# EnWave Reports 2024 Third Quarter Consolidated Interim Financial Results

Vancouver, B.C., August 23rd, 2024

**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 30th, 2024, demonstrating strong improvement over the first and second quarters this fiscal year.

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

- Reported revenue for Q3 2024 of $2,622 compared to $2,486 for Q3 2023, representing an increase of $136. The increase was related to a large-scale machine resale with a higher margin and increased small scale machines sales for the period.
- Reported royalty revenues of $425, representing an increase of $31 relative to the comparable period in the prior year due to increased sales and production from current royalty partners.
- Reported an Adjusted EBITDA(1) (refer to NON-IFRS Financial Measures section below) profit of $85 for Q3 2024, compared to an Adjusted EBITDA(1) loss of $192 in the same period in the prior year due to the resale of a high margin large-scale machine and increased royalty revenues.
- Gross margin for the three months ended Q3 2024 was 44% compared to 29% for the three months ended Q3 2023. The increase in margin was a result of the resale of the large-scale machine with a higher margin and increased royalties.
- Reported Selling, General & Administrative ("SG&A") costs (including Research & Development ("R&D")) of $1,364 which increased by $178 from the comparable period in the prior year due to increased personnel costs, legal fees and increased sales efforts, including higher attendance at trade shows.

**Consolidated Financial Performance:**

| *($ '000s)* | Three months ended June 30, | | | Nine months ended June 30, | | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | Change % | **2024** | 2023 | Change % |
| Revenues | **2,622** | 2,486 | 5% | **4,547** | 9,906 | (54%) |
| Direct costs | **(1,471)** | (1,767) | (17%) | **(3,330)** | (5,894) | (44%) |
| Gross margin | **1,151** | 719 | 60% | **1,217** | 4,012 | (70%) |
| Operating expenses | | | | | | |
| General and administration | **664** | 501 | 33% | **1,740** | 1,753 | (1%) |
| Sales and marketing | **358** | 277 | 29% | **1,149** | 1,167 | (2%) |
| Research and development | **342** | 408 | (16%) | **1,127** | 1,220 | (8%) |
| | **1,364** | 1,186 | 15% | **4,016** | 4,140 | (3%) |
| Net loss - continuous operations | **(235)** | (918) | 74% | **(2,938)** | (974) | 206% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net loss - discontinued operations | **(32)** | (1,031) | 97% | **(35)** | (5,703) | 99% |
| Adjusted EBITDA[(1)] income (loss) | **85** | (192) | 144% | **(1,939)** | 703 | (376%) |
| Loss per share: | | | | | | |
| Continuous operations – basic and diluted | **$ 0.00** | $ (0.01) | | **$ (0.02)** | $ (0.01) | |
| Discontinued operations – basic and diluted | **$ 0.00** | $ (0.01) | | **$ 0.00** | $ (0.05) | |
| Basic and diluted | **$ 0.00** | $ (0.02) | | **$ (0.02)** | $ (0.06) | |

Note:

(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 consolidated interim financial statements and MD&A are available on SEDAR+ at www.sedarplus.ca and on the Company's website www.enwave.net

**Key Financial Highlights for the Nine Months Ended Q3 2024 (expressed in 000's)**

- Royalties for the nine months ending June 30, 2024 were $1,319 compared to $1,085 for the same period ending June 30, 2023, an increase of $234 or 22%. Royalties grew due to increased partner product sales and production offset by a decrease in exclusivity fees.
- Reported revenue for Q3 2024 of $4,547, representing a decrease of $5,349 relative to the comparable period in the prior year. The decrease was related to overall fewer machine sales and machines in fabrication compared to the prior period due to the inherent volatility in large-scale Radiant Energy Vacuum ("REV™") machine orders.
- SG&A costs for the nine months ending June 30, 2024 were $4,016 compared to $4,140 for the same period ending June 30, 2023, a decrease of $124, as a result of concerted efforts to maintain discretionary spending.
- Adjusted EBITDA[(1)] loss for the nine months ended Q3 2024 of $1,939, compared to an Adjusted EBITDA[(1)] profit of $703 in the same period in the prior year due to fewer machine sales to absorb fixed overhead costs.

**Significant Corporate Accomplishments in Q3 2024 and Subsequently:**

- Signed a Technology Evaluation and License Option Agreement with a North American food company led by a renowned chef with multiple Michelin Stars.
- Signed an Equipment Purchase Agreement for a 120kW REV® dehydration machine with an existing royalty partner.
- Signed an Equipment Purchase Agreement with BranchOut Foods LLC, a current royalty partner, for a 100kW REV™ dehydration machine to provide additional drying capacity.
- Signed a Commercial License Agreement with Bounty Specialty Foods to produce several product types in the Philippines and sold a 10kW REV™ dehydration machine for product development.
- Signed a Commercial Licence Agreement with an existing royalty partner to produce several tropical fruit products in an unspecified Central American country. An annual six-figure royalty fee will be paid in exchange for the exclusive rights.
- Subsequent to the quarter, repurchased a large-scale machine from a cannabis multi-state operator to expedite the completion of the 120kW REV™ Branchout Foods LLC Equipment Purchase Agreement.

**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, 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 interim financial statements.

| | Three months ended June 30, | | Nine months ended June 30 | |
|---|---|---|---|---|
| *($ '000s)* | **2024** | 2023 | **2024** | 2023 |
| Net loss after income tax | (267) | (1,949) | (2,973) | (6,677) |
| Amortization and depreciation | 299 | 276 | 862 | 841 |
| Stock-based compensation | 32 | 103 | 218 | 468 |
| Foreign exchange (gain) loss | (9) | 54 | (36) | 86 |
| Finance income | (42) | (53) | (148) | (132) |
| Finance expense | 40 | 31 | 103 | 99 |
| Non-recurring impairment expense | - | 315 | - | 315 |
| Discontinued operations | 32 | 1,031 | 35 | 5,703 |
| Adjusted EBITDA | 85 | (192) | (1,939) | 703 |

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 SEDAR+ www.sedarplus.ca.

**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-three 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](EnWave.net).

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