



WAVEFRONT ANNOUNCES

AUDITED AND FOURTH QUARTER 2018 FINANCIAL RESULTS

EDMONTON, Alta., December 31, 2018 Wavefront Technology Solutions Inc. (Wavefront or the Company, TSX-V: WEE; OTCQX: WFTSF), a global leader in the advancement of dynamic fluid injection technology for oil and gas well stimulation and Improved/Enhanced oil (“IOR/EOR”) recovery announces its audited consolidated financial results for the year and fourth quarter ended August 31, 2018.

The financial highlights for the reporting period are as follows:

- Wavefront’s total revenue amounted to \$3,215,029, an increase of \$1,047,489 or 48.3%; compared to \$2,167,540 in fiscal 2017 and are principally due to increases in Powerwave stimulation revenues, which increased by \$1,526,094 or 119.2% to \$2,805,952. Moreover, the Powerwave stimulation increase was due to increased market penetration of Powerwave stimulations particularly in the Middle East which had the largest revenue impact, increasing by \$1,671,161 or 369.0% to \$2,124,026.
- During the fiscal year 2018, the Company began to see the results of its continuing efforts to establish distribution channels beyond selling directly to exploration and production (“E&Ps”) companies by generating \$2,664,274 in revenue or 82.9% (2017 - \$659,388 in revenue or 30.4%) of revenue through distributor partners beyond the Canadian and USA borders. The move in sales channels has increased gross profit margins¹ in fiscal 2018 were 82.1% (2017 - 68.6%).

By leveraging of Wavefront’s distributor’s reach and focusing on Powerwave stimulation, the Company has also been able to decrease expenses, excluding costs of goods sold and the loss on disposition of property, plant and equipment and inventory of \$258,017 (noted below), by \$1,026,324 from the comparative year.

- Net losses, as a result, for the year ended August 31, 2018 decreased by \$1,919,323 to \$1,790,771 (or net loss per share of \$0.021), compared to the comparative year’s reported net loss of \$3,710,094 (or net loss per share of \$0.044).
- Fourth quarter 2018 gross revenues (i.e., three months ended August 31, 2018) amounted to \$956,626, an increase of \$429,189 or 81.4% from the comparative fourth quarter (i.e., three months ended August 31, 2017) revenues of \$527,437.

Of the revenues for the reporting quarter, \$889,655 relates to Powerwave stimulations, with \$748,460 of those revenues being derived from the Middle East, an increase of \$644,707 or 621.4% over the comparative quarter.

¹ Gross profit margin is calculated by dividing the gross profit by gross revenue. Gross profit is a non-IFRS measure with no comparable IFRS measure



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- Other expenses (i.e., not including costs of goods sold) for the fourth quarter ended August 31, 2018 declined by \$112,566 to \$1,297,290 compared to \$1,409,856 for August 31, 2017. Inclusive in the fourth quarter 2018 expenses was a non-cash, one-time, write-off of \$431,842 against one client's aged accounts over 120 days, which is consistent with applicable accounting standards. The write-off follows an on-going, aggressive, diligent and verifiable action plan by Wavefront Management and Board of Directors for many months to verify and secure payment from a historically valued and reliable Permian Basin-based client for well stimulation work performed by Wavefront and accepted by the client's operations manager.

It is the intent of the Company's Management to continue to aggressively pursue and secure the outstanding amount owing including interest, to Wavefront. Should any receipt of payment occur, Wavefront will record a bad debt recovery, i.e., an expense credit, reversing the bad debt expense, and will accordingly disclose.

- The basic and diluted net income for the fourth quarter, i.e., the three months ended August 31, 2018 was \$497,456 (or \$0.006 income per share), a decrease of \$492,009 from the comparative quarter ended August 31, 2017 which reported a net loss of \$989,465 (or \$0.012 loss per share).

Excluding the non-cash, one-time, bad debt of \$431,842 the adjusted net loss² for the fourth quarter ended August 31, 2018 decreased by \$923,851 or 93.4% to \$65,614 (or \$0.0008 per share), compared to \$989,465 (or \$0.012 per share) for the comparative quarter ended August 31, 2017.

- The adjusted EBITDA loss³ for the fourth quarter ended August 31, 2018 decreased to \$8,257 (\$0.0001 per share) compared to the EBITDA loss of \$870,769 (or \$0.010 per share) for the fourth quarter ended August 31, 2017.
- In the fourth quarter 2018, the Company was able to generate cash flows from operations of \$194,450, an increase of \$605,918 over the comparative quarter. The fourth quarter's cash flows from operations of \$194,450 are also an increase of \$131,163 over that generated in the prior quarter (i.e., three months ended May 31, 2018).
- Total current assets decreased by \$148,733 to \$3,624,848 from the prior year end. Of the net decrease in current assets, \$143,079 relates to increased cash resources, which resulted from the closing of a non-brokered private placement of \$1,302,400 through the issuance of 4,341,333 units of the Company at a price of \$0.30 per unit on July 17, 2018. These increases were offset by cash used in operating activities of \$1,176,064.

² Adjusted net loss is the net loss adding back the non-cash, one-time, bad debt. Adjusted net loss is an additional IFRS measure with the most comparable IFRS measure being net income (loss), whereas adjusted net loss is a non-IFRS term with no comparable measure.

³ Adjusted EBITDA loss is adding back all interest, tax, depreciation and amortization to net loss, and adding back non-cash, one-time, bad debt. EBITDA is an additional IFRS measure with the most comparable IFRS measure being net income (loss), whereas adjusted EBITDA loss is a non-IFRS term with no comparable measure.



- As at August 31, 2018, the Company's working capital⁴ increased to \$2,695,737 (August 31, 2017 - \$2,686,828). As of December 30, 2018, Wavefront had \$2,681,757 of cash and cash equivalents on hand. Of the cash on hand, Wavefront has \$1,783,257 in high interest savings accounts with annualized interest rate ranging between 1.85% and 1.95%.

There was a net increase in working capital³ of \$824,354 from the prior quarter (i.e., the working capital as at May 31, 2018 of \$1,871,383).

The above financial highlights should be read in conjunction with the audited consolidated financial statements, and management discussion and analysis of results for Wavefront for the year and the fourth quarter ended August 31, 2018, which were filed on SEDAR on December 31, 2018.

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 world leader in fluid injection technology for improved/enhanced oil recovery and well stimulation. Wavefront publicly trades on the TSX Venture Exchange under the symbol WEE and on the OTCQX under the symbol WFTSF. The Company's website is 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. Wavefront expressly disclaims any obligation to up-date any "forward-looking statements", other than as required by law.

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⁴ Working capital is calculated by subtracting current liabilities from current assets. Working capital is a non-IFRS measure with no comparable IFRS measure.