



EnWave (ENW.v) | Industrials

Partners with food, cannabis, and pharmaceutical processing companies to help them find solutions to their processing challenges



EnWave develops and produces industrial-scale dehydration technology – *Radiant Energy Vacuum (REV™)* – for commercial applications in the food, cannabis (entirely new market emerges!), and pharmaceutical industries, as well as provides machinery for drying bulk biological materials and pharmaceuticals in vials.

Share Price: \$2.60 | **Market Cap:** \$283.7M | **LT Debt:** \$305K | **Cash:** \$12.2M*
Enterprise Value: \$295.6M | **YTD Return:** +104.6%



Financial Snapshot

Key Metrics	2015	2016	2017	2018	TTM
Revenue (mil)	\$5.87	\$14.93	\$15.95	\$22.83	\$30.71
Gross Margin	20.1%	30.5%	27.0%	39.0%	40.2%
Net Income (mil)	-\$8.66	-\$2.12	-\$3.39	-\$1.30	-\$0.27
EPS	-\$0.11	-\$0.02	-\$0.04	-\$0.01	-\$0.00
Shares (mil)	84	90	91	100	101
BV/Share	\$0.12	\$0.13	\$0.10	\$0.17	\$0.18
Free Cash Flow (mil)	-\$3.87	-\$1.63	-\$2.88	\$0.97	\$2.72
Return on Capital	-65.7%	-22.4%	-35.6%	-10.3%	-1.5%

Management

Core Management Team		Bio
	John Budreski Executive Chairman	Mr. John P.A. Budreski serves as an Executive Chairman of the Board of the Company since June 30, 2014. Mr. Budreski joins EnWave with over 30 years of extensive capital markets and executive management experience. Mr. Budreski has a professional history of advancing and accelerating businesses, as well as tangible engineering experience. He was formerly a Vice Chairman of Cormark Securities Inc. from 2009 to 2012 and President and CEO of Orion Securities Inc. from 2005 to 2007, prior to its successful sale to Macquarie Bank. He has filled the roles of a Managing Director of Equity Capital Markets and Head of Investment Banking for Scotia Capital Inc. from March 1998 to February 2005 after starting out as a Managing Director of US Institutional Equity Group for Scotia Capital. He also held senior roles in investment banking and equity sales and trading for RBC Dominion Securities. Mr. Budreski is currently a Director of Sandstorm Gold Ltd., Alaris Royalty Corporation and Input Capital. He is also the Chief Executive Officer and a Director of Morien Resources.
	Brent Charleton President & CEO	Mr. Brent Charleton is President, Chief Executive Officer, and Director of EnWave. Mr. Charleton has extensive experience working in competitive team-based environments in the public, private and not-for-profit industries. He has managed the marketing, investor relations and corporate affairs mandates for EnWave Corporation since 2010. Brent, an ex-professional athlete, is a graduate of the Marketing Management program at the British Columbia Institute of Technology and has earned a Bachelor of Arts degree in Criminology and Communications from Simon Fraser University. Mr. Charleton has completed the Canadian Securities Course and is a holder of the right to use the Chartered Financial Analyst® designation.
	Daniel Henriques Chief Financial Officer	Mr. Daniel Henriques, also known as Dan, CPA, CA, has been Chief Financial Officer of EnWave Corporation since September 2, 2015 and also serves as its Corporate Secretary. Mr. Henriques served as a Manager of the Assurance Group at PricewaterhouseCoopers LLP (PwC), and supported numerous mid-market companies, including companies listed on the Toronto Stock Exchange, TSX Venture Exchange and the New York Stock Exchange, with financial reporting and compliance. While at PwC, he provided clients in the manufacturing and technology sectors professional services in the areas of financial audits, financial reporting and tax. He has extensive experience in finance effectiveness and financial reporting. He became a Chartered Accountant in 2012. Mr. Henriques earned his Bachelors of Science with an Honours Distinction and his Diploma of Accounting at the University of BC.

	<p>Mike Pytlinski CEO, NutraDried Food Company</p>	<p>Mr. Pytlinski has close to 30 years of experience in the U.S. food manufacturing and financial services industries. Most recently, Mr. Pytlinski was the Vice President of Marketing at Palermo's Pizza, where he tripled the branded business in his six-year tenure and launched Screamin' Sicilian – the first major craft frozen pizza brand and winner of many retail grocery innovation awards. Prior to Palermo's, he held senior leadership roles at Kraft Foods, multiple educational products companies and practiced at PricewaterhouseCoopers as a Chartered Professional Accountant. Mr. Pytlinski received a bachelor's degree in business administration from Northeastern University and a master's degree in business administration from the Kellogg School of Management at Northwestern University.</p>
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Business Model

EnWave's mission is to partner with food and pharmaceutical processing companies to help them find solutions to their processing challenges, discovering new and innovative applications and uncover opportunities using Radiant Energy Vacuum (REV™) technology. REV technology allows EnWave's partners to meet the evolving consumer demands for convenient, premium, nutritious food applications and pharmaceutical products.

Application Industries –

1. Food and Ingredients
2. Pharmaceuticals
3. Flower & Industrial Hemp (Cannabis)
 - *Cannabis momentum is building:*
 - Tilray installations scheduled; royalties anticipated in 2019
 - Canadian sublicense signed with The Green Organic Dutchman, purchase of 420 kW of REV capacity
 - Global Partnership forged with Aurora Cannabis; initial 430kW of REV™ capacity; \$10M strategic investment
 - Cannabis is forecasted to dominate FY2019 revenue generation

Core technology/offerings are:

1. *DEHYDRATE PRODUCTS WITH REV™ (+NutraDried Food Company)*

Radiant Energy Dehydration (REV™) is a rapid, low temperature drying method that maintains the product's colour, flavour, and nutrients during the drying process. EnWave's patented vacuum-microwave technology enables uniform drying with flexible moisture content unattainable with Freeze Drying or Air Drying.

EnWave's subsidiary, NutraDried Food Company leverages EnWave's proprietary Radiant

Energy Vacuum (“REV™”) technology to produce innovative snack products that meet the evolving dietary preferences of consumers. NutraDried was the first company to produce all-natural crunchy cheese snacks using REV™ at commercial scale.

NutraDried manufactures the clean label snack, Moon Cheese®. This 100% crunchy-cheese snack product is sold across the United States through over 25,000 retail stores.

2. *NUTRAREV® DRUM-BASED MACHINERY*

The product load tumbles in rotating drums, moving through the vacuum microwave chamber, as the microwave energy is used to homogeneously dehydrate the product load to a desired residual moisture content.

- NutraREV® is suitable for the dehydration of organic materials that can be tumbled without breaking, typically discrete pieces of food
- Many fruits, vegetables, meat products, dairy products, spices, herbs and grains can be efficiently and homogeneously dried on the nutraREV® platform
- Commercial-scale nutraREV® machines are currently being used to produce dried fruit, meat products, dairy products and spices by several of EnWave’s royalty partners
- The operator may also change the combination of vacuum and radiant energy via an integrated HMI and PLC system to produce desired end-product characteristics.

3. *QUANTAREV® TRAY-BASED MACHINERY*

- The QuantaREV® process begins by placing product loads into microwave transparent trays outside the dryer under ambient pressure
- Those trays are then fed into the vacuum chamber via a belt, through a double sluice entry. Within the dryer the trays are transported continuously one behind the other
- The product is discharged via a final horizontal sluice. The dried product load is then removed from the trays outside the machinery

How EnWave generates revenue:

- Royalties (licensing its technology with royalty partners)
- Machines installation sales
- NutraDried (manufactures and sells Moon Cheese)

Key Clients / Partnerships

- Nestle
- Merck & Co
- Calbee
- Aurora Cannabis

- Tilray
- The Green Organic Dutchman
- Gay Lea
- + Over 25,000 retail stores that sell EnWave's Moon Cheese (Starbucks Coffee, Whole Foods, Target, Costco)

Vision & Strategy

"Building the Model" (FY2019):

- Win with premier retail partners – Costco, Whole Foods, Publix, Wegman's, Walmart, HEB
- Foundational research to optimize positioning, messaging, size, price & varieties
- Upgrade key functions: sales, marketing, & HR
- Double capacity and improve operational reliability
- Implement high-level internal processes
- Review broker network – align planning and forecasting
- Create a vibrant online selling model

"Fuel the Model" (FY2020):

- Implement consumer learnings across marketing mix – 2000 consumers polled to drive positioning and messaging
- New variety(s), packaging, upgrade web site, potential change in product size(s)
- Aggressively drive new distribution, targeted grocery and natural/organic retailers, club, strategic new channels
- Aggressive marketing and optimized product mix on Amazon platform

Preparing for Growth

1. Resource allocation to drive sales growth
2. Upsizing and training for Engineering and Operations team
3. Facility improvements and expansion
4. Several new licenses and sublicenses targeted in Fiscal 2019

Recent Performance (Q2 2019)

- 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

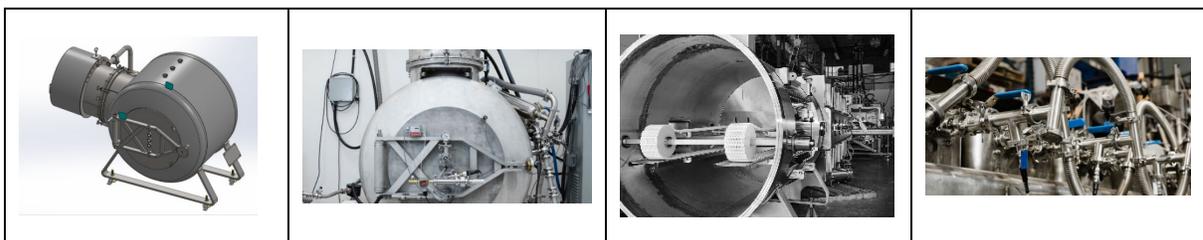
\$1,295 for Q2 2018, an increase of \$1,825 or 141%. Gross margin as a percentage of revenue was 36% for Q2 2019 compared to 31% for Q2 2018

- 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
- Completed a strategic investment with Aurora Cannabis Inc. (“Aurora”) in the Company for gross proceeds of \$10M. The Company is now positioned with a debt-free balance sheet and cash in excess of \$20M*

Institutional Ownership – Top 3

Institutional Holder	% Ownership
DJE Kapital AG	3.23
Manulife Asset Management Limited	2.34
Kimelman & Baird, LLC	0.89

Gallery



Learn More

- **Company Website:** <https://www.enwave.net>
- **Head Office Address:** 744 West Hastings Street Suite 425 Vancouver, BC V6C 1A5 Canada
- **Investor Relations (IR) Email:** info@enwave.net
- **Investor Presentation:** <https://www.enwave.net/investors>
- **Press Releases:** <https://www.enwave.net/press-release>
- **SEDAR Filings:**
<https://www.sedar.com/DisplayProfile.do?lang=EN&issuerType=03&issuerNo=00008585>
- **Stockchase:** <https://stockchase.com/company/view/3836/ENW-X>
- **Twitter:** <https://twitter.com/enwavecorp>

Final Score

9	(+) Strengths	(-) Risks
	<ul style="list-style-type: none"> • Cannabis momentum building, with existing applications for food, and pharmaceutical industries • Proprietary technology - REV • EnWave owns a portfolio of patents to protect its competitive advantage • Robust business development pipeline with over 80 new companies in talks with EnWave • Strong growth in revenue (up 5x since 2015) and free cash flow • Royalty revenue is expected to grow over the long-term as more REV machines are ordered and installed • New Executive addition - Mr. Pytlinski will build on the recent strong performance of NutraDried and will work to accelerate the sales growth of Moon Cheese® • Path to sustained profitability 	<ul style="list-style-type: none"> • Maintenance of safe, effective and economically beneficial offerings for partners • EnWave’s technologies targeted for use in the pharmaceutical industry are subject to regulatory approval by a number of government entities, including the Food and Drug Administration (“FDA”) in the United States and by comparable authorities in other countries • Potential IP infringement claims

Rating Scale

1	2	3	4	5	6	7	8	9	10
<i>Danger</i>			<i>Wait n' See</i>			<i>Interesting</i>			<i>Wow</i>

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