



EnWave Announces 2019 Second Quarter - Consolidated Interim Financial Results

Vancouver, B.C., May 29, 2019

EnWave Corporation (TSX-V:ENW | FSE:E4U) ("EnWave", or the "Company" - https://www.commodity-tv.net/c/search_adv/?v=299137) today reported the Company's consolidated interim financial results for the second quarter ended March 31, 2019.

Consolidated Financial Performance:

(\$ '000s)	Three months ended March 31,			Six months ended March 31,		
	2019	2018	Change %	2019	2018	Change %
Revenues	8,773	4,172	110%	16,579	8,691	91%
Direct costs	5,653	2,877	96%	10,422	5,970	75%
Gross margin	3,120	1,295	141%	6,157	2,721	126%
Operating expenses						
General and administration	1,049	606	73%	2,047	1,199	71%
Sales and marketing	1,084	683	59%	2,060	1,273	62%
Research and development	369	297	24%	710	569	25%
	2,502	1,586	58%	4,817	3,041	58%
Net income (loss) after taxes	(224)	(519)	(57%)	(239)	(916)	(74%)
Adjusted EBITDA*	1,002	4	n/a	2,165	319	579%
Loss per share – basic and diluted	(0.00)	(0.01)		(0.00)	(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 and on the Company's website www.enwave.net.

Key Financial Highlights for Q2 (expressed in '000s):

- Reported record quarterly revenue for the Company in Q2 2019 of \$8,773, an increase of \$4,601 when compared to \$4,172 for Q2 of 2018. Revenue growth was driven by increased sales and distribution of the Company's Moon Cheese[®] product as well as an increase in REV[™] equipment sales into the cannabis sector.
- More than doubled gross profit, improving to \$3,120 for Q2 2019 compared to \$1,295 for Q2 2018, an increase of \$1,825 or 141%. Gross margin as a percentage of revenue was 36% for Q2 2019 compared to 31% for Q2 2018.
- Increased cash profitability with Adjusted EBITDA^(*) of \$1,002 for Q2 2019 compared to \$4 for Q2 2018, an increase of \$998. Q2 YTD Adjusted EBITDA^(*) for the Company was \$2,165, compared to \$319 for Q2 YTD 2018. The growth in positive EBITDA represents the Company's continued ability to generate cash from its operations.

- Reduced the consolidated net loss for the period after taxes to \$224 for Q2 2019 compared to a net loss of \$519 for Q2 2018, an improvement of \$295. With sales of Moon Cheese[®] and REV[™] equipment increasing the Company is making robust progress towards consolidated profitability.
- Increased G&A expenses to \$1,049 for Q2 2019 compared to \$606 for Q2 2018, an increase of \$443. The Company added several talented new personnel to the team, including a new CEO for NutraDried, as well as invested in a scalable infrastructure to facilitate growth in machine sales and Moon Cheese[®].
- Invested in top-line growth with S&M expenses of \$1,084 for Q2 2019 compared to \$683 for Q2 2018, an increase of \$401. S&M expenses increased as part of the Company's strategy to invest in the Moon Cheese[®] brand as well as more traditional selling activity to promote REV[™] technology across the food and cannabis sectors.
- Reported cash on the balance sheet of \$12,200 at the end of the second quarter and subsequently completed a strategic investment with Aurora Cannabis Inc. ("Aurora") in the Company for gross proceeds of \$10,087. The Company is positioned with a debt-free balance sheet and cash in excess of \$20 million paired with a positive cash flow profile.

Significant Accomplishments:

- 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 a royalty-bearing commercial license agreement with Aurora granting Aurora exclusive rights, with the rights to grant sub-licenses, for processing cannabis in the European Union (excluding Portugal). Aurora must purchase a 120kW REV[™] machine for installation in the European Union before June 25, 2019 to retain the 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.
- 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.
- Shipped the first 60kW machine to Tilray Inc. ("Tilray") and began the installation and commissioning processes on the first large-scale continuous cannabis processing line.
- Signed a royalty-bearing commercial license agreement with Calbee Inc. ("Calbee") and received a purchase order for a 10kW machine. Calbee, a major Japanese snacking company, plans to conduct intense product development in 2019 and to launch several new products through market testing efforts in 2020.
- Converted Fresh Business Consulting S.L. ("Fresh Business") from a technology evaluation agreement into a royalty-bearing commercial license agreement and granted Fresh Business exclusive rights to produce a variety of premium food products in Peru. Fresh Business initially purchased a 10kW machine and must commit to purchasing a 100kW or larger machine before July 31, 2019 to retain exclusivity in Peru.
- Advanced the development of nutrient rich field rations with the U.S. Army and announced the purchase of a second small-scale REV[™] machine by the U.S. Army as part of the ongoing project. The Company is collaborating with the U.S. Army and its approved supplier network as

part of the strategy to commercialize REV™ for high quality field rations with superior taste and nutrients.

- Signed a royalty-bearing commercial license agreement with Royal FrieslandCampina N.V. (“Friesland Campina”), one of Europe’s largest dairy companies. Friesland Campina will deploy REV™ technology to develop new products that fit evolving consumer needs and taste preferences. Friesland Campina purchased a 10kW REV™ unit to initiate production.
- Selected as a 2019 Venture 50™ company in the Clean Technology & Life Sciences category.
- Appointed Mr. Stephen Sanford as a new independent member on the Company’s Board of Directors. Mr. Sanford is Managing General Counsel at Fluor Corporation and has significant experience structuring major commercial transactions in a variety of legal frameworks on a global basis.
- Continued to expand the sales and distribution of Moon Cheese® throughout the United States in the club and retail grocery channels. NutraDried hired Mr. Joe Spinazola as the new Senior Vice President of Sales in April 2019 to further advance this effort and Mr. Spinazola will work closely with NutraDried’s CEO to grow distribution of its all-natural snack product, Moon Cheese®, and to launch new products and flavours.

Investor Relations Agreement:

The Company retained Mr. Jochen Staiger of Swiss Resource Capital (“SRC”) to provide investor relations services for the Company in the European capital markets. SRC will broaden awareness of EnWave’s investment case in Europe with retail and institutional investors. SRC will be remunerated CHF 5,000 per month (CAD \$6,650) for the twelve-month term of the contract starting on June 1, 2019. The Company previously announced on September 11, 2018 that 50,000 incentive stock options were granted to Mr. Staiger; no additional incentive stock options have been granted as part of SRC’s compensation.

(*) 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 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 March 31, 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 industry leaders in multiple verticals for the use of REV™ technology. The company has signed over twenty royalty-bearing licenses to date, opening up nine distinct market sectors for commercialization of new and innovative products. In addition to these licenses, EnWave has formed a Limited Liability Corporation, NutraDried Food Company, LLC, to

develop, manufacture, market and sell all-natural cheese snack products in the United States under the Moon Cheese[®] brand.

EnWave has introduced REV[™] as the new dehydration standard in the food and biological material sectors: faster and cheaper than freeze drying, with better end product quality than air drying or spray drying. EnWave currently has three 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;
2. *powderREV*[®] which is used for the bulk dehydration of food cultures, probiotics and fine biochemicals such as enzymes below the freezing point, and
3. *quantaREV*[®] which is used for continuous, high-volume low-temperature drying.

An additional platform, *freezeREV*[®], is being developed as a new method to stabilize and dehydrate biopharmaceuticals such as vaccines and antibodies. More information about EnWave is available at www.enwave.net.

EnWave Corporation

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