

Smallcaps

Investment Research

EnWave Corporation (ENW) Company Report – January 11, 2015

It's rare that we come across a company with a disruptive technology which truly stands a chance to generate enormous profits by shaking up an established industry. EnWave Corporation is such a Company.

EnWave 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: faster and cheaper than freeze drying, and with better end product quality than air drying or spray drying.

EnWave's customer list truly validates its technology and potential. It has signed research agreements with Nestlé, Kellogg's, R.J. Reynolds, Merck Pharma, and many others. In addition, it has royalty-bearing licenses with companies such as Bonduelle, Hormel Foods and Gay Lea Foods, many of which will start to generate revenues in 2015. An ideal entry point for investors.

Based on our estimate of 92 million shares outstanding, the intrinsic value of EnWave's shares derived from our model is \$2.77, which suggests significant upside potential over the medium-term for the Company's shares from the current \$1.16 price.



- EnWave is led by a strong management team with both technical and commercial experience. Armed with success stories from existing customers, it now actively approaches companies that can benefit from its revolutionary dehydration technology. And actions were taken to shorten the time between initial contact with a potential customer and the signing of a commercial agreement.
- EnWave continually expands its intellectual property portfolio. It currently holds or has filed 17 separate patents that protect both its REV technology and specific methods of use.
- The worldwide market size for dried products is estimated at an astonishing \$400 billion. Especially the food processing and pharmaceutical industries are the drivers.



THE COMPANY

EnWave Corporation is a Vancouver-based industrial technology company which develops commercial applications for its proprietary Radiant Energy Vacuum (REV) dehydration technology. The University of British Columbia developed the first prototype REV machine in 1996 for dehydrating food and nutraceuticals.

Since then, EnWave has developed three commercial-scale REV platforms: nutraREV is used in 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 two developmental-stage REV platforms: bioREV and freezeREV to stabilize and dehydrate biopharmaceuticals such as vaccines and antibodies.

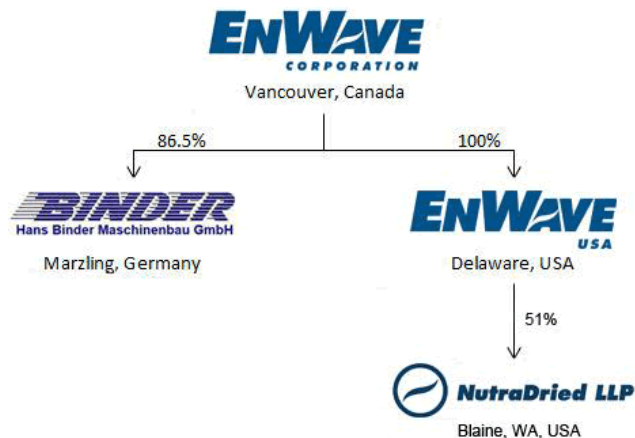
EnWave's technology suite is protected by 17 patents either granted or pending. And it continues to file additional technology and process patents whenever R&D advances are made.

The Company aims 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. EnWave has several commercial clients that generate, or will soon start to generate, revenues from its REV technology.

It's also working with over 40 other companies at varying stages of the sales process. Many are testing the merits of REV technology for a diverse range of applications that include food, pharmaceutical and industrial end products. Of the companies that are evaluating REV technology, several commercial license opportunities are under

negotiation and the Company anticipates a number of decision points to occur shortly.

EnWave currently employs 25 people in Canada who operate a biotechnology lab, a pilot plant and an engineering facility.



EnWave corporate structure.

The Company also owns 86.5% of Hans Binder Maschinenbau GmbH, a German subsidiary that engineers and builds dehydration equipment.

Finally, it's a 51% stakeholder in NutraDried LLP, a Joint Partnership with Lucid Capital Management, to develop, market and produce 100% natural dried cheese products for the snacking industry.

EnWave generates revenues from three sources:

- REV machinery sales and maintenance;
- Royalty streams ranging between 2% and 10% from partners that use a REV machine to produce commercial products; and
- NutraDried, which sells healthy dried cheese snacks.

Clients

EnWave's 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 companies, offering them certain product and geographic exclusivity. After those companies have completed a satisfactory due diligence on the technology and market opportunity, full commercial agreements are signed and machine orders placed.

Thus far the Company has signed twelve royalty-bearing licenses, 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;
- ❑ CAL-SAN Enterprises, a blueberry producer in British Columbia;
- ❑ 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;
- ❑ A leading North American enzyme company, to dehydrate a series of food-related enzymes for their Tier 1 clients;
- ❑ Napa Mountain Spice Company, to dry high-quality California bay leaves;
- ❑ NutraDried LLP to develop, manufacture, market and sell all-natural cheese snack products in the United States under the Moon Cheese brand;
- ❑ NutraDried Creations to market dried cheese and other REV snack products through private label distribution channels in the United States and Latin America; and
- ❑ Sutro Biopharma, for the dehydration of a cell-free medium used in their patented protein synthesis process.

EnWave has signed a wide range of research agreements with an expanding list of

companies such as Nestlé, Kellogg's, Ocean Spray Cranberries, Sun-Maid Growers, R.J. Reynolds, Merck Pharma, and many others.

Hans Binder Maschinenbau

Established in 1950, Hans Binder Maschinenbau GmbH designs and develops custom driers and complete dehydration turn-key plants from their engineering and machine building operation in Marzling, Germany. Binder has extensive vacuum microwave drying experience in both the food and chemical industries.

In October 2012, EnWave acquired a 86.5% controlling interest in Binder for an aggregate price of \$2,546,168 (€2,000,000), an amount which was invested into the working capital of Binder.

The acquisition was a very smart move by EnWave, as it combined the resources of the two leading vacuum microwave companies worldwide. It brought together EnWave's innovation, global marketing expertise, Tier 1 collaboration pipeline and growing patent position with Binder's economies of scale, experience and ability to design and deliver industrial scale turn-key drying plants.



A Hans Binder multi-belt dryer

A few weeks ago, Binder received a C\$3,150,000 order for a large scale convective air dehydrator from a South Korean repeat customer. This increased the subsidiary's order book to over C\$7 million, a

material improvement from an order book of less than C\$200,000 at the time of EnWave's acquisition.

Thanks to these orders, Binder is now well positioned to become cash flow positive in 2015, which is important as it will hopefully no longer cause a cash burn for Enwave.

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 Lucid Capital Management Ltd, a private company owned by a former director of the Company, controls 49%.

The intention is to leverage the innovative capabilities of EnWave's REV technology and Lucid's extensive distribution relationships and marketing expertise to bring a healthy new snack option to American consumers. EnWave not only benefits from the joint venture by selling REV machines to it, 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 - for initial market introductions and early-stage sales. Shortly thereafter, Moon Cheese was launched in 192 Quality Food Centers and Fred Meyer stores, chains owned by Kroger Company. Launching Moon Cheese in two of the most well-known grocery banners in the Pacific Northwest provides NutraDried with the perfect opportunity to build brand awareness and test several in-store promotional plans.

Thanks to its growing number of distributors, NutraDried has secured additional distribution in several Canadian and U.S. grocery chains. The snacks can now be purchased in Canada at select Urban Fare, Save-on-Foods and Overwaitea Foods stores. And in the U.S., select REI stores, Sunset Foods stores, Roche Brothers, Raley's Supermarkets and Tony's

Fine Food have begun selling Moon Cheese as well.

After starting production on a smaller unit, the LLP installed a 100kW nutraREV machine in Ferndale, Washington in June 2014, which has been producing commercial product since. While sales growth is in its early stages, the trend in the number of purchasers and volumes purchased is very favorable.



NutraDried's Moon Cheese snacks come in three flavors: Gouda, American Cheddar and Pepper Jack.

In April 2014, as a result of the initial success of Moon Cheese at Kroger's, the owner of Lucid Capital and a few other partners, formed NutraDried Creations LLP to secure private label contracts for dried cheese and other healthy snacks using REV technology. Creations also signed a manufacturing agreement with EnWave, ensuring that the first 3 million pounds of dried cheese snack products for annual distribution will be produced by NutraDried at its facility in Ferndale. Note that EnWave has no stake in NutraDried Creations.

So NutraDried LLP, which is 51% owned by EnWave, will manufacture and sell all branded food snacks, while NutraDried Creations will take care of all private label products.

A few months after this deal was signed, Creations received two private-label orders, totaling 25,000 pounds of cheese snacks. They will be sold in 28 Costco stores located

in the Pacific Northwest under the Munchese brand.

NutraDried LLP intends to develop and distribute numerous healthy snacking options throughout the U.S. over the coming years. By using EnWave's proprietary REV technology, they can produce all-natural products with attractive colors, excellent flavor and high nutritional content; characteristics valued by many consumers. NutraDried could very well become a significant growth driver for EnWave in the coming quarters.

TECHNOLOGY

Until recently, food processing companies had the choice between 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.

Now thanks to EnWave's Radiant Energy Vacuum technology, those companies, for the first time, can combine the effectiveness of freeze drying with the economics of spray and air drying.



nutraDried dehydrated fruit with vibrant colors and excellent taste thanks to REV technology.

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.

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

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 300 kg (660 lbs) of dried product per hour.

The first commercial deal EnWave closed, involved the sale of a nutraREV machine to CAL-SAN Enterprises a blueberry farming and processing operation in British Columbia. The 75kW REV machine was delivered in March 2009.

Since then, interest in EnWave's nutraREV technology has continued to grow among food companies globally. In June 2013, for example, Hormel Foods Corporation, a Fortune 500 company, signed a royalty-bearing commercial license to use nutraREV machinery. And just a few days ago, after conducting successful technology, product and market studies, Hormel entered into a purchase agreement for a 100kW commercial nutraREV unit. The machine will be installed in the following months and should start to

generate first royalties for EnWave shortly thereafter.

We expect the sale of the machine to generate approximately \$1.2 million in revenues and royalties should vary between \$300,000 and \$500,000 per year at full utilization. Hormel will use the machine to launch new, innovative dried meat snack products. If successful, Hormel could demand additional machines.

In addition to the order, Hormel has agreed to purchase a 2kW REV machine for product development and a 10kW REV machine for market studies that it already had in use. This indicates that they want to continue developing more products.



Part of a nutraREV 100kW machine.

Hormel's decision to pursue full commercialization of REV-dried meat snack products confirms the value of EnWave's proprietary dehydration technology and builds its momentum in this global market.

Also Napa Mountain Spice Company, a specialty spice company focused on the production of organic bay leaves in Northern California, signed a royalty-bearing commercial license to use REV technology for their dried spice offerings. In addition, EnWave plans to leverage the potential success of Napa Mountain into additional relationships with larger companies operating in the spice & herb market sector.

More recently, EnWave signed a commercial license with Gay Lea Foods, an industry leader in the production and processing of dairy products. The License grants Gay Lea

the exclusive right to process cheese snack products for human and pet consumption in Canada using the Company's REV technology. Gay Lea immediately ordered a small commercial-scale nutraREV unit, and must submit an additional order for at least one 100kW nutraREV machine within 18 months.

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

It's ideally suited to replace the expensive and time consuming process of tray freeze and spray drying, which takes place in a high heat environment and damages sensitive organisms.

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.

In April 2013, EnWave signed a royalty-bearing commercial license agreement with a major North American enzyme producer to dry a number of food-related enzymes using a powderREV. EnWave will supply two powderREV machines.

In May 2014, EnWave signed another powderREV commercial license with Sutro Biopharma, a pharmaceutical company based in San Francisco. An 8kW powderREV machine is momentarily in testing phase. Once completed, Sutro will be conducting detailed trials that are expected to be completed by mid-2015.

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 produced through 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. In the coming months a commercial-scale 120kW quantaREV will be delivered to the food processing company.

Commissioning of this machine will enable commercial production in 2015 and validate the quantaREV platform on a larger scale. Success on commercial-scale is expected to lead to a further and more sizeable deployment of EnWave's quantaREV technology.

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 Agreement with the drug manufacturer Merck to test the feasibility of the freezeREV technology. Late December 2014, the two companies signed a new R&D agreement that builds upon the prior one. Under the terms of the new 10 year agreement, EnWave will manufacture a specifically designed **non-GMP** REV dryer, while Merck will bear all costs associated with this process. When finished, the REV unit will enable further testing and advancement of the dehydration technology in the pharmaceutical industry.

While Merck retains the option to exclusively license REV for the drying of several specific vaccines, the agreement is non-exclusive, which enables EnWave to pursue additional partners in the pharma field. This could ultimately help all biotechs in their potential

future pursuit of regulatory approval for the use of REV, as the FDA will likely be more compelled to expedite the approval process if more than one company is lobbying for it.

Although it will take some more time to develop and commercialize freezeREV, the new deal with Merck provides revenues to EnWave from the sale of the machine, and it again confirms the high potential of the technology as a giant like Merck decides to proceed after a three year test period.

GOOD MANUFACTURING PRACTICES (GMP)

Good Manufacturing Practices (GMP) are the practices required in order to conform to guidelines for manufacture and sale of food, drug products, and active pharmaceutical products. These guidelines provide minimum requirements that a pharmaceutical or a food product manufacturer must meet to assure that the products are of high quality and do not pose any risk to the consumer or public. Good manufacturing practices, along with good laboratory practices and good clinical practices, are overseen by regulatory agencies in the United States, Canada, Europe, China, and other countries.

It's logical to manufacture a non-GMP REV dryer first as it reduces development time and costs.

In March 2014, the Company also entered in an agreement with a Tier 1 pharmaceutical company, to test the freezeREV technology for the dehydration of monoclonal antibodies.

bioREV is designed to dehydrate liquid biological materials in vials such as viruses and antibodies at temperatures above the freezing level. Unlike freezeREV, which is essentially an accelerated freeze drying process, bioREV is a more gentle drying process that is intended to remove moisture from highly sensitive biomaterials that cannot withstand freezing temperatures.

Tests at EnWave's laboratory are ongoing to determine its potential for producing room temperature stable biomaterials. When

successful, this would potentially eliminate the need for a continuous 'cold chain' from manufacturer to patient, opening up another gigantic market.

The timeline for commercialization of this technology is still to be determined, and will depend on the developments made in conjunction with a partner in the pharmaceutical industry.

Patent Portfolio

EnWave continually expands its intellectual property portfolio. It currently holds or has filed 17 separate patents that protect both its REV technology and specific methods of use.

EnWave's patent suite now consists of twenty-five patent approvals protecting its REV technology in the United States ("U.S."), Canada, the European Union, China, Hong Kong, New Zealand, Chile and Australia. The Company currently has an additional forty-six patent approvals pending in multiple geographic jurisdictions that now also include Brazil, India, Japan and Mexico.

Furthermore, the patent protecting the method for producing hydrocolloid foams using REV technology has been granted in Australia, Canada, China, Chile, the U.S. and the European Union. This patent can protect the drying of many products across much of EnWave's major addressable markets including the food, pharmaceutical and industrial areas.

Lastly, the patent protecting the method for dehydrating vaccines using vacuum microwave technology was approved in Canada, China, and Hong Kong, and recently was allowed in the U.S.

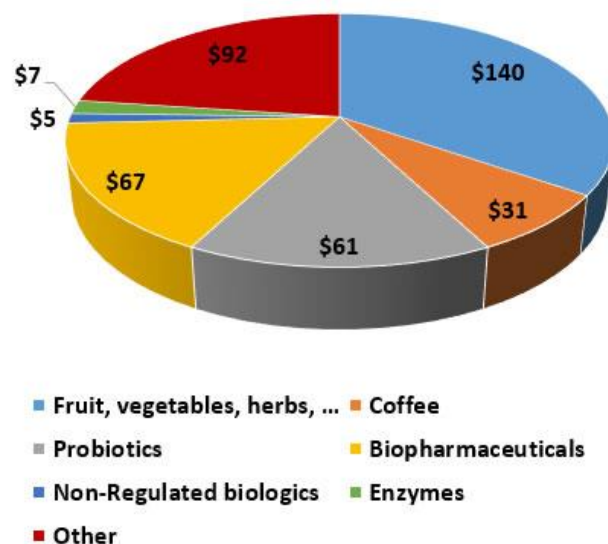
Adding new patents, and new jurisdictions for existing patents, continues to make EnWave's royalty business model stronger.

THE MARKET

As noted before, 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 global dried products market (figures in billion USD). Source: Company Presentation.

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, which 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.

FINANCIALS

EnWave has three sources of revenues. First is to build and sell REV machines to commercial partners, utilizing Binder's in-house manufacturing capacity. A 100kW machine typically sells for \$1.2 million with margins on manufacturing estimated at 20%. In addition, Binder manufactures and sells conventional drying equipment which is consolidated into EnWave's financials. Maintenance revenue on machines is also earned.

The second source is recurring licensing royalties from commercial partners for use of the REV technology. They pay EnWave a 2 to 10 percent royalty on all revenues generated from products manufactured with a REV unit. EnWave targets annual revenues between \$100,000 and \$900,000 per 100kW machine.

The third source is generated through the 51% ownership of NutraDried, where EnWave will consolidate the entire NutraDried Profit & Loss account. In addition, EnWave earns a 5% royalty on all revenues generated by NutraDried. And it also participates in the rollout of private label products through NutraDried Creations.

Sales during fiscal year 2014 (fiscal year ends September 30) were 16% lower compared with the previous year. This was mainly due to lower sales of conventional dehydration equipment by the Binder subsidiary.

However, as mentioned above, subsequent to September 30, 2014, Binder has successfully secured several equipment orders that will result in improved sales figures in the upcoming quarters.

Balance Sheet As Of September 30, 2014

On December 20, 2013, the Company completed a private placement of 5,534,872 common shares and 2,117,436 share purchase warrants, for total net proceeds of \$7,273,892. Each warrant is exercisable into

one common share at a price of \$1.75 for a period of two years from the closing date.

Amounts in \$000's	09/30/14	09/30/13
Cash and Cash Eq.	6,822	5,632
Accounts Receivable	2,496	725
Inventories	835	432
Total Current Assets	10,561	7,305
Total Assets	21,851	17,657
Trade and Other Payables	1,679	1,102
Total Current Liabilities	4,278	1,993
Total Liabilities	5,414	3,559
Total Stockholder Equity	16,438	14,098
Most important balance sheet data for the periods ending September 30, 2014 and September 30, 2013. Source: Company Filings		

On June 26, 2014, the Company completed a private placement of 111,111 common shares, at \$1.35 per share for total proceeds of \$150,000 with Mr. Budreski, a Director and Executive Chairman of the Board of EnWave.

As a result of the two private placements, the Company had cash and cash equivalents of \$6,821,947 at September 30, 2014. We expect the current cash position to be sufficient to fund operations until the Company is cash flow positive.

Amounts in \$000's	FY 2014	FY 2013
Construction contracts	3,700	4,921
Sales of services	221	-
Royalties, commissions and licensing	633	527
Total	4,554	5,448
Revenue breakdown for the years ended September 30, 2014 and 2013. Source: Company Filings		

The current ratio is 2.46 and long term debt is only \$1.14 million.

OUTLOOK & VALUATION

Until recently, 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.

Judging from the large and well-known companies with which EnWave has signed commercial licenses or research collaborations, it's clear that REV technology is a game changer. Moreover, EnWave hardly has any competition and its technology is fully patented, which enhances the Company's valuation.

Currently, EnWave has twelve commercial customers under contract. Bonduelle and Hormel Foods, to only name two, will start using their REV units in 2015, which will generate sales and royalties for the Company.

EnWave also has commercial license negotiations ongoing with Tier 1 and Tier 2 companies that could lead to license and purchase decisions over the next quarters. Many more dialogues are ongoing with potential partners in the huge dehydration market.

Moreover, EnWave is led by a strong management team with both technical and commercial experience. Since Mr. Budreski joined the Company as Executive Chairman in June 2014, existing partners and potential customers are approached in a more proactive way, in an effort to shorten the time between initial contact and the signing of a commercial license agreement. In addition, armed with success stories from existing customers, EnWave now actively approaches companies that can benefit from its revolutionary dehydration technology.

Of course, while negotiations are often subject to decision timelines of large counterparties, NutraDried allows EnWave to

dictate its own future. It's poised to become a contributor to sales and earnings, as well as demonstrate the effectiveness of the technology to its commercial, collaborative and prospective customers.

Finally, thanks to the strong backlog at Hans Binder, EnWave could become cash flow positive in 2015, which is an ideal entry point for investors as the Company will then have the means to accelerate its growth.

Valuation

EnWave Corp. has gone through most of its de-risking cycle. Its technology works and is validated by many commercial agreements. The dehydration market is large and spread over many different sectors. Furthermore, the Company has several million dollars in cash and could become cash flow positive in 2015, eliminating the need for equity capital requirements.

There's substantial upside potential thanks to commercial contracts starting to generate revenues in 2015. There are several commercial contracts, with machine orders attached to them, pending. And the Company can benefit from NutraDried's expanding distribution.

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 92 million shares outstanding, the intrinsic value of EnWave's shares derived from our model is \$2.77. This intrinsic value suggests significant appreciation potential for EnWave's shares from the current \$1.16 price over the medium-term.

SHARE DATA & OWNERSHIP

As of September 30, 2014, EnWave had approximately 84.4 million common shares outstanding. In addition, the Company has 2.3 million warrants and 5.3 million options outstanding. The principal owners of the

Company's common stock are DJE Investment (5.85%), Kimelman & Baird (1.49%), Front Street Capital (1.21%), Petercam (0.95%), and Driege & Weghsteen (0.29%).

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 Radiant Energy Vacuum (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.

ANNUAL INCOME STATEMENT FY 2011 – FY 2014

All numbers in thousands

PERIOD ENDING	FY 2011	FY 2012	FY 2013	FY 2014
Total Revenue	157	487	5,448	4,554
Cost of Revenue	-	971	3,796	3,976
Gross Profit (Loss)	157	(484)	1,652	578
Expenses				
Administrative	1,035	916	1,994	2,117
Sales & Marketing	280	425	979	1,165
R&D	2,444	2,542	2,675	1,591
Amortization Intangible Assets	630	1,147	1,905	1,432
Stock-based Compensation	739	915	1,118	608
Net Loss Applicable To Common Shares	\$4,839	\$6,770	\$7,772	\$6,706

Annual Income Statement FY 2011 – FY 2014. Source: Company Filings



TSX Venture: ENW

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