

EnWave Corporation (ENW)

September 17, 2016

EnWave Corporation offers industrial-scale dehydration technology for commercial applications in the food and pharmaceutical spaces. The Company's Radiant Energy Vacuum ("REV") platforms are becoming the new global dehydration standard, as they are faster and cheaper than freeze drying, and have better end product quality than both air drying and spray drying.

EnWave achieved a positive net income in its third quarter ended June 30, 2016. The second consecutive quarter of positive earnings for the Company! EnWave generated net income from continuing operations of \$113,000 compared with a loss of \$1,562,000 in the third quarter of last year.

The trend of significant year-over-year revenue growth also continued. For the three months ended June 30, 2016 revenues reached \$5,224,000, compared with revenues of \$1,408,000 in the comparable period in 2015, an increase of \$3,816,000 or 271%.

The recent hiring of Dr. Mitchell specifically for the biotech and pharmaceutical sectors indicates that there's a tremendous amount of potential for EnWave.

We reiterate our buy recommendation for EnWave Corp. with a price target of \$3.67, which is 188% above today's stock price.



EnWave's business continues to accelerate. Judging by the announcements that have already been made in the Company's current fourth quarter, it's clear that continued commercial success can be expected.

In recent weeks EnWave signed a commercial, royalty-bearing license with Perdue Farms Inc., one of the largest organic chicken producers in the United States. And it advanced its yogurt snack development with Ultima Foods, a major Canadian yogurt and fresh dairy products manufacturer.

Also, the Company signed three Technology Evaluation and License Option Agreements. It closed a deal with a leading Australasian manufacturer of fresh and processed meat products, with a major European food processor, and with a Mexican food processor.



Market Data	
Price	C\$1.27
Sector	Diversified Machinery
52-Week Price Range	C\$0.60 - C\$1.35
Shares Issued (m)	90.80
Market Cap (m)	\$115.3
Listings	ENW (TSXV) & E4U (Fra.)
Website	http://www.enwave.net

THE COMPANY

EnWave Corporation is a Vancouver-based industrial technology company, that develops commercial applications for its proprietary Radiant Energy Vacuum (REV) dehydration technology.

The University of British Columbia manufactured the first prototype REV machine in 1996 for dehydrating food and nutraceuticals. Since then, EnWave has developed three commercial-scale REV platforms: nutraREV for the food industry to dry fruits, vegetables, meats and other products quickly and at low-cost, while maintaining high levels of nutrition, taste, texture and color; powderREV for the dehydration of bulk food cultures, probiotics and fine biochemicals such as enzymes; and quantaREV for continuous, high-volume low-temperature drying of sensitive food products in liquid or solid form.

In addition, the Company has one developmental-stage REV platform: freezeREV to stabilize and dehydrate biopharmaceuticals such as vaccines.

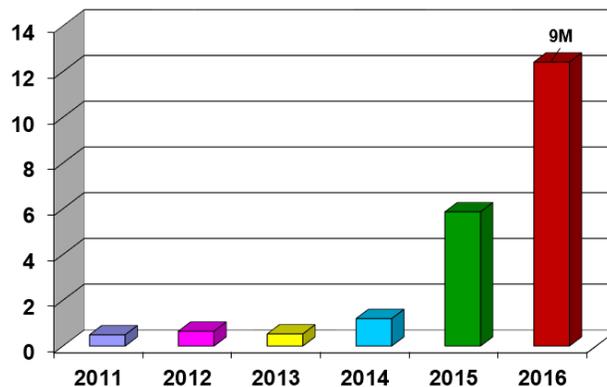
EnWave's business model is to sell REV machinery and to sign royalty-bearing commercial licenses with leading food and pharmaceutical companies for the use of its revolutionary technology. Each license agreement restricts the partner's use of the technology to specific applications and geographic areas.

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Revenues for the nine months ended June 30, 2016 were \$12,414,000 an increase of \$8,455,000, or 213%, compared to the same period in 2015.

These outstanding numbers can be attributed to the continued growth in sales of royalty-bearing Radiant Energy Vacuum machines, and the accelerated distribution of Moon Cheese through EnWave's 51% owned subsidiary, NutraDried LLP.



EnWave's impressive sales growth shown for the fiscal years 2011 until 2015 and for the first nine months of 2016.

Significant advancements were made in the past quarter, both in the commercialization of REV in the global dehydration industry and the completion of several new licensing agreements. Moreover, a number of commercial-scale REV dryers that were, were started up.

Over the coming quarters, EnWave will continue to aggressively pursue its commercialization strategy through confirming more REV machine orders, growing royalty streams with established royalty partners, and the increase of NutraDried LLP's Moon Cheese sales.

The Company currently employs 30 people in Canada who operate two separate facilities including a pilot plant and an engineering facility in Vancouver.

EnWave generates revenues from the following three sources:

- ▣ Machine sales and maintenance directly through EnWave Canada;

- ❑ Royalty streams from partners ranging between 2% and 10% on commercial products produced with a REV machine;
- ❑ NutraDried, which sells healthy dried cheese snacks.

Clients

EnWave's international customer list truly validates its technology and potential. The Company's market strategy targets large, Tier 1 companies in the food and pharma sector, as well as Tier 2 players in niche markets and regions.

In most cases, EnWave initially signs research collaboration agreements with potential partners, offering them certain product and geographic exclusivity. After completing a satisfactory due diligence on the technology and market opportunity, those companies have the option to sign commercial agreements and place machine orders.

Thus far, the Company has signed seventeen royalty-bearing licenses, thereby opening up eight distinct market sectors for commercialization, with companies that include:

- ❑ **Bonduelle**, a global leader in the production of vegetables;
- ❑ **Hormel Foods Corporation**, a multinational manufacturer and marketer of consumer-branded food and meat products, for the production of healthy dried meat products;
- ❑ **Gay Lea Foods**, a dairy co-operative comprised of over 1,200 Canadian farmers, to process cheese snack products for human and pet consumption;
- ❑ **Perdue Farms**, the third-largest chicken processing company in the United States;
- ❑ **Natural Nutrition**, for the production of berry products in Chile;
- ❑ **Milne Fruit Products**, for the production of several dehydrated fruit and vegetable products in the whole, fragmented and powdered form;
- ❑ **NutraDried LLP** to develop, manufacture, market and sell all-natural cheese snack products in the United States under the Moon Cheese brand;

- ❑ **Sutro Biopharma**, for the dehydration of a cell-free medium used in their patented protein synthesis process.

In addition, EnWave has signed research collaboration agreements with a growing number of companies such as Nestlé, Kellogg's, Ocean Spray Cranberries, Sun-Maid Growers, R.J. Reynolds, Merck Pharma, and many others.

NutraDried LLP

NutraDried LLP develops, manufactures, markets and sells 100% all-natural cheese snacks under the Moon Cheese brand. EnWave USA Corporation, a 100% daughter of EnWave Corp, holds a 51% stake in NutraDried, while ND Creations, a private company majority owned by a former director of EnWave, controls 49%. EnWave benefits from selling REV machines to the joint venture, while it also receives a revenue-based royalty of 5%.

In July 2013, the LLP began producing cheese snack products under the Moon Cheese brand in three flavors - Gouda, American Cheddar and Pepper Jack.



Moon Cheese continues to be EnWave's biggest commercial success so far.

Since then, its distribution has expanded very rapidly. The cheese snack is now available in over 20,000 grocery stores across the United States and Canada. Recently, NutraDried confirmed that Moon Cheese will be sold at Ahold's 700+ supermarkets, which are known under brands as Stop & Shop, Giant Food Stores, Martin's Food Markets, and Peapod.

Moon Cheese distribution was recently also broadened to 5,000 of the 8,000 United States stores of 7-Eleven.

The subsidiary's strongest accomplishment so far, is that Cheddar and Gouda Moon Cheese snacks are available at Starbucks. The Moon Cheese adventure at the world's largest coffee chain started mid-July 2015, when Cheddar and Gouda Moon Cheese snacks became available at approximately 3,400 Starbucks locations in the United States, as part of 16-week long trial.

Because the Moon Cheese snacks were a big hit, Starbucks quickly expanded distribution to all of its 7,500 corporate stores in the US. Moreover, less than a month later, the large coffee chain also started selling Moon Cheese at its 1,400 corporate stores in Canada.

As a result, Moon Cheese sales continue to outperform. For the nine months ended June 30, 2016, NutraDried sales reached \$4,859,000 compared to \$1,457,000 in the same period in 2015.

Meanwhile, NutraDried is working hard to expand its product portfolio of healthy dried snack products. The company is developing protein based product applications as they are part of a broad cultural shift towards healthier food products that fit busy lifestyles. Instead of eating three meals a day at set times, these snacks are ideal to eat throughout the day at home or on the go.



Cereal/granola bars and energy/nutrition bars are a USD\$8.3 billion market.

A recent Packaged Facts report estimates the market size for cereal/granola bars and energy/nutrition bars in 2016 at USD\$8.3 billion, for a compound annual growth rate of 7.5% over the five-year 2012 to 2016 period.

The added value of EnWave's REV technology is that the dried fruits and nuts retain their flavor, color and nutrient concentration. In addition, REV heightens the efficacy of the proteins. It goes without saying that these are highly sought after qualities for food ingredients.

TECHNOLOGY

Before EnWave launched its Radiant Energy Vacuum technology, food processing companies' choices were limited to either 'freeze drying', which provides superior product quality, but is cost prohibitive and is only used to process higher-value products; or 'spray and air-drying', which is cost effective but degrades the quality of the products (Also see table on next page).

For the first time, companies can combine the effectiveness of freeze drying with the economics of spray and air drying thanks to EnWave's REV dryers.

EnWave's REV technology utilizes radiant energy (microwaves) in a vacuum environment to homogeneously dehydrate a wide variety of foodstuffs and biomaterials at temperatures ranging from approximately 37.5°C to below freezing.

The key to the technology is the vacuum environment in which the energy is applied, because it reduces the atmospheric pressure, therefore lowering the temperature at which the moisture can efficiently be removed. This reduction of heat and oxidization minimizes the damage inflicted on the REV-dried products, preserving richer flavors, brighter colors and higher nutritional content.

Four REV platforms have been developed to address specific market opportunities. Three platforms are at a commercial stage, while the other is under development. Each one is described below.

	EnWave's REV Technology	Freeze Drying	Air Drying
Better Product	Superior Color Superior Flavor High Nutritional Retention	High Nutritional Retention	Heat & Oxygen Damages Color, Flavor, Nutrients and Texture
Faster Process	Minutes or Hours (1,5 hours for Blueberries)	Hours or Days (24 - 36 hours for Blueberries)	Hours (6 hours for Blueberries)
Cheaper Cost	Up to 80% lower processing costs than freeze-drying (combination of lower capital, labor and energy costs)	High Capital Costs High Energy Costs	Low Capital Costs Competitive Energy Costs
Comparison between EnWave's REV technology, and freeze & air drying.			

Commercial Stage

nutraREV is designed for the dehydration of fruits, vegetables, herbs, dairy products, meats and seafood. It provides higher nutritional content, and improved appearance, flavor, and texture over freeze drying, which is the industry standard for dehydrating many food applications.

The nutraREV platform has been built up to 100kW in power, and is capable of producing as much as 150 kg (340 lbs) of dried product (below 5% residual moisture) per hour. A 100kW machine sells on average for \$1.4 million and generates between \$200,000 and \$400,000 in royalties per year at full utilization.

nutraREV is EnWave's most popular technology and continues to grow among food companies.

For example, **Milne Fruit Products**, a processor and global supplier for the industrial food ingredient and beverage markets, entered the dried fruits market a couple of years ago positioning MicroDried products as pure, high quality offerings.

The MicroDried products are all-natural whole fruit pieces and powders, flavors, colors or preservatives. Independent third-party testing comparing MicroDried products to air-dried and freeze-dried products in a variety of applications revealed overall superiority in appearance, flavor and texture. Milne's

MicroDried products are produced with an EnWave dehydrator.

After an extensive product and market development effort, Milne's MicroDried products have been gaining traction with a growing network of customers. As a matter of fact, the Washington based food processor has recently ordered a 120kW REV dryer from EnWave to double its processing capacity of MicroDried fruit and vegetable products (also read Recent Events).

Also, **Gay Lea Foods**, the second largest dairy co-operative in Canada, owned by over 1,200 dairy farmers, started up a 100kW nutraREV machine to expand the production of its 'Nothing But Cheese' snack product line in Canada.

Nothing but Cheese is a delicious on-the-go crunchy snack made with 100% cheese and is sold under Gay Lea's well-known Ivanhoe cheese brand. It is available in two flavors: Cheddar and Monterey Jack with Peppers.

Since April 2014 Gay Lea has been operating a 10kW nutraREV unit to test both the product and its market potential. Because the company had secured additional distribution, it purchased a bigger commercial unit. Royalties from the 100kW machine could reach \$250,000 when operating at full capacity.

Noteworthy is that Gay Lea's Nothing But Cheese won the 'Best New Cheese Award' and was a finalist for 'Best Dairy Manufacturing or

Processing Innovation Award' at the World Dairy Innovation Awards, in London, UK. The judging panel considered 211 entries from 37 countries in 18 categories.



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powderREV is designed to dehydrate a wide variety of materials including enzymes, probiotics and food cultures, pharmaceuticals, non-regulated biologicals and certain dry food products.

The technology is ideally suited to replace the expensive and time consuming process of tray freeze drying, which takes place in a high heat environment and damages sensitive organisms. Moreover, laboratory tests have shown that the potential benefits of powderREV over freeze drying include less capital cost due to faster dehydration times, smaller plant footprints, and lower energy and labor costs.

An example in this category is **Sutro Biopharma**, a pharmaceutical company based in San Francisco. Sutro signed a commercial royalty-bearing license and machine purchase agreement in May 2014. Shortly thereafter, EnWave delivered an 8kW prototype powderREV machine to Sutro to conduct a series of process optimization tests.

In September 2015, the pharmaceutical company ordered a commercial scale powderREV machine. The installation of the customized unit, at Sutro's GMP manufacturing facility in San Carlos, California, is scheduled for 2017.

If this REV machine is successful with the production of Sutro's products, they will immediately go into commercial production, as their ingredient does not require FDA approval. If that were the case, Sutro Biopharma would pay EnWave a royalty based on the production of their pharmaceutical ingredient.

Commenting on this upcoming event in a recent interview with Smallcaps Investment Research, Brent Charleton, the Senior Vice President, Business Development for EnWave said, "I think that the Sutro Biopharma relationship could be the "dark horse" in our investment case. If successful, their throughput capacity will press the need for additional machinery. I think that this is an area that could surprise a lot of people."

quantaREV is designed for high-volume, low-temperature dehydration of solids, liquids, granular or encapsulated products. It uses a continuous belt design in a controlled vacuum-microwave environment with an eventual target of dehydrating several tonnes of material per hour. This low temperature technology is designed to provide a higher-quality end product than what is currently achieved with spray drying or air drying.

In November 2013, EnWave signed a commercial royalty-bearing license with a division of **Bonduelle**, the world's leading processed vegetable producer. Bonduelle's global distribution reaches into over 100 countries worldwide, primarily selling fresh, frozen and canned vegetables. After signing the agreement, Bonduelle received an 18kW quantaREV machine to conduct tests and product refinement.

There is nothing more credible than a blind taste test. The Institut de tourisme et d'hôtellerie du Québec conducted blind testing and qualitative studies among food service professionals and consumers. The response was unanimous, InFlavor vegetables are comparable to fresh vegetables. Also several chefs were impressed. They confirmed their interest in InFlavor products and 90% of them

are convinced that such high-quality vegetables could easily replace fresh produce in many applications.

These results, combined with the economic value of DHF products derived from longer controlled shelf-life, more efficient delivery, and better product consistency over a calendar year, contributed to Bonduelle's decision to secure global exclusive licensing rights for REV technology.



InFlavor vegetables passed the ultimate comparison test with flying colors. Chefs and consumers alike found InFlavor vegetables to be similar or even better than fresh vegetables.

In July 2015, EnWave installed, and started up the first 120kW commercial quantaREV machine at Bonduelle's facility. And in January 2016, Bonduelle finally launched InFlavor, a new category of frozen vegetables produced with EnWave's REV technology. (Also read Recent Events).

They have launched it to their B2B customers in North America and they are receiving feedback and initial orders. Within the next few months there should be more clarity on Bonduelle's potential for growth. Bonduelle also has an eye on the European market, so this could potentially be a very interesting evolution that would occur in the next six months.

Bonduelle will pay a production-based royalty between 3% and 5% on a quarterly basis and a monthly lease for the use of the EnWave machinery. If successful, several more REV machines could be ordered.

Moreover, Bonduelle is also collaborating with EnWave to finalize the design and

construction of a 300kW quantaREV machine for potential future use.

Development Stage

freezeREV is designed to provide high-speed dehydration for live and active organisms in vials with the potential for significantly lowering operating costs compared with freeze drying. freezeREV is intended for products which must have a minimum moisture content in order to maximize their shelf-life.

In December 2011, EnWave signed a Research and Development agreement with **Merck**, one of the world's leading pharmaceutical, chemical and life science companies. Under the terms of the 10-year agreement, both parties established a work plan for the production of a specifically designed non-GMP freezeREV dryer. Merck should bear all the costs associated with this process.

The idea was to evaluate EnWave's REV technology as a viable replacement for **lyophilization** in the pharmaceutical industry. More specifically, the developmental work and testing has focused on the potential of dehydrating several vaccinations.

Unlike lyophilization, freezeREV employs a combination of microwave energy with a low pressure environment to achieve rapid, highly controlled dehydration of live or active biological materials.

Tests conducted on a lab-scale freezeREV show that processing times are far less than with lyophilization, which dramatically reduces costs. In addition, the footprint of a freezeREV machine is sizably smaller than a lyophilizer. And finally, third party tests show no key differences between freezeREV and lyophilizer dried products. All in all, solid test results have been achieved.

Last November, EnWave commenced manufacturing a commercial scale freezeREV, for which it received an initial milestone payment from Merck. Additional milestone payments are expected on the delivery and

start-up of the machine. In total, EnWave expects to eventually generate several million dollars of revenues from this deal.

LYOPHILIZATION

Freeze drying, technically known as lyophilization, is a dehydration process typically used to preserve a perishable material or to make the material more convenient for transport. Pharmaceutical companies often apply freeze drying on products such as vaccines and other injectables.

Freeze drying works by freezing the material and then reducing the surrounding pressure to allow the frozen water in the material to sublime directly from the solid phase to the gas phase. By removing the water from the material and sealing the material in a vial, the material can be easily stored, shipped, and later reconstituted to its original form for injection.

Because lyophilization is the most complex and expensive form of drying, its use is usually restricted to delicate, heat-sensitive materials of high value.

Test results with freezeREV have been very encouraging, prompting the manufacture of a scaled-up REV machine for continued development and product testing. Although it will take some more time to develop and commercialize freezeREV, the agreement with Merck provides revenues for EnWave from the sale of the machine, and it again confirms the high potential of the technology when a giant like Merck decides to proceed after a long test period.

Expanding Patent Portfolio

EnWave currently holds, or has filed, 18 separate patents that protect both its REV technology and specific methods of use. Because the Company's technology continues to be developed, new innovations are made.

As such, its intellectual property portfolio continually expands.

EnWave's patent suite now consists of thirty-five patent approvals protecting its REV technology in the United States, Canada, the European Union, China, Hong Kong, New Zealand, Chile and Australia. The Company also has an additional forty-one patent approvals pending in countries such as Brazil, India and Mexico.

These patents are an essential part of EnWave's royalty-generating business, because each time a new patent is granted, the royalty stream timeline extends twenty years from the patent's filing date.

THE MARKET

EnWave targets both the drying equipment market and dried products market, where it partners with companies that dehydrate their products.

The total market size for freeze drying equipment is estimated at \$16 billion and is expected to reach \$35 billion by 2020. Especially the food processing and pharmaceutical industries are expected to continue to drive demand for freeze drying equipment. While food processing is the largest segment with about 35% of the market, biotechnology is expected to be the fastest grower the following years.

The worldwide market size for dried products is estimated at an astonishing \$400 billion. The largest segment, estimated at \$140 billion, is the food industry, which includes dried fruits, vegetables, meats, etc. The biopharmaceuticals segment comes in second with a \$67 billion market share, closely followed by probiotics, food cultures and enzymes, that generates \$61 billion annually. The dried beverage market, primarily made up of coffee and milk, is estimated at \$31 billion.

EnWave intends to develop the market for REV technology by selectively collaborating with strategic partners focused on reducing

processing costs and creating new or improved product opportunities.

GROWTH DRIVERS

While EnWave's dehydration technology has plenty of applications, it's clearly excelling in a number of sectors such as fruits, vegetables, meats and dairy products.

Building Further Momentum in the Dairy Snack Space

It is evident by the rapidly increasing number of stores in which Moon Cheese is available that North America loves dried cheese snacks. Other food companies worldwide are sensing an opportunity and have closed commercial agreements with EnWave to produce similar snacks.

Below the companies, active in the dairy sector, are listed with which EnWave has already signed a commercial agreement. It also states for which country each company received an exclusive license from EnWave.

- ❑ **NutraDried LLP** for the United States;
- ❑ **Umland LLC** for high kosher products in the United States. Production and distribution of the snacks has commenced;
- ❑ **Gay Lea Foods** for Canada;
- ❑ **Lake Blue Spa** for Chile. Commercial production has recently started;
- ❑ **Dominant Slice** for Portugal and Spain. Also in this case production was started a few weeks ago. No products are on the market yet, but the company is stockpiling and doing additional market tests;
- ❑ **Agricola Industrial La Lydia SA** for Central America. It has received a 10kW nutraREV unit for initial production and plans to expand its business in 2016;
- ❑ **Ereğli Agrosan** for Turkey. The license actually grants the company the exclusive right to process a variety of fruit, vegetable and cheese products. A 10kW REV machine is up and running at Ereğli Agrosan's facility; and
- ❑ **Kesito LLC** for Greece. The company will receive a 10kW commercial REV machine, which will allow Kesito to complete product development and initially enter the

European market with a high-quality, shelf-stable dried cheese snack product.

Late March 2016, EnWave also signed a Technology Evaluation and License Option Agreement (TELOA) with a major **Australasian Dairy Company**. The company will rent a 10kW commercial-scale REV machine to conduct a focused research program.

And a few weeks ago, EnWave added another TELOA to that list. It closed an agreement with the Mexican food processor **New Products R&D de C.V.** (NPRD). The agreement gives NPRD, during eight months, the exclusive right to use EnWave's REV dehydration technology to develop dried cheese products for the Mexican market.

The initial focus of NPRD will be to develop Moon Cheese type snacks, but most likely with Mexican style cheeses.

NEW PRODUCTS R&D

New Products R&D (NPRD) is the latest business venture of a group of Food Technology entrepreneurs. Unfortunately, no further details were provided about management, except that they have launched a number of successful food enterprises in Mexico. Consequently, they have been able to build a vast network that reaches both industry and retail customers throughout Latin America.

Furthermore, EnWave recently extended its TELOA with **Ultima Foods**, a major Canadian yogurt and fresh dairy products manufacturer. Since May last year, the dairy company conducted all of its product development work on a 10kW REV dryer at EnWave's facility in Vancouver.

The next phase of development includes the installation of a 10kW REV machine for a period of up to six months in Ultima's processing plant in Quebec, Canada. This rented unit enables Ultima to refine its developed products and prepare for a potential commercial launch in 2017.

The agreement between EnWave and Ultima Foods gives the latter the exclusive right to develop dehydrated yogurt applications using EnWave's REV technology.

Finally, market tests with Moon Cheese have started at retail chains in Japan and Taiwan. If the outcome of the tests is successful, distribution could be increased and as such, larger purchase orders would be placed with NutraDried.

Typically, EnWave receives a 5% royalty on all cheese snack sales.

We're convinced more cheese snack agreements for other territories will be signed, as the snacks are an obvious success and food companies worldwide are eager to launch new innovative products.

EnWave Excels In Dried Fruits Market

The growing list of fruit processors with whom EnWave has signed an evaluation or commercial agreement clearly indicates that this is also a strong market segment for the Company's technology applications.

EnWave has a royalty-bearing commercial license in place with these fruit related companies:

- ❑ **Natural Nutrition Limited d.b.a. Nanuva Ingredients**, a fruit processor located in the South American country of Chile. Natural Nutrition has positioned itself as a leading provider of one-hundred-percent natural (with no additives) dried fruits with colours, shapes, flavours and nutrients very similar to those of fresh fruit. These healthy ingredients are used in the snack food, functional food, nutraceutical and cosmetics industry in Latin America. Because of the products' success, less than a year after the start-up of a 10kW REV dryer, the fruit processor has ordered a second 10kW dryer from EnWave in May 2016;
- ❑ **Milne Fruit Products** entered the REV-dried fruits market a couple of years ago

positioning MicroDried products as pure, healthy alternatives to sugar-infused offerings. After an extensive product and market development effort, Milne's MicroDried products have been gaining traction with a growing network of customers. As a matter of fact, Milne recently placed an order for a 120kW quantaREV to expand processing capacity. Machine construction has started and it is expected to be installed in 2017 to expand Milne's royalty bearing production capacity.

In addition, EnWave has signed a technology evaluation agreement with the following companies:

- ❑ **Ocean Spray Cranberries Inc.** is an agricultural cooperative owned by more than 700 cranberry growers in North America. The company is very actively testing market dried cranberries. A commercial license may be signed in 2016;
- ❑ **Sun-Maid Growers of California** is a cooperative, owned by family farmers who grow raisin grapes all located within 100 miles of each other in the Great Central Valley of California. The cooperative is doing specific product development work at the moment; and
- ❑ **California Grape Co** is a California based grape producer that has the right to evaluate EnWave's REV technology to develop dehydrated crispy grape snacks. Intensified test work is ongoing. In fact, a commercial decision could be made in 2016.

Growing in Important Vegetable Sector

In January 2016, **Bonduelle**, the world's leading processed vegetable producer launched a new category of frozen vegetables called InFlavor. The new exclusive InFlavor dehydration and preparation process uses EnWave's vacuum-microwave drying technology.

InFlavor vegetables are initially prepared the same way as all other Bonduelle processed

vegetables: they are optimally washed, cut, and blanched. Then comes the key part of the InFlavor process, partial vacuum microwave drying. The vegetables are heated and partially dried at a low temperature for several minutes by EnWave's 120kW commercial quantaREV machine.

This eliminates some of the water that vegetables contain and limits water release during preparation. The recommended dehydration percentage is between 15% and 30% depending on the variety of vegetable and type of application.

It truly separates InFlavor from all other frozen vegetables. Because the more water vegetables contain, the more ice crystals are formed during the freezing process, which damages their cellular structure. This phenomenon affects the texture and taste of vegetables, and is also responsible for the water that is released during the preparation.

With the InFlavor process, even high water content frozen vegetables like peppers, mushrooms, onions, and zucchini can be prepared with superb results. InFlavor vegetables also leave no trace of water when prepared and keep their original size.

Finally, the partially dehydrated vegetables are placed in a very low temperature environment of about -31°F (-35°C) for high-efficiency freezing.

The new process enables Bonduelle to produce frozen vegetables with enhanced flavor, color and nutrient concentration. As such, it's able to significantly distinguish itself from its competitors.

And in June of this year EnWave announced that **Merom Farms**, an agricultural and food production company located in British Columbia, Canada, will soon start selling wasabi-based products under a private label to food processors in Canada and the United States. The company is currently negotiating with several major distributors.

The very unique and nutrient-rich wasabi product is processed using EnWave Radiant Energy Vacuum dehydration technology.

Merom Farms is a large commercial greenhouse operation that consists of 36 acres of covered greenhouse area. The family-owned operation has specialized in the production of peppers, which are marketed under the Green House Delight Foods Inc. brand.



Part of the greenhouses at Merom Farms.

Annually, it produces roughly 11 million pounds of yellow, red, orange and green bell peppers for grocery stores in Canada and the United States. The expansion into wasabi production and processing will complement Merom's core competency.

Merom has a two year lead time over its competitors with the production of high-quality wasabi, and already has decades of experience with the distribution of vegetables in Canada and the United States. The company is confident that it can capture a meaningful part of the wasabi market.

EnWave will receive a 5% royalty on the wholesale price of all wasabi products sold by Merom. Knowing that wasabi is a high-value product that can cost more than \$25 per ounce, it's clear this could become another lucrative royalty stream for EnWave.

WASABI

Wasabi is a plant that originated in Japan, and traditionally has been used as a natural herb. Today, the wasabi stem is a primary condiment for Japanese dishes, especially for soba noodle, sashimi and of course for sushi. Freshly grated wasabi has a bright green color, and is characterized by its sticky texture with fresh scent and hot flavor.

Meat Snack Producers - Another Pillar of EnWave's Success

In addition to dairy, fruits and vegetables, meat is clearly another pillar of EnWave's success. The intention of most of these meat companies is to develop crispy meat snacks. Although similar snacks are already being produced with non-REV technology, the texture and taste of most meat chips is poor because they are either air dried or baked.



Meat chips are first sliced into thin sheets and then fried or air dried.

In the meat category, EnWave has signed a royalty-bearing agreement with the following two companies,

- ❑ **Hormel Foods Corporation**, is a \$15 billion dollar company known for its numerous meat and food products. In addition to a 100kW dryer, Hormel purchased a 2kW REV machine for product development and a 10kW REV machine for market studies. This indicates that Hormel is eager to develop and test new products with EnWave's technology.
- ❑ **Perdue Foods**, a leading food and agricultural products company, ordered a 10kW REV dryer in July 2016 to process pet food and pet treats in the United States and Canada. The initial TELOA with Perdue was signed in April 2015, after which R&D work commenced on a smaller scale REV unit. Because Perdue ordered a larger REV dryer, we're convinced that market tests went very well. In fact, we wouldn't be surprised if they already had some distribution lined up.

Moreover, EnWave has engaged in technology evaluation relationships with five other major meat and protein processors,

- ❑ **Maple Leaf Foods**, a major Canadian food processing company that employs approximately 12,000 people and exports to more than 20 global markets including the US and Asia. The agreement, which was signed in August 2015, grants Maple Leaf the right to evaluate EnWave's REV technology for the potential production of a variety of food applications;
- ❑ **Jack Link's**, the number one meat snack manufacturer worldwide, extended its technology evaluation and license option agreement into 2016. This indicates that Jack Link's has already made very good progress with the development of one or more products, and pays a monthly rent for a small test dryer. If it saw no potential in REV dried products, it would have returned the test unit to EnWave and moved on;
- ❑ **Campofrio Food Group**, Europe's leader in the processed meats sector is conducting product development work using the REV dehydration technology. The company intends to create a number of new, healthy dried meat products for potential commercialization;
- ❑ **A Major Australasian Meat Processing Company**, whom will receive a REV machine in late 2016 to begin product development and testing; and
- ❑ **A major European Food Processor** that already conducted some initial product development work. More tests are scheduled in August at EnWave's facility, and later this year, detailed development will occur on a rented 10kW REV machine at the European company's own plant.

EnWave is in active negotiations with many more companies in this sector in various parts of the world. So we'll undoubtedly continue to see a steady news flow with developments in the meat area.

RECENT EVENTS

A New Way to Dry Military Ration Components

Late July, EnWave representatives attended the Institute of Food Technologists (IFT) show in Chicago. IFT is the largest food industry trade show in North America for food ingredients, equipment, processing, and packaging suppliers. With more than 1,100 companies exhibiting, this is where the latest global food trends — and the products and innovations designed to address them — are on display.

This year's show was a phenomenal success for EnWave in terms of leads acquisition. Many well-known companies stopped by EnWave's booth with a specific product application in mind. The show generated 70 new leads for the company.

It is noteworthy that Dr. Tom Yang, a food technologist at the U.S. Army Combat Feeding Directorate, gave a presentation at IFT in which he touted the use of EnWave's nutraREV technology to produce U.S. soldiers' ration.

COMBAT FEEDING DIRECTORATE

The Combat Feeding Directorate actively leverages leading edge technologies to ensure the warfighter is provided the decisive edge in all aspects of combat feeding.

It basically provides the Department of Defense (DoD) with a joint service program responsible for Research, Development, Integration, Testing, and Engineering for Combat Rations, Food Service Equipment Technology, and Combat Feeding Systems.

Dr. Yang has been pushing the U.S. military to buy a REV machine for some time now. He was quoted saying, "With Vacuum Microwave Drying you combine vacuum technology with microwaving to remove water, you can do so at a lower temperature. You maintain

nutrients since the rapid drying process doesn't destroy heat-sensitive nutrients. The colors remain appetizing and the texture doesn't become hard and brittle. In addition to producing higher-quality foods, the process takes less time than conventional air drying or freeze drying."



EnWave's nutraREV technology could be used to produce U.S. soldiers' ration.

Dr. Yang continued, "Our Soldiers deserve the best. They are under a lot of stress and they need to be well fed. Their physical and mental state needs to be in top shape. We are hoping to get a vacuum microwave unit so that we can use it as a tool to try out many ingredients and recipes that we know soldiers would like to have."

If the U.S. military decides to move forward, a logical next step would be to buy a 10kW REV unit to start doing product development. If that phase is successful, this could become another huge opportunity for EnWave.

Advancing REV for Pharmaceutical Applications

Also in July, Dr. Richard Mitchell, with over three decades of experience in various management and business development roles, joined EnWave. He became the new Senior Vice President, Pharmaceutical Business Development and responsible for expanding the presence of EnWave's REV technology in the biotech and pharmaceutical sectors.

These are two very lucrative markets for EnWave. In comparison to the industry standard, lyophilization (freeze drying), REV has proven to dramatically reduce processing

times, while maintaining product efficacy, shelf-life and stability. REV machines also typically have smaller footprints allowing for the optimization of expensive clean room plant space. Both powderREV and freezeREV are appropriate replacements for the freeze drying process.

- ▣ Designed for bulk dehydration of temperature-sensitive biomaterials such as probiotics and enzymes. EnWave has developed powderREV as a high-speed, low-energy, continuous alternative to lyophilization. Pilot-scale and commercial-scale machinery is currently available for use by EnWave partners.
- ▣ Designed for the dehydration of biomaterial and pharmaceutical products below the freezing point in vials, freezeREV is currently available as a multi-vial prototype for partner research and development. EnWave is currently building a commercial-scale non-GMP freezeREV machine suitable for the drying of vaccinations.

Dr. Mitchell was formerly the Director of Business Development at Fred Hutchinson Cancer Research Center after holding strategic positions in many well-known pharmaceutical and technology companies, including Nastech Pharmaceutical, Adavance Technologies and Shoreline Community College, MDS Pharma Services, among others.

The hiring of Dr. Mitchell specifically for these markets indicates that there's a tremendous amount of potential.

Milne Fruit Doubles Production Capacity

And still in July, Milne Fruit Products, Inc, a processor and global supplier for the industrial food ingredient, beverage, and health & wellness markets, ordered a 120kW REV dryer from EnWave to double its processing capacity of MicroDried fruit and vegetable products.

The machine will be installed at Milne's facility in the spring of 2017, after which it will start

to generate a quarterly royalty stream for EnWave.

Milne introduced MicroDried fruit products to the market in the summer of 2012 and the first vegetables in the spring of 2013. Its wide scope of products include strawberry, peach, apricot, cranberry, mango, pineapple, sweet potato, etc.

The MicroDried products are all-natural fruit pieces and powders with no added sugars, flavors, colors or preservatives. Consequently, they offer more consumer appeal than most other commercial dried products. In fact, in independent side-by-side sensory comparisons, Milne's MicroDried products were found to "actually look, smell and taste more like fresh fruit" than air-dried and freeze-dried products.



MicroDried products bring real fruit color, flavor and enhanced nutritional values to consumer products.

Milne currently offers MicroDried fruits and vegetables as whole or fragmented. In addition, the fruit products are available in several moisture ranges from crunchy to chewy, making them ideal to bring natural color, intense flavor and real fruit and vegetable nutrition to breakfast cereals, baked goods, snack chips, smoothies, spreads and juices.

Following an extensive product and market development effort, Milne's MicroDried products have been gaining traction with a growing network of customers. It's currently supplying a diversified array of clients in several commercial applications, such as:

- ▣ Private label vinaigrette raspberry salad dressing for a major grocery chain;

- ❑ Bite-size blueberry, cranberry-raspberry snack item for all natural snack manufacturer;
- ❑ Industrial blueberry cookie product for the baked goods market;
- ❑ Bulk snack or ingredient items for the nation's premiere natural foods grocery chain; and
- ❑ Smoothie ingredients for McDonalds.

And it doesn't stop at the above customer list for Milne. Early 2016, for instance, the company introduced MicroDried sweet potato cubes, which quickly became a consumer favorite. With a delicious sweetness and mild flavor, they can be used in both ethnic and traditional dishes. Naturally sweet, the cubes are healthy, low calorie with no added sugar or other ingredients. Ideal for desserts, baked goods, trail mixes, snacks and more.

And in April 2016, Milne partnered with Cornelius Group, a manufacturer and distributor of branded and own brand specialty raw materials and ingredients across the health and nutrition, industrial and care products sectors.

Rachel Fordham, dairy, desserts and beverages sales manager at Cornelius, said: "MicroDried fruit products are unique in that they deliver real fruit color, flavor and enhanced nutritional performance to consumers. Our partner Milne is also working on powdered fruit which can be used as a natural colorant. The demand for powdered fruits is growing particularly within the sports nutrition sector as a low GI carbohydrate source."

In addition, a number of new products and varieties, including Wine Varietal Grape Powders are in development at Milne.

Judging by the new machine purchase order, Milne clearly expects to ramp up its sales even more.

FINANCIALS

EnWave earns revenues from two business segments. First, EnWave Canada's rental or sale of REV machinery to royalty partners,

combined with the receipt of royalties from these partners. And second, NutraDried's sale of Moon Cheese snacks into retail and wholesale distribution channels.

For the three months ended June 30, 2016, EnWave Canada had revenue of \$3,492,000 compared to \$703,000 in the same period in 2015. And for the nine months ended June 30, 2016 the segment recorded revenue of \$7,555,000 compared to \$2,501,000 in the comparable period in 2015.

EnWave Canada's strong year-over-year revenue growth is due to increased commercial REV equipment sale and construction activity. During the nine months ended June 30, 2016 revenue was generated from commercial equipment sale contracts with Sutro Biopharma and Merck for powderREV and freezeREV machines in the pharmaceutical vertical. The Company also generated significant revenue from its nutraREV and quantaREV platforms with commercial equipment sales contracts with Gay Lea Foods, Milne Fruit Products, Ereğli Agrosan, Natural Nutrition, among others.

Amounts in \$000's	06/30/16	06/30/15
EnWave Canada Sales	3,492	703
NutraDried Sales	1,732	705
Total Sales	5,224	1,408
Cost of Goods Sold	3,609	1,525
Gross Profit (Loss)	1,615	(117)
Expenses	1,502	1,445
Income (Loss) from Discontinued Operations	-	(4,227)
Net Profit (Loss)	113	(5,789)
Diluted Shares Outs.	90,773	84,523
Diluted EPS	0.00	(0.07)
Most important income statement data for the quarters ending June 30, 2016 and June 30, 2015.		
Source: Company Filings		

Revenue from NutraDried reached \$1,732,000 for the three months ended June 30, 2016 compared to \$705,000 in the third quarter of 2015. And for the nine months ended June 30, 2016, revenue was \$4,859,000 compared to \$1,457,000 in the same period in 2015.

NutraDried continued its top-line revenue growth through Moon Cheese sales in retail and online outlets in North America. Starbucks continued to purchase Moon Cheese for distribution to its 7,500 corporate stores in the United States, and 1,400 of its Canadian corporate stores. Moon Cheese also continues to be sold in several major North American retail outlets, including select 7-Eleven, Whole Foods, REI, and Winco Foods in the United States, and Safeway, Sobeys, Mountain Equipment Coop, Save-on-Foods and Thrifty Foods in Canada.

These strong third quarter results ensured that EnWave generated positive cash flow from operating activities, prior to changes to non-cash working capital, of \$1,720,000 for the nine months ended June 30, 2016.

Note that Direct Costs for the nine months ended June 30, 2016 increased by \$4,735,000, or 134% compared to the same period in 2015, driven by the increase in commercial sales from EnWave Canada and an increase in sales volume at NutraDried. As a percentage of revenue though, direct costs for the nine months ended June 30, 2016 decreased by 22% compared to the same prior year period.

Direct costs are comprised of the cost of materials, components, manufacturing labour, overhead costs, depreciation of manufacturing plant and equipment, warranty costs and product transportation costs.

Balance Sheet As Of June 30, 2016

As of June 30, 2016 EnWave had over \$5.7 million in cash. A significant rise compared with the \$1.2 million in cash last year. The increase is mainly due to the bought deal private placement from October 2015, in which the Company raised \$5 million.

Also note that the Restricted Cash position has been completely eliminated. In July 2014, EnWave issued a letter of credit to a customer of Hans Binder Maschinenbau GmbH, a former subsidiary of the Company, as a performance guarantee on one equipment sale and installation contract. The letter of credit was

collateralized by a \$1,500,000 restricted cash deposit from EnWave. On May 4, 2016, the Company received \$1,020,000 of the restricted cash deposit, and, on August 12, 2016 the remaining \$480,000 in restricted funds were received. Subsequent to the receipt of the restricted cash, EnWave has no further financial or operational involvement in Binder.

With \$5.7 million in the bank, and being cash flow positive, EnWave has sufficient funds to fulfill upcoming machine purchase orders from various customers.

Amounts in \$000's	06/30/16	06/30/15
Cash and Cash Eq.	5,733	1,225
Restricted Cash	-	1,492
Trade Receivable	428	2,632
Due From Customers Under Contract	2,084	906
Inventories	1,746	1,989
Total Current Assets	10,527	9,076
Plant and Equipment	3,863	3,652
Total Assets	16,475	16,158
Trade and Other Payables	1,561	2,863
Total Current Liabilities	2,594	4,635
Long Term Debt	367	572
Total Liabilities	2,961	5,208
Total Stockholder Equity	13,514	10,950
Most important balance sheet data for June 30, 2016 and June 30, 2015. Source: Company Filings		

Also interesting is Due from Customers on Contract, as it has more than doubled compared with last year. The number relates to work performed on equipment construction contracts where revenue has been recognized; however, the amounts are still to be invoiced to the customer based on the contract terms. This amount will basically be recognized as actual sales in one of the coming quarters.

OUTLOOK & VALUATION

In the past, food processing companies had to choose between minimizing their drying costs or producing premium dried products. Thanks

to EnWave's REV technology, companies no longer have to choose, as they're able to produce high-value dried products at a much lower cost. The main goals of using REV technology are to shorten processing times, reduce operational costs and to produce higher-value products than previously achievable via alternative processing technologies with similar economics.

As EnWave's unique dehydration technology is becoming widely known, companies recognize its potential. The food industry is extremely competitive and producers are constantly looking to make the difference. For the first time in many years a brand new dehydration technology has entered the market, which is faster and cheaper than freeze drying, and has better end product quality than air drying or spray drying.

An increasing number of food and biopharmaceutical companies are realizing that REV is the way to go if they want to maintain their competitive advantage. EnWave's business model allows for territorial exclusivity, therefore it is simply a matter of signing an agreement first before a competitor snatches away the rights for a certain country or product.

The business continues to accelerate and judging by the announcements that have already been made in the Company's current fourth quarter, it's clear that continued commercial success and growth can be expected.

EnWave, for example, signed a commercial, royalty-bearing license with **Perdue Farms Inc**, one of the largest organic chicken producers in the United States. The license grants Perdue the right to manufacture a high-value pet food product, for which it will pay a royalty to EnWave based on sales of the product. Perdue has initially ordered a small commercial REV machine that will be shipped late in the fourth quarter of 2016.

The Company also advanced its yogurt snack development with **Ultima Foods**, a major Canadian yogurt and fresh dairy products manufacturer. For more than one year the

dairy company conducted product development work on a 10kW REV dryer at EnWave's facility in Vancouver, Canada. Because Ultima had successfully developed several shelf-stable yogurt snack products, it decided to rent a 10kW REV unit for a period of up to six months to refine its developed products and prepare for a potential commercial launch in 2017.

In addition, in recent weeks EnWave signed no less than three Technology Evaluation and License Option Agreements.

First, it closed a deal with **a leading Australasian manufacturer of fresh and processed meat** products. The company will rent a 10kW REV dehydration machine from EnWave to conduct product and market tests. According to the agreement, the company has a maximum of 12 months to conclude its R&D work. The pilot-scale REV equipment will be delivered later this year.

It also signed a TELOA with the Mexican food processor **New Products R&D de C.V.** (NPRD). The agreement gives NPRD, during eight months, the exclusive right to use EnWave's REV dehydration technology to develop dried cheese products for the Mexican market. The initial focus of NPRD will be to develop Moon Cheese type snacks, but most likely with Mexican style cheeses.

And a final TELOA was signed with **a major European food processor**. Tests were conducted in August at EnWave's facility in Vancouver. And later this year, more detailed development work will occur on a rented 10kW REV machine at the European company's own plant. If things work out well, we will see a commercial royalty-bearing agreement and a potential machine purchase order in 2017.

Moreover, we expect to hear more about several other potential agreements in the following weeks and months. We should get some clarity on the progress at **Bonduelle**, for instance. So far, the world's leading processed vegetable producer, has been producing commercial products on a 120kW commercial quantaREV machine. Bonduelle

has been collaborating with EnWave to finalize the design and potential construction of a 300kW REV dryer for potential future use. Clearly news to look forward to.

In addition, we heard that the relationship with **Ocean Spray Cranberries** is alive and well. The agricultural cooperative, which is owned by more than 700 cranberry growers in North America, is very actively testing the market for dried cranberries. And we also may get some news from Maple Leaf Foods, a major Canadian food processing company, that's evaluating EnWave's REV technology for the potential production of a variety of meat applications.

Furthermore, we understand that progress at **Ereğli Agrosan**, a Turkish company that produces high-value, natural products and derivative products for the food, cosmetic and health sectors, is going very fast.

Achieving a first positive net income quarter takes a lot of effort, but immediately adding another one is even tougher. EnWave did exactly that. And thanks to its strong outlook, we may continue to see these kinds of results. As noted above, plenty of opportunities are on the horizon and many more are being added.

Valuation

EnWave's technology works and is validated by many commercial agreements. The dehydration market is large and spread over many different sectors.

Given the still emerging nature of EnWave's earnings, a multiple-based valuation is challenging. Instead, we apply a Discounted Cash Flow (DCF) model.

Based on our estimate of 98 million shares outstanding, the intrinsic value of EnWave's shares derived from our model is \$3.49, about equal compared to our previous report.

We reiterate our buy recommendation for EnWave Corp. with a price target of \$3.67, which is 188% above today's stock price.

The Company's stock price reacted nicely to the financials and even reached a new 52-week high intraday. After EnWave's second quarter 2016 results were published, late May, we wrote that this could be one of the final opportunities to add shares under a buck. Now we wonder how long it will still be possible to buy shares below C\$1.50.

SHARE DATA & OWNERSHIP

As of June 30, 2016, EnWave had approximately 90.8 million common shares outstanding. In addition, the Company has 3.125 million warrants outstanding with an exercise price of \$1.20 and 225,000 agent's warrants with an exercise price of \$0.80. Each warrant entitles the holder to purchase one common share of the Company until October 22, 2020 and October 22, 2017 respectively.

Finally, EnWave has a little over 3.46 million stock options outstanding with a weighted average exercise price of \$1.44. Each stock option entitles its holder to purchase one common share of the Company.

The principal owners of the Company's common stock are DJE Investment (6.85%), Manulife Asset Management (2.75%), Kimelman & Baird (1.37%), and Petercam S.A. (0.55%).

MANAGEMENT

▣ DR. TIM DURANCE - PRESIDENT & CEO, DIRECTOR

One of the founders of EnWave, Dr. Durance has 35+ years' experience in the processed food industry and is the co-inventor of the Company's REV technology. Dr. Durance received his Ph.D. and M.Sc. in Food Science from UBC, as well as a B.Sc. in Microbiology from the University of Guelph and a B.A. in Anthropology from the University of Waterloo. He's the author of more than 75 peer-reviewed scientific publications, 16 patents, and numerous book chapters, scientific presentations, and invited lectures on technology and food processing. As EnWave's President & Co, his responsibilities include research and development related to all of the

REV technologies, as well as ongoing intellectual property development.

▣ **MR. JOHN P.A. BUDRESKI - EXECUTIVE CHAIRMAN**

Mr. Budreski has over 30 years of extensive capital markets and executive management 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. DANIEL HENRIQUES – CFO**

Mr. Henriques is a Chartered Accountant and brings extensive experience in finance effectiveness and financial reporting to his role at EnWave. Prior to joining EnWave, Mr. Henriques was a manager in the Assurance group at PricewaterhouseCoopers LLP, 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, Mr. Henriques provided clients in the manufacturing and technology sectors professional services in the areas of financial audits, financial reporting and tax.

ANNUAL INCOME STATEMENT FY 2013 – 9M 2016

All numbers in thousands

PERIOD ENDING	FY 2013	FY 2014	FY 2015*	9M 2016
Total Revenue	5,448	4,554	5,868	12,414
Cost of Revenue	3,796	3,976	4,689	8,263
Gross Profit (Loss)	1,652	578	1,179	4,151
Expenses				
Administrative	1,994	2,117	2,089	1,362
Sales & Marketing	979	1,165	719	474
R&D	2,675	1,591	1,386	1,346
Amortization Intangible Assets	1,905	1,432	1,420	969
Stock-based Compensation	1,118	608	261	191
Net Loss Applicable To Common Shares	\$7,772	\$6,706	\$4,993	\$361

Annual Income Statement FY 2013 – 9M 2016. Source: Company Filings

* Note that in the Fiscal Year 2015 column all revenues and expenses generated by Hans Binder Maschinenbau have been excluded, due to its insolvency on September 29, 2015.



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