

**Transcript of update interview with  
Mr. Brent Charleton**



**Senior Vice President Corporate Affairs of  
EnWave Corp.**



**TSX Venture Exchange: ENW**

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**Mr. Brent Charleton - Senior Vice President, Corporate Affairs.** 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.

**Smallcaps Investment Research: A warm welcome everyone to a new interview on Smallcaps Investment Research. Since our initial interview in February of this year, many exciting developments have taken place at EnWave Corporation. So we're very pleased that Mr. Brent Charlton, the Senior Vice President Corporate Affairs freed up some time to give us an update on the Company. EnWave is listed on the TSX Venture Exchange with ticker symbol ENW. Brent we're glad to have you here, welcome back.**

Brent Charlton: Thank you for having me.

**As a reminder, could you briefly describe what EnWave is all about?**

Absolutely. EnWave Corporation is introducing a disruptive new dehydration technology, called Radiant Energy Vacuum, to the global food and pharmaceutical spaces. We offer an incredible value proposition to our partners, and in exchange they pay a royalty on the wholesale value of the products that are dehydrated using our technology.

We currently have 15 commercial partners and are in the process of attracting more. In addition, we have several machines already deployed which are producing product and generating royalty streams for our company.

**Thank you. Now let's start with some excellent news. During the second quarter, which ended March 31, 2015, EnWave, for the first time in its history, reported a net income. Sales for the quarter were \$5.4 million, up more than tenfold compared with the same period last year. What were the catalysts behind this strong performance and how**

**do you see your financials progressing in coming quarters?**

There were basically three catalysts. First, our subsidiary NutraDried LLP, which sells and markets a 100% all natural dried cheese snack product, had accelerated its sales and distribution. The second component was machine sales through EnWave. In most cases, the companies with which we sign a commercial partnership, or technology evaluation agreement, purchase a Radiant Energy Vacuum machine to manufacture their products.

The third and most important point in our revenue increase was the strong sales of our German subsidiary, Hans Binder Maschinenbau. It had an incredible quarter selling a number of traditional air drying machines.

I believe we can look forward to similar growth in the coming quarters. It will, of course, depend on the amount of machine sales that we secure, but we should see the royalty streams growing as many new machines will start up.

**Another important event is the launch in July of Cheddar and Gouda Moon Cheese snacks at about 3,400 Starbucks locations in the United States as part of a sixteen week long trial. Even better is that Starbucks, only after a few weeks, has re-ordered more Moon Cheese. Can you elaborate on that event and on the possible outcomes of this trial?**

The trial is going extraordinarily well and we've had fantastic online feedback from consumers. The re-order from Starbucks has solidified that proof of momentum.

We believe there's an opportunity to continue working with Starbucks beyond the initial

launch. We continue to work hard to deliver the snacks, so we can drive revenues for NutraDried, and subsequently for EnWave.

**Although EnWave's German subsidiary Binder was the growth driver in the past quarters, your dehydration business has significantly advanced as well. In recent months, you announced the commercial start-up at Gay Lea Foods, Natural Nutrition, Umland, and Hormel Foods. Can you explain what has happened at those four companies since the start-up?**

Sure. Gay Lea has received a 10kW unit to start commercial production. We anticipate that they're going to enter the Canadian marketplace with a dried cheese snack item in the fall of this year. Umland LLC, that is involved with kosher cheese snack production, will be receiving a small scale commercial unit in the fall of this year.

As for Hormel, we recently shipped a 100kW NutraREV machine to them for commercial startup and we anticipate that the machine will be running full out as of this month as they prepare to launch their spam snack line.

And lastly, Natural Nutrition has taken hold of a 10kW small commercial unit and has been producing commercial product for the past month and a half. We've heard nothing but great things about Natural Nutrition's early success and we anticipate additional machine orders from them over the coming 18 months.

**The recent announcement on Milne Fruit was unexpected. Can you elaborate some more on that news?**

Because Milne Fruit has recently had some excellent successes with several of its largest customers, they've been asked to come up with new products. So EnWave has now granted Milne Fruit the ability to produce mint, suit potato and beets in addition to the already permitted products.

We're very excited with the progress that Milne has been making. And we should see a reflection in the amount of royalties paid to

EnWave starting in the fourth quarter of fiscal year 2015.

**That's fantastic news. A couple of weeks ago, we also received excellent news from Bonduelle, as a 120kW quantaREV machine was successfully installed at the company's facility in Quebec. Why is Bonduelle such a significant partner for EnWave and when can we expect commercial production to start?**

Well, the great thing about Bonduelle is that they have the opportunity to revolutionize the frozen vegetable market on a global basis. Using our technology, they're able to remove a small percentage of the moisture out of fresh vegetables before freezing them, which increases the quality of the food in a dramatic way.

The startup of this 120kW machine in Montreal allows them to dehydrate a certain tonnage of product per hour. This is the initial step for Bonduelle to enter the marketplace and gain customer feedback before committing to additional machinery we hope to get in the future.

Bonduelle is a fantastic partner focused on innovation and we're very much looking forward to seeing the company be successful in the future.

**The deal with Bonduelle is not only important because it's a major worldwide player, but also because it will be the first quantaREV commercial dehydration machine to come online. What separates quantaREV from EnWave's other technologies?**

quantaREV has the potential to increase in scale. Currently, the maximum rated power of our commercial machine is 120kW. We believe that we can potentially scale up quantaREV to up to 300kW generated power, which would provide throughput that is necessary for some commodity goods that are currently dried with air dryers. So we think that quantaREV has strong future potential for large scale dehydration.

**We recently received a question from a reader, who asked about another one of your technologies. He was wondering what happened to the commercial-scale powderREV machine that was delivered to a North American enzyme producer last year.**

That's a great question. We shipped that powderREV machine to our partner, but unfortunately so far it hasn't been able to raise the necessary capital to build the infrastructure to use our machine.

So to report back, that relationship is still very much alive, however, the commercial production that was expected on that machine has been delayed.

**That's good to know. EnWave's technologies are clearly all high tech. How well are they protected by patents?**

We are very well protected by our patents suite. We have been granted several of our most important patents through major jurisdictions throughout the world and we'll continue to file international Patent Cooperation Treaty (PCT) applications for new innovations that our engineering and food scientist create.

We believe that there are several new processes linked to new products that are patentable and we will continue to work on that as our business model predicates that our partners will pay royalties for the life of the last existing patents within our patent suite.

**Now, in recent weeks EnWave's stock price has been somewhat on a rollercoaster. Mid-June it started declining to hit a low of 69 cents on July 9th on huge volume. And since then, the stock has started its way back up. Do you have an idea what happened?**

I do. But first I'd like to state that it has been very disappointing for us as management as well as shareholders, to see the stock be so topsy-turvy, especially

considering the immense success that we've had on the business development front.

Now, the stock dropping to the 69 cent level had to do with a fund liquidation event from one of our larger shareholders where we needed to transfer a certain amount of stock. We were able to find buyers for that stock.

Following that, the stock has climbed back up to around 85 cents and it's starting to move further in the right direction. We're hoping to continue on that trend by providing additional news flow in the coming weeks.

**Now that we're talking about the shareholders of the Company, who are the largest ones?**

So the largest shareholders that we currently have are DJE Kapital, based in Munich, Petercam Asset Management out of Brussels, Pathfinder Asset Management, based in Vancouver, and Front Street Capital in Toronto.

In addition to those, we have several high net worth investors. Two of them jointly own close to 15% of our outstanding stock. We have an idea of where 60% to 65% of our stock is, so that leaves about 35% free-float.

**And as a final question. These are obviously very exciting times for EnWave's shareholders. Where do you see the Company in 6 to 12 months from now?**

Well, we'd like to see EnWave in a cash flow positive situation. As you know we've deployed several commercial scale machines, which will start to produce royalty revenues for us. We also anticipate several new commercial licenses and purchase orders.

As for our subsidiaries Binder and NutraDried, we're confident that they should be contributing cash to EnWave.

And as far as our stock price is concerned, we can't look into a crystal ball, but as long as we continue to deliver on the business

front, I'm confident that our stock's valuation should increase.

**Fantastic. Brent, it's been a pleasure speaking with you. Thank you for**

**helping us gain additional insight into EnWave and I look forward to talking with you again soon.**

Thank you very much.

## **Interview Feedback**

We welcome your questions and feedback regarding this interview at:

<http://www.smallcaps.us/enwave-senior-vice-president-brent-charlton-discusses-companys-exciting-progress-and-outlook>

Transcripts are edited for clarity.

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