



EnWave Reports 2023 Fourth Quarter and Annual 2023 Consolidated Financial Results

Vancouver, B.C., December 15, 2023

EnWave Corporation (TSX-V:ENW | FSE:E4U) (“EnWave”, or the “Company”) reported the Company’s consolidated interim financial results for the fourth quarter and fiscal year ended September 30, 2023.

All values in thousands and denoted in CAD unless otherwise stated.

- EnWave’s annual 2023 financial results demonstrated positive Adjusted EBITDA⁽¹⁾, strong margins, reduced expenses and a stable cash position. Q4 financial performance was down year over year due to the inherent volatility in large-scale Radiant Energy Vacuum (“REV™”) machine orders.
- Reported revenue for Q4 2023 of \$1,457, representing a decrease of \$1,367 relative to the comparable period in the prior year. The decrease was primarily due to fewer machine contracts in the quarter and was partially offset by royalty revenues of \$381, representing an increase of \$80 relative to the comparable period in the prior year.
- Reported an Adjusted EBITDA⁽¹⁾ loss of \$324 for Q4 2023, a decrease of \$297 from the comparable period in the prior year.
- Reported an overall decrease in Selling, General & Administrative (“SG&A”) costs (including Research & Development (“R&D”)) of \$405 for Q4 2023 relative to the comparable period in the prior year, with the decrease primarily related to a continued focus on cost containment by managing non-revenue generating spending.
- Reported cash and cash equivalents of \$4,171 and no debt as at September 30, 2023.

Consolidated Financial Performance:

(\$ '000s)	Three months ended September 30,			Year ended September 30,		
	2023	2022	Change %	2023	2022	Change %
Revenues	1,457	2,824	(48)%	11,363	11,048	3%
Direct costs	(1,036)	(1,725)	(40)%	(6,930)	(5,872)	18%
Gross margin	421	1,099	(62)%	4,433	5,176	(14)%
Operating expenses						
General and administration	435	537	(19)%	2,188	2,737	(20)%
Sales and marketing	229	421	(46)%	1,396	2,102	(34)%
Research and development	357	468	(24)%	1,577	1,998	(21)%
	1,021	1,426	(28)%	5,161	6,837	(25)%
Net (loss) continuing operations	(605)	(451)	(34)%	(1,579)	(2,642)	40%



Net (loss) income discontinued operations	770	(1,822)	142%	(4,933)	(4,285)	(15)%
Adjusted EBITDA ⁽¹⁾	(324)	(27)	(1,100)%	379	(681)	156%
Loss per share:						
Basic and diluted – continuous operations	\$ (0.01)	\$ 0.00		\$ (0.01)	\$ (0.02)	
Basic and diluted – discontinued operations	\$ 0.01	\$ (0.02)		\$ (0.05)	\$ (0.04)	
	\$ 0.00	\$ (0.02)		\$ (0.06)	\$ (0.06)	

(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 the Year Ended 2023 (expressed in ‘000s):

- Revenue for the year ended 2023 of \$11,363, compared to \$11,048 for the year ended 2022, an increase of \$315. The increase in revenue was primarily a result of the change in sales mix of large and small machines.
- Royalty Revenues for the year ended 2023 of \$1,465 compared to \$1,352 for the year ended 2022, an increase of \$113. The increase in royalties was primarily a result of increased production and sales by current partners.
- Gross margin for the year ended 2023 was 39% compared to 47% for the year ended 2022. The decrease in margin was a result of the overall change in sales mix of large and small machines in addition to fewer resales relative to fiscal 2022.
- SG&A expenses (including R&D) for the year ended 2023 were \$5,161, compared to \$6,837 for the year ended 2022, a reduction of \$1,676. The decrease resulted from concerted efforts to maintain discretionary spending, including lower personnel costs across all departments, use of external consultants and having lower legal fees.
- Adjusted EBITDA profit (refer to *Non-IFRS Financial Measures* section below) for the year ended 2023 was \$379, compared to a loss of \$681 for the year ended 2022, an improvement of \$1,060. The increase in adjusted EBITDA was primarily due to the reduction of SG&A expenses (including R&D).

Significant Corporate Accomplishments in Q4 2023 and Subsequently:

- Signed a Technology Evaluation and License Option Agreement with Moleciwl Cyf of Wales to develop fruit and vegetable products for the Welsh market.
- Received approval for a cost-shared funding project through the Food Processing Growth Fund (“FPGF”), for which we gratefully acknowledge the financial support of the Province of British Columbia through the Ministry of Agriculture and Food, to purchase a seasoning machine and packaging system for the REVworx facility. The total estimated cost of the seasoning machine and packaging system is \$419 of which \$314, being 75% of approved project costs, will be covered by the FPGF.



- Signed a Commercial License Agreement and Equipment Purchase Agreement with Michael Foods, to produce certain food products using REV™ technology in the United States. Michael Foods is a subsidiary of Post Holdings, a multi-billion-dollar supplier of foodservice, food ingredient and retail offerings.
- Signed a Commercial License Agreement with a major pet treat company for further exploration of products in the pet treat space with successful preliminary product development at the Pet Treat Company’s Innovation Centre in the United States.
- Signed an Equipment Purchase Agreement with BranchOut Foods, a current royalty partner, for a 120 kW REV™ machine to complement the 10kW and 60kW REV™ machinery they currently use in the production of a portfolio of fruit and vegetable products. Delivery of the machine will be in late 2024 based on their build-out plans.
- Signed a Research and Development License Agreement and received a purchase order for a 10kW REV™ machine with a major university in Australia for use with key stakeholders in the food and processing industry throughout Australia.
- Subsequent to year end, NutraDried received a tax refund payment of \$497 USD from the Internal Revenue Service of a total potential \$1,183 USD tax refund relating to the Employee Retention Tax Credit for businesses affected during the COVID-19 pandemic. No further communication has been received from the Internal Revenue Service related to the remaining potential tax refund and there is no certainty it will be issued.

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 and non-recurring impairment, restructuring and severance charges, government assistance and discontinued operations. 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)	Three months ended		Year ended	
	September 30,		September 30	
	2023	2022	2023	2022
Net (loss) income after income tax	165	(2,273)	(6,512)	(6,927)
Amortization and depreciation	276	329	1,117	1,098
Stock-based compensation	88	212	556	1,132
Foreign exchange (gain) loss	(59)	(114)	27	(96)
Finance income	(53)	(40)	(185)	(144)
Finance expense	29	37	128	118
Non-recurring impairment expense	-	-	315	-
Government assistance	-	-	-	(147)
Discontinued operations	(770)	1,822	4,933	4,285
Adjusted EBITDA	(324)	(27)	379	(681)

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 is a global leader in the innovation and application of vacuum microwave dehydration. From its headquarters in Delta, 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 fifty royalty-generating partners spanning twenty-six 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.

EnWave's strategy is to sign royalty-bearing commercial licenses with food producers who want to dry better, faster and more economical than freeze drying, rack drying and air drying, and enjoy the following benefits of producing exciting new products, reaching optimal moisture levels up to seven times faster, and improve product taste, texture, color and nutritional value.

Learn more at EnWave.net.

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