



Press Release July 29, 2020

## WAVEFRONT ANNOUNCES THIRD QUARTER 2020 FINANCIAL RESULTS

EDMONTON, Alta., July 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 third quarter ending May 31, 2020.

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

- Revenues for the third quarter ended May 31, 2020 totalled \$702,259 a decrease of \$129,062 from the comparative quarter (i.e., three months ended May 31, 2019) revenues of \$831,321. Despite the impacts of COVID-19 and the volatile commodity prices during the reporting quarter, revenues from the third quarter remained relatively flat from those recognized in the second quarter 2020 (i.e., the three months ended February 29, 2020) of \$706,040.
- Of the \$702,259 in revenues for the third quarter 2020, \$693,229 relates to Powerwave stimulations compared to \$753,730 in the comparative quarter. Powerwave stimulation revenues for the reporting quarter for the Middle East totalled \$619,289 (2019 - \$605,575).

Powerwave stimulation activity in the Middle East was lower than expected due to decreased activity levels 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.

- General and administrative, sales and marketing, and research and development for the third quarter ended May 31, 2020, declined by \$195,351 or 24.3% to \$609,254, compared to \$804,605 for the quarter ended May 31, 2019.
- Net losses for the third quarter totalled \$16,562 (or \$0.0002 basic and diluted loss per share), a decrease of \$14,618, from the comparative quarter ended May 31, 2019, which reported a net loss of \$31,180 (or \$0.0004 basic and diluted loss per share).

Additionally, the third quarter net loss of \$16,562 was a decrease of \$403,050 from the net losses recognized in the second quarter 2020 (i.e., the three months ended February 29, 2020).

- EBITDA<sup>1</sup> for the third quarter ended May 31, 2020 was \$81,288 (or an EBITDA per share of \$0.0009) compared to an EBITDA \$22,916 (or an EBITDA per share of \$0.0003) for the comparative quarter ended May 30, 2019.
- For the third quarter ended May 31, 2020, the Company was able to generate \$293,637 of cash flows from operations, and a net increase in cash and cash equivalents of \$250,567.
- For the nine month period ended May 31, 2020, revenues totalled \$2,108,984 (2019 - \$2,669,961). Of the revenues for the reporting quarter, \$1,914,833 relates to Powerwave stimulations, with \$1,659,258 of those revenues being derived from the Middle East.

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<sup>1</sup> EBITDA, an acronym for earnings before interest, taxes, depreciation, and amortization, is calculated by adding back all interest, tax, depreciation and amortization to net income. EBITDA is a non-IFRS measure with the most comparable IFRS measure being net income.



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- General and administrative, sales and marketing, and research and development for the nine months ended May 31, 2020, declined by \$353,308 or 13.8% to \$2,215,872, compared to \$2,569,180 for the nine months ended May 31, 2019.
- Total assets decreased by \$440,899 to \$3,735,065 from the prior year end, the changes of which principally relates to the decrease of \$504,928 in cash and cash equivalents mainly attributed to cash used from operations and delayed receipts from client. Other decreases included \$315,858 in property, plant and equipment, which includes \$7,431 related to the transfer of IOR/EOR Powerwave tools to inventory for sale, \$168,530 amortization and depreciation charges, and the impairment of inventory in the amount of \$216,079.

Offsetting the aforementioned decreases were increases in current assets of trade and other receivables of \$174,514, and prepaid expenses and other current assets of \$85,398. 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 \$112,767 and the acquisition of intangible assets of \$66,175 which was depreciated by \$2,703.

- As at May 31, 2020, the Company had positive working capital of \$1,954,817 (August 31, 2019 - \$2,486,612). The changes in working capital relate to the net decreases in cash and cash equivalents (i.e., decreasing \$504,928), increases in current liabilities of \$236,568 (i.e., increases in unearned revenue of \$114,776, increases in trade accounts payable of \$19,696, and increases in current lease liabilities of \$102,096; the latter of which, is related to the adoption of IFRS 16 effective September 1, 2019), and decreases in inventory of \$50,211. Offsetting the aforementioned, were increases in trade and other receivables of \$174,514, and increases in prepaid expenses and other current assets of \$85,398.

In addition to the net increase in cash and cash equivalents of \$250,567 for the reporting quarter, working capital increased by \$30,562 from the prior quarter ended February 29, 2020, which reported working capital of \$1,924,255.

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 third quarter ended May 31, 2020, which were filed on SEDAR on July 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).

**For further information please contact:**

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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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