



Press Release April 29, 2020

## WAVEFRONT ANNOUNCES SECOND QUARTER 2020 FINANCIAL RESULTS

EDMONTON, Alta., April 29, 2020 Wavefront Technology Solutions Inc. (Wavefront or the Company, TSX-V: WEE; OTCQB: WFTSF), an oil field service provider focused on offering the oil and gas industry proprietary, leading edge technology announces its financial results for the second quarter ending February 29, 2020.

An overview of the financial results for the reporting period includes:

- Total revenues for the second quarter ended February 29, 2020 totalled \$706,040 a decrease of \$188,847 from the comparative quarter (i.e., three months ended February 28, 2019) revenues of \$894,887.
- Of the revenues for the reporting quarter, \$525,238 (2019 - \$815,885) relates to Powerwave stimulations, with \$468,823 (2019 - \$683,419) of those revenues being derived from the Middle East. Powerwave stimulation activity in the Middle East was lower than expected due to decreased activities of Wavefront's Distributors related to among other issues: end user budgetary constraints; Distributor field service quality issues resulting in restrictions on the award of well work; and, pricing competition related to competitor services companies providing coiled tubing services at discounted rates in order to obtain market share.
- Revenues from the second quarter ended February 29, 2020 remained relatively flat increasing \$5,355 from those recognized in the first quarter 2020 (i.e., the three months ended November 30, 2019) of \$700,685.
- For the second quarter ended February 29, 2020, general and administrative, sales and marketing, and research and development expenses decreased by \$81,733 (or 9.4%) to \$790,142, compared to \$871,875 in February 28, 2019.
- As at February 29, 2020 the Company fully impaired the \$211,965 of raw materials and consumable inventory recorded within the equipment under construction, under the tools and equipment asset segment to the estimated net realizable value at \$nil.
- The net loss for the second quarter ended February 29, 2020 was \$419,612 (or \$0.005 basic and diluted loss per share), an increase of \$175,789, from the comparative quarter ended February 28, 2019, which reported a net loss of \$243,823 (or \$0.003 basic and diluted loss per share).

Excluding the impairment of the aforementioned inventory of \$211,965, the net loss for the reporting quarter would have been \$207,647 (or \$0.002 basic and diluted loss per share), a decrease of \$36,176 from the comparative quarter, and a decrease of \$37,135 from the prior quarter ended November 30, 2019.

- For the six month period ended February 29, 2020, revenues totalled \$1,406,725 (2019 - \$1,838,640). Of the revenues for the reporting quarter, \$1,221,605 relates to Powerwave stimulations, with \$1,039,968 of those revenues being derived from the Middle East, a decrease of \$296,955 over the comparative period due to various Distributor and end user matters.
- For the six month period ended February 29, 2020, general and administrative, sales and marketing, and research and development expenses decreased by \$157,957 (or 9.0%) to \$1,606,618, compared to \$1,764,575 in February 28, 2019.



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- Revenues for the second quarter and year to date were not as expected and were also negatively impacted as US \$500,000 in potential quarterly revenues related to the General Services Agreement (“GSA”), which was announced on September 9, 2019, were not yet recognized. Revenues were not recognized, at this time, due to unforeseen, circumstances beyond the Company’s control.

Subsequent to the reporting period, and due to the Company’s inability to recognize revenues, the Company and this exploration and production (“E&P”) client have agreed to an amendment to the GSA such that minimum guaranteed aggregate consideration of US \$500,000 per quarter will be suspended during the period of May 1, 2020 to December 1, 2020 (the “Amendment Period”). During the Amendment Period the Company will invoice the client only for work performed. It is hoped that such suspension will allow external events to be corrected thus permitting the Company to properly recognize revenues in future periods. It is the intent of the Company, at this time, to continue, in good faith, to work with executive management of the E&P client to collect all amounts owed but not recognized. Once the Company can recognize revenues, in accordance with IFRS, the Company will accordingly disclose any such recognition.

- Total assets decreased by \$293,330 to \$3,882,634 from the prior year end, the changes of which principally relates to the decrease of \$755,495 in cash and cash equivalents mainly related to cash used from operations as payments from clients were abnormally long; the impairment of \$211,965 of non-current inventory within property, plant and equipment under construction, under the tools and equipment asset segment; and decreases of \$92,225 in other property, plant and equipment, the latter of which relates to the transfer of Powerwave IOR/EOR equipment to inventory for sale and amortization and depreciation charges.

Offsetting the aforementioned decreased were increases in current assets of trade and other receivables of \$418,076, prepaid expenses and other current assets of \$131,249, and inventories of \$14,517. Total assets also increased due to the recognition of right-of-use assets (as required by IFRS 16) as at September 1, 2019 of \$213,005, which was depreciated over the reporting period by \$75,178 and the acquisition of intangible assets of \$66,175 which was depreciated by \$1,459.

- As at April 28, 2020, Wavefront had \$2,178,504 of cash and cash equivalents on hand. Of the cash on hand, Wavefront has \$1,718,290 in high interest savings accounts with an annualized interest rate of and 1.70%. The cash and cash equivalents on hand as at April 28, 2020 increased by \$335,839 since the second quarter ended February 29, 2020.
- As at February 29, 2020, the Company had positive working capital of \$1,924,255 (August 31, 2019 - \$2,486,612). The changes in working capital relates to the net decrease in cash and cash equivalents (i.e., decreasing \$755,495), increases in current liabilities of \$370,704 (i.e., unearned revenue increased by \$74,149, trade accounts payable increased by \$157,032, and lease liabilities increase by \$139,523. Offsetting the aforementioned, were increases in trade and other receivables of \$418,076, prepaid expenses and other current assets of \$131,249, and increases in inventory of \$14,517.

The Company’s working capital of \$1,924,255 (August 31, 2019 - \$2,486,612), is greater than the past twelve months cash used in operations.

Subsequent to the reporting period ended February 29, 2020, the global impact of the of the novel strain of Coronavirus (“COVID-19”), as well as, recent abnormal volatility in spot prices for and over supply of oil has resulted in significant declines in global stock markets and has fostered a great deal of uncertainty as to the health of the global economy over the next 12 to 18 months.



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Wavefront is subject to liquidity risks in maintaining its revenues and earnings, as well as, cash flows and financial condition. These factors, amongst others, are likely to have a negative impact on the Company's ability to raise equity and/or obtain loans and other credit facilities in the future or on terms favourable to the Company.

The Company is directly or indirectly involved in providing goods and services to the oil and gas sector, which will be affected by the impact of COVID-19 Virus, as well as, other economic factors impacting the oil and gas sector. These subsequent non-adjusting conditions may impact certain accounting judgements and estimates, including the measurement of property and equipment, in subsequent periods.

The above financial highlights should be read in conjunction with the unaudited condensed consolidated interim financial statements and management discussion and analysis of results for Wavefront for the second quarter ended February 29, 2020, which were filed on SEDAR on April 29, 2020.

ON BEHALF OF THE BOARD OF DIRECTORS

**WAVEFRONT TECHNOLOGY SOLUTIONS INC.**

*"D. Brad Paterson" (signed)*

D. Brad Paterson, CFO & Director

**About Wavefront:**

Wavefront is a technology based, oil field service provider, focused on offering the oil and gas industry proprietary, leading edge technology primarily for oil and gas well stimulation and applications related to IOR/EOR recovery. Wavefront publicly trades on the TSX Venture Exchange under the symbol WEE and on the OTCQB under the symbol WFTSF. The Company's website is [www.onthewavefront.com](http://www.onthewavefront.com).

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Cautionary Disclaimer – Forward Looking Statement

Certain statements contained herein regarding Wavefront and its operations constitute "forward-looking statements" within the meaning of Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995. All statements that are not historical facts, including without limitation statements regarding future estimates, plans, objectives, assumptions or expectations or future performance, are "forward-looking statements". In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "believe", "continue" or the negative of these terms or other comparable terminology. We caution that such "forward-looking statements" involve known and unknown risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements. Such factors include fluctuations in the acceptance rates of Wavefront's Powerwave and Primawave Processes, demand for products and services, fluctuations in the market for oil and gas related products and services, the ability of Wavefront to attract and maintain key personnel, technology changes, global political and economic conditions, and other factors that were described in further detail in Wavefront's continuous disclosure filings, available on SEDAR at [www.sedar.com](http://www.sedar.com). Wavefront expressly disclaims any obligation to up-date any "forward-looking statements", other than as required by law.

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