distribution of the Moon Cheese® product line in the United States and Canada.
- Reported a net loss for Q4 2019 of \$425 compared to a net income for Q4 2018 of \$75, primarily due to non-cash expenses and increased investment in S&M.
- Remained cash flow positive with Adjusted EBITDA^(*) of \$864 for Q4 2019 compared to \$1,300 for Q4 2018, a decrease of \$437.

(*) 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 and non-recurring restructuring and 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 annual MD&A for the year ended September 30, 2019.

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 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.

More information about EnWave is available at www.enwave.net.

EnWave Corporation

Mr. Brent Charleton, CFA
President and CEO

For further information:

Brent Charleton, CFA , President and CEO at +1 (778) 378-9616
E-mail: bcharleton@enwave.net

Dan Henriques, CFO at +1 (604) 835-5212
E-mail: dhenriques@enwave.net

Deborah Honig, Corporate Development at + 1 (647) 203-8793
E-mail: dhonig@enwave.net

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