

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



President & CEO at EnWave Corp.



TSX Venture Exchange: ENW

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Mr. Brent Charleton – President and CEO. Mr. Charleton has extensive experience working in competitive team-based environments in the public, private and not-for-profit sectors. 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.

Smallcaps Investment Research: Welcome everyone to a new interview on Smallcaps Investment Research. We're very pleased to have Mr. Brent Charleton with us today, the brand new President and CEO of EnWave Corporation, to give us an update on his Company. EnWave offers industrial-scale dehydration technologies for commercial applications in the food, pharmaceutical, and cannabis sectors. The Company is listed on the TSX Venture Exchange with ticker symbol ENW. Brent, thanks so much for taking the time to join us today. Welcome.

Brent Charleton: Thank you. I am certainly ready to tackle the challenges ahead and drive the success of EnWave moving forward.

First and foremost, congratulations with your recent promotion to President and CEO of EnWave.

Thank you. I have been working for the Company for nine years. I have been playing a leading role in business development and licensing of our patented technology over the past four to five years. All of our stakeholders can see that the consistency and frequency of new machine purchase orders and licenses has improved.

Before we take a closer look at the recent developments of EnWave, and its future, I would like to know if we can expect some changes with you at the helm of the Company?

First off, my professional background includes high-level pro basketball. Thus, I certainly know how to compete and play well with others. My education includes a

marketing degree, so I know how to sell and position our technology in various markets we are active in.

Most importantly, I am a holder of the Chartered Financial Analyst (CFA) designation. Consequently, I also understand the numbers of the business and how to form an appropriate corporate strategy moving forward.

A couple of weeks ago, we asked our readers and listeners to send in questions for you, and we received a record number of them. Here's the first one, which we received several times. Dr. Durance, the former CEO, has left the Company. But did he leave because he lost faith in EnWave's technology?

No, not at all. Tim's transition out of the Company was a Board of Director's decision. Tim has complete faith in EnWave's REV technology, that has been driving him for the past 20 years or so.

He will maintain involvement on an arm's length basis in that his son recently invested in one of our licensees. This shows he certainly has faith in the technology. The REV technology was his life's work, and I am sure he will love nothing more than to see it continue to advance commercially.

In fact, prior to the change in leadership, Tim had approached me about succeeding him at EnWave. Thus, this transition was one he certainly supported.

Also, Dr. Durance is the co-author of many of EnWave's patents. What will happen with those patents now that Dr. Durance is no longer with the Company?

Let me be very clear, all REV related patents are owned by EnWave Corporation. Furthermore, the patents owned by EnWave were created by a team of people, not an individual alone. A majority of EnWave's recent innovations has been driven by our talented food science and engineering leaders who still maintain a significant role within our company.

EnWave's brain trust is intact and our key employees are motivated to continually improve our competitive positioning in the global dehydration industry.

Another topic, on which we received even more questions, is the pharmaceutical side of the business. EnWave recently encountered a setback as it discontinued its equipment development project with Sutro Biopharma. Can you explain in a bit more detail what went wrong?

Well there were multiple changes throughout the project. First, there were changes to the material that was actually being dried. These changes also impacted the specifications required by Sutro in regards to footprint and functionality of the machinery. I will give full credit to our team at EnWave for making those alterations and providing a machine that did satisfy the time requirements and the throughput requirement.

However, the bioactivity levels, needed for Sutro's product, were not reached, and that was a function of the sensitivity of the material in question. We have put that project on hold at this time, but I will state that it is not completely dead, as Sutro is investigating other alternatives.

If they are not successful, then there is always the option of reinvigorating the project so long as an adequate investment is made.

What is your strategy going forward with the powderREV technology?

We have got multiple platforms that we describe with the names powder, nutra,

quanta, and bio. I look at this as sort of a REV technology suite in that the customization of REV machinery can adequately dry numerous products.

As for the pharmaceutical side of the business, I have to mention our collaboration with GEA, which is evaluating our machinery design, primarily the unit that we have built for Merck to dry certain vaccinations. This evaluation will help us in refining and strategizing on how we can maximize value creation through the sale of REV machines for these sectors.

Ideally, I believe the expertise provided by GEA will help us improve efficiencies on design. They may also be used as an outsource machine manufacturer. That is to be discussed and to be determined. However, I see a ton of potential for that particular machine design to be sold in a broad way to the pharmaceutical industry.

Only a few days ago, you announced very interesting news about Merck, your other partner in the pharmaceutical sector. Can you update us on the status of the project, and what will happen next?

Certainly. It is a very positive announcement. Merck usually tends to be a little hesitant in allowing their name to be published with updates on projects. However, they were supportive of us notifying the market that the 9 kilowatt cGMP machine, had satisfied their requirements for the factory acceptance test.

It will now be moved to their facility for site acceptance test. If the findings and the results can be replicated, then they will certainly consider the next stages. These could include a pursuit of clinical trials.

As a final question about pharma, in July you announced a collaboration agreement with GEA Lyophil of Germany, a giant company that has been active in freeze drying for over 60 years. What can we expect from this collaboration?

You can expect that GEA will continue to evaluate our technology. I cannot give any

further commitment or say that GEA is going to become a long-term partner because we certainly are still in the 'feeling out' stage of our relationship. However, the recent successful factory acceptance test by Merck is certainly encouraging to GEA.

In addition, they were thrilled by what they saw when they recently visited our facilities in Vancouver in terms of some of the test work we did and the cakes that were created through the REV process.

Hopefully, I will be able to provide you with additional information prior to calendar year-end on relationship with GEA.

Another potential major deal that has been progressing for quite a while is your partnership with Bonduelle, one of the worldwide leaders in processing vegetables. How is this developing, and when can we expect some news?

We are actively speaking with Bonduelle about their future plans for their InFlavor branded dehydrofrozen vegetable line.

A decision should be made within this calendar year regarding the potential expansion of their machine. There is always the risk of projects not going forward, but we are currently bullish on this relationship. This is based on the feedback we have recently received, as they have launched the InFlavor brand to a number of their commercial clients.

If they decide to ramp up commercialization, they are going to consider a much larger REV unit of between 300 and 400 kilowatts. This would be the largest machine EnWave has ever built. Although the principles and the functionality should be quite similar to the 120 kilowatts REV unit that Bonduelle has in operation today.

Let's talk financials. Late August, you announced excellent third quarter revenues and earnings. Would you give us a brief overview of those results?

Sure. Our performance last quarter was driven by the success of NutraDried, our subsidiary selling a branded all-natural cheese snack product, Moon Cheese. Our revenue was driven by the distribution in Costco, Starbucks and numerous other grocery store chains including Whole Foods and Publics.

The machine sales continue to be a bit lumpy, while royalties were growing. This means that I do not believe the last quarter was an anomaly.

Next quarter, we should see similar results regarding NutraDried. We are hoping to confirm some additional purchase orders in the near term to complement the results for Q4 fiscal.

The Q1 fiscal 2019 is lining up to contain several impactful decision points tied to existing Technology Evaluation and License Option Agreement (TELOA) and/or repeat orders and Commercial License Agreements. I am looking forward to working hard and hopefully closing several of these opportunities.

A major contributor to those solid financials was, of course, NutraDried and its Moon Cheese sales. Where can we go from here what sales is concerned, based on the current market potential for Moon Cheese?

In our recently published MD&A the annualized run rate on the 100 kilowatts nutraREV, that is installed at NutraDried, is currently approximately CAD\$20 million in terms of revenue. We are in the final stages of starting up a second 100 kilowatt NutraREV machine at that facility. This should happen before this month is over.

Therefore, if both machines are running at maximum capacity, there is potential for up to CAD\$40 million top line. But to be realistic, I would be very pleased with performance through the next 12 months in the range of CAD\$25 to CAD\$35 million. I think all this is possible but we need to have

continued high-level sales through our key distribution partners.

Next to Moon Cheese, NutraDried also commercializes Fruit Stand, which are REV-dried servings of peaches, strawberries, and other fruits. What are your plans for Fruit Stand?

Fruit Stand is still being packaged and sold by NutraDried. To be frank, the sales have been rather modest thus far due to the lack of marketing effort put behind this product line.

The immense success of Moon Cheese has demanded that most efforts are paid to that product in terms of production, packaging, and distribution. We have recently hired Mike Pytlinski at NutraDried, who will surely identify which skews and which formats will be optimal for driving growth at our subsidiary.

Does NutraDried have more products lined up?

Yes. Part of the evolution of NutraDried is the strengthening and collaboration between employees at EnWave and NutraDried.

I've talked with Mike Pytlinski in depth about future plans. We will make our food science team available to refine some of the applications that they have in mind. Whether that be extensions of dried cheese products or the introduction of a completely new REV dried product.

At this time, there are no definitive plans though to add these products since Mike has only been on the job for a couple of weeks.

What else can we expect from Mike Pytlinski as new CEO for NutraDried?

Diligent planning, expert branding, and strategic marketing prowess. He will be driving sales growth and is experienced in advancing branded of Consumer Packaged Goods companies. He is an A+ player and we are happy to have him on our team.

Another topic on which we received quite a few questions is the cannabis opportunity for EnWave. So far, you have signed a royalty-bearing agreement with Tilray, and a technology evaluation agreement with an unnamed major Canadian cannabis player. Would you give us an update on both agreements?

Let's start with Tilray. We publicly disclosed that they purchased a 10 kilowatt and two 60 kilowatt continuous machines. One of those 60 kilowatts is due for installation at their facility in Ontario. We anticipate the machine should be installed within this calendar year.

The second machine is going to Portugal, which should happen sometime in the first half of 2019. I am rather conservative with these timelines as we know from our experience that certain delays may arise.

That being said, once they start up, we are very much looking forward to supporting their commercial development with the use of REV. During this time, we have been continually doing test work at our facilities. I have to say that the data collected has been incredibly supportive of the value propositions that REV can bring to the cannabis industry. We are also working with several companies in the Canadian space, one of which was announced through a TELOA.

We are hoping others will be compelled to enter into a sub-license and purchase their own machinery in the relative near term.

Are there more cannabis agreements in the pipeline? And if so, are they mostly with companies from Canada or from other parts of the world?

The majority of interest right now has come from Canadian Licensed Producers, as the U.S. ecosystem is still very uncertain. We are not focusing on doing business in the US, as we are waiting for better timing to enter.

In other regions, the majority of interest again comes from Canadian companies who

are planning to build out infrastructure in foreign jurisdictions and plan to have an international footprint.

Of course, we also have to cover another very exciting opportunity, the agreement with the US Army Natick Soldier R&D Center. Can you give us a realistic scenario, in terms of timing and next steps to take, if all goes according to plan?

The 10 kilowatt machine that they purchased was installed last week. Training occurred, the team is over the moon about the potential to dramatically improve military rations for the close combat warriors. The machine and the products that are being developed have been shown to the Pentagon and more recently to NASA.

We have witnessed a widespread interest in the adoption of these products throughout the American armed forces and other organizations. Next steps will include a presentation to all of their approved third-party suppliers to which we have been invited.

These suppliers are more likely to be the potential future commercial licensees of REV technology as they are sole producers of MREs for the U.S. armed forces. We will collaborate with these third parties together with Natick, which is the Army's research arm and hopefully compel them to engage after that presentation late October.

Brent, this interview again has made it obvious that there are lots of exciting developments going to take place at EnWave in the not so distant future. Are there plans to broaden the awareness of EnWave's story in the capital markets?

Yes, very much so. I will take partial responsibility for the lack of awareness-building over the past year and a half or so. Our focus and efforts have been on building up the foundation of licenses and potential for future growth of royalties. To find balance moving forward we need to ensure the capital markets are aware of all these great developments.

I was marketing earlier this weekend in Toronto. John Budreski, myself and Dan Henriques, our CFO will be the driving force for further awareness-building efforts in early October and through November. We will be participating in several institutional and retail road shows and also attending some of the focus conferences to communicate the great things that EnWave is accomplishing.

People also sent in questions about your IR consultants. Could you comment on the value that the current IR team is providing to EnWave?

Yeah, for sure. I've seen some misguided commentary on this. To be frank, there is a significant value in organization and relationship management at the institutional level. I feel our consultants both in Canada and abroad in Europe are currently doing a phenomenal job of keeping all of our stakeholders apprised.

The stock price is not reflective of that quality of service and that is to do with a variety of reasons. One of which may be ex-employees who need to sell stock, which creates a bit of overhang. Once we hopefully create a momentum, built on the tale of good news flow and commercial success, all the groundwork being completed by these consultants will show.

As a final question, what are some of the major milestones that we should look out for in the next 6 to 12 months?

I have to reiterate, EnWave is becoming less and less of a major milestone company. It is becoming more of a consistent update company. This can be seen in the purchases of additional small and large-scale REV machines tied to a myriad of relationships we have built globally in the food and pharmaceutical spaces and cannabis in Canada.

In addition, we look forward to increased NutraDried performance. We see that NutraDried can really become the driving force behind higher revenue, growth, and profitability for EnWave.

I do not think there is going to be one specific news piece that is going to take our stock price up dramatically. The process should be cumulative and should represent the successful commercialization of this innovative patented technology in multiple verticals with significant partners and potentially huge upside.

Well thank you Brent, it's been a pleasure speaking with you and we appreciate your time and insight. All the best to you and EnWave, and I look forward to speaking with you again soon.

Thank you. Many thanks for the opportunity to answer these questions and I hope we can do this again in the future.

Interview Feedback

We welcome your questions and feedback regarding this interview at:

<http://www.smallcaps.us/update-interview-with-new-ceo-brent-charleton-reveals-significant-potential-for-enwave-corp>

Transcripts are edited for clarity.

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