Unaudited Condensed Consolidated Interim Financial Statements of

WAVEFRONT TECHNOLOGY SOLUTIONS INC.

Three months ended November 30, 2021 and 2020

TABLE OF CONTENTS

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company is disclosing that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the periods ended November 30, 2021 and 2020.

WAVEFRONT TECHNOLOGY SOLUTIONS INC.
Condensed Consolidated Interim Statements of Financial Position
As at November 30, 2021 and August 31, 2021
(Canadian dollars)
(Unaudited)

	Note	November 30, 2021	August 31, 2021
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 1,468,863	$ 1,201,893
Trade and other receivables		280,078	193,604
Inventories		52,252	52,428
Prepaid expenses and other current assets		137,616	58,855
TOTAL CURRENT ASSETS		1,938,809	1,506,780
NON-CURRENT ASSETS			
Deposits		14,150	14,150
Property, plant and equipment	3	414,164	439,631
Right-of-use assets	4	433,896	459,929
TOTAL ASSETS		$ 2,801,019	$ 2,420,490
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Unearned revenue		56,660	78,041
Trade accounts payable and accrued liabilities		718,125	490,985
Lease liabilities	4	98,457	97,248
TOTAL CURRENT LIABILITIES		873,242	666,274
NON-CURRENT LIABILITIES			
Other accrued liabilities	4	18,785	20,268
Lease liabilities	4	373,409	398,481
TOTAL LIABILITIES		1,265,436	1,085,023
SHAREHOLDERS' EQUITY			
Share capital	5 b	68,383,516	67,299,083
Warrants	5 c	67,737	467,716
Contributed surplus	5 e	9,550,342	9,463,336
Accumulated other comprehensive income		567,308	565,366
Deficit		(77,033,320)	(76,460,034)
		1,535,583	1,335,467
		$ 2,801,019	$ 2,420,490

Going concern 2

The accompanying notes are an integral part of these condensed consolidated interim financial statements

WAVEFRONT TECHNOLOGY SOLUTIONS INC.
Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss
Three month periods ended November 30, 2021 and 2020
(Canadian dollars)
(Unaudited)

	Note	November 30, 2021	November 30, 2020
Revenue		$ 427,631	$ 445,760
Cost of sales		21,993	18,442
Gross Profit		405,638	427,318
General and administrative		723,056	601,943
Sales and marketing		198,973	115,257
Amortization and depreciation	3, 4, 5	52,273	78,289
Research and development		15,175	39,004
		989,477	834,493
OPERATING LOSS		(583,839)	(407,175)
OTHER INCOME (EXPENSES)			
Financing costs		(6,482)	(1,458)
Government grants	6	15,269	49,643
Financing income		729	9,894
Foreign exchange gain		1,037	1,576
		10,553	59,655
NET LOSS		(573,286)	(347,520)
OTHER COMPREHENSIVE INCOME GAIN (LOSS)			
Items that may be reclassified subsequently to net loss			
Translation gain (loss) on foreign operations		1,942	(304)
COMPREHENSIVE LOSS		$ (571,344)	$ (347,824)
WEIGHTED AVERAGE NUMBER OF SHARES			
Basic and diluted	7	88,434,782	87,572,573
LOSS PER COMMON SHARE			
Basic and diluted	7	$ (0.006)	$ (0.004)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

WAVEFRONT TECHNOLOGY SOLUTIONS INC.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
Three month periods ended November 30, 2021 and 2020
(Canadian dollars)
(Unaudited)

	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive (loss) income	Deficit	Total
Balance at August 31, 2020	67,299,083	467,716	9,414,471	567,152	(75,085,677)	$ 2,662,745
Net Loss	-	-	-	-	(347,520)	(347,520)
Translation loss on foreign operations	-	-	-	(304)	-	(304)
Balance at November 30, 2020	67,299,083	467,716	9,414,471	566,848	(75,433,197)	2,314,921
Net Income	-	-	-	-	(1,026,837)	(1,026,837)
Translation loss on foreign operations	-	-	-	(1,482)	-	(1,482)
Recognition of share-based payments	-	-	48,865	-	-	48,865
Balance at August 31, 2021	67,299,083	467,716	9,463,336	565,366	(76,460,034)	1,335,467
Net Loss	-	-	-	-	(573,286)	(573,286)
Translation gain on foreign operations	-	-	-	1,942	-	1,942
Exercise of share purchase warrants	1,054,806	(370,352)	-	-	-	684,454
Expiry of share purchase warrants	29,627	(29,627)	-	-	-	-
Recognition of share-based payments	-	-	87,006	-	-	87,006
Balance at November 30, 2021	$ 68,383,516	$ 67,737	$ 9,550,342	$ 567,308	$ (77,033,320)	$ 1,535,583

The accompanying notes are an integral part of these condensed consolidated interim financial statements

WAVEFRONT TECHNOLOGY SOLUTIONS INC.
Condensed Consolidated Interim Statements of Cash Flows
Three month periods ended November 30, 2021 and 2020
(Canadian dollars)
(Unaudited)

	Note	November 30, 2021	November 30, 2020
OPERATING ACTIVITIES			
Net loss		$ (573,286)	$ (347,520)
Changes to net loss not involving cash			
Share-based payments	5 d	87,006	-
Amortization and depreciation	3, 4	52,273	78,289
Loss on disposal of property, plant and equipment		1,546	-
Impact of foreign translation		(455)	936
Interest expense		(6,482)	(1,458)
Changes to working capital			
Change in trade and other payables		225,658	102,464
Interest paid		6,482	1,458
Change in inventory		176	14,330
Change in unearned revenue		(21,381)	27,584
Change in prepaid expenses		(78,761)	(91,404)
Change in trade and other receivables		(86,474)	124,464
Cash used in operating activities		(393,698)	(90,857)
FINANCING ACTIVITIES			
Payment for the principal portion of lease liability	4	(23,864)	(38,363)
Net proceeds from share purchase warrant exercise		684,454	-
Cash used in financing activities		660,590	(38,363)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(2,026)	(9,721)
Cash used in investing activities		(2,026)	(9,721)
Foreign exchange gain (loss) on cash held in foreign currency		2,104	(1,084)
NET DECREASE IN CASH AND CASH EQUIVALENTS		266,970	(140,025)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		1,201,893	1,817,671
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 1,468,863	$ 1,677,646
CASH AND CASH EQUIVALENTS			
Cash denominated in CDN		$ 1,269,733	$ 1,426,871
Cash denominated in USD		155,668	193,425
Foreign currency translation amount		43,462	57,350
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 1,468,863	$ 1,677,646

The accompanying notes are an integral part of these condensed consolidated interim financial statements

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Wavefront Technology Solutions Inc.'s ("Wavefront" or the "Company") is a technology service provider offering the oil and gas industry revolutionary technologies that optimize oil and gas well stimulation, workovers and cleanouts, and applications related to Improved/Enhanced Oil ("IOR/EOR") recovery, marketed under the brand name, "Powerwave^{TM}". Wavefront operates in the global marketplace dealing directly with E&P companies, and through a network of international distributors and agents.

The Company is incorporated under the Canada Business Corporations Act. Its shares are listed on the TSX Venture Exchange under the symbol of WEE, and also trades on the OTCQB International under the symbol of WFTSF.

The address of the registered head office of the Company is 5621 – 70 Street NW, Edmonton, Alberta. The Company is domiciled in Canada.

2. STATEMENT OF COMPLIANCE AND GOING CONCERN

a) Statement of compliance

These unaudited condensed consolidated interim financial statements (the "Financial Statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies under International Financial Reporting Standards ("IFRS") for interim financial information. These Financial Statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements for the fiscal year ended August 31, 2021.

These Financial Statements were approved for issue on January 26, 2022.

b) Principles of consolidation

These unaudited condensed consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company (its wholly owned subsidiary, Wavefront Technology Solutions USA Inc.). Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. Although the Company is domiciled in Canada, the Company's principal focus is on international operations, and as such revenue generation is mainly outside Canada. Revenues derived in Canada for the three months ended November 30, 2021 and 2020 was $nil.

The financial statements of the subsidiary are included in the unaudited condensed consolidated financial statements from the date that control commences until the date that control ceases.

All subsidiary companies are wholly owned and inter-company transactions, balances, revenues and expenses, and unrealized gains and losses have been eliminated on consolidation.

Unearned revenue, which was included in the contract liability balance at the beginning of the fiscal year, that was recognized in the three months ended November 30, 2021 was $51,118 (2020 - $nil).

c) Going concern

These Financial Statements were prepared on a going concern basis. The going concern basis of accounting assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

At November 30, 2021, the Company had yet to achieve profitable operations, had an accumulated deficit of $77,033,320 (August 31, 2021 - $76,460,034), and for the quarter year ended November 30, 2021 had a net loss of $573,286 (November 30, 2020 - $347,520) and cash used in operations totaled $393,698 (November 30, 2020 – cash used in operations of $90,857). It is unclear whether and when the Company can obtain profitability and positive cash flows from operations. These events and conditions form a material uncertainty that may raise significant doubt regarding the Company's ability to continue as a going concern.

The Company currently has a working capital of $1,065,567 (August 31, 2021 - $840,506).

Although the Company has commenced certain expenditure curtailment to reduce monthly cash consumption, the Company, in accordance with its strategic plan, is currently consuming cash resources at a rate in excess of its operational cash inflow. As such, the Company's ability to continue as a going concern is dependent on obtaining additional capital investment, the realization of assets, the further achievement of successful commercialization of its technologies and the improvement of cash flows from operations. Note 8 provides a more detailed description of the liquidity risk. During the reporting period the Company secured a $12,000,000 equity facility ("Facility"), which has yet to be drawn down. There can be no assurance that the Facility may not be cancelled or that the Company will be successful in raising additional capital, realizing assets, discharging liabilities or generating sufficient cash flows from operations to continue as a going concern.

These Financial Statements do not reflect the adjustments that might be necessary to the carrying amount of the reported assets, liabilities, revenues and expenses, and balance sheet classifications used if the Company was unable to continue operations in accordance with this assumption. Such adjustments may be material.

d) New standards issued but not yet adopted

The following are the standards, amendments, and interpretations that the Company reasonably expects to be applicable at a future date and intends to adopt when they become effective. The Company is currently considering the impact of adopting these standards, amendments, and interpretations on its consolidated financial statements and cannot reasonably estimate the effect at this time, unless specifically mentioned below.

(i) In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1, *First-time Adoption of International Financial Reporting Standards*). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted.

(ii) In May 2020, the IASB issued *Onerous Contracts-Cost of Fulfilling a Contract* (Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments clarify which costs to include in assessing whether a contract is onerous. The amendments are effective January 1, 2022, with earlier application permitted.

(iii) In February 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, *Changes in Accounting Estimates and Errors*). The amendments define accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies. The amendments are effective for annual reporting periods beginning or after January 1, 2023, with earlier application permitted.

(iv) In February 2021, the IASB issued Disclosure of Accounting Policies (Amendments to IAS 1, *Presentation of Financial Statements*, and IFRS Practice Statement 2). The amendments provide guidance to help entities disclose the material (previously "significant") accounting policies. The amendments are effective for annual reporting periods beginning or after January 1, 2023, with earlier adoption permitted.

(v) In April 2021, the IFRS Interpretations Committee ("IFRIC") issued an agenda decision on the treatment of configuration and customization costs associated with cloud computing arrangements where the underlying software is not recognized as an intangible asset. The decision concluded that these costs may be capitalized as a separate intangible asset if they meet both the definition of an intangible asset and the recognition criteria in IAS 38, *Intangible Assets*. When these costs do not qualify for separate recognition as an intangible asset and not distinct from the software, these costs are expensed over the term of the software contract as provided.

(Canadian dollars)

(vi) In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12, *Income Taxes*). The amendments narrow the scope of the recognition exemption so that companies would be required to recognize deferred tax for transactions that give rise to equal amounts of taxable and deductible temporary differences, such as leases. The amendments are effective for annual reporting periods beginning or after January 1, 2023, with earlier adoption permitted, applied retroactively.

The Company is currently considering the impact of adopting these standards, amendments, and interpretations on its consolidated financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

As at November 30, 2021	Tools and equipment	Computer, automotive and office equipment	Leasehold improvements	Total
Cost				
Balance at August 31, 2021	$ 3,308,557	$ 727,830	$ 620,807	$ 4,657,194
Additions	-	2,026	-	2,026
Disposals	(7,025)	-	-	(7,025)
Impact of foreign translation	2,686	1,720	-	4,406
Balance at November 30, 2021	3,304,218	731,575	620,807	4,656,600
Accumulated depreciation				
Balance at August 31, 2021	(2,921,424)	(701,796)	(594,343)	(4,217,563)
Depreciation	(23,120)	(1,636)	(1,483)	(26,239)
Disposals	5,479	-	-	5,479
Impact of foreign translation	(2,446)	(1,667)	-	(4,113)
Balance at November 30, 2021	(2,941,511)	(705,099)	(595,826)	(4,242,436)
Net book value				
Balance at November 30, 2021	$ 362,707	$ 26,476	$ 24,981	$ 414,164

Depreciation expense on property, plant and equipment for the three months ended November 30, 2021 was $26,239 (November 30, 2020 - $39,470). The net loss of $1,546 (2021 - $nil) on disposal of Powerwave tools was recorded to costs of goods sold in the Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss.

As at November 30, 2021 property, plant and equipment includes tools and equipment under construction, with a recorded value of $182 (August 31, 2021 - $ nil) that was not being depreciated.

(Canadian dollars)

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company's leases consist of a lease for its office and warehouse space, and various short-term and/or low value leases for other equipment, such as cellular phones and office equipment.

The Company leases a building for its office and warehouse space in Edmonton, Alberta. In a previous reporting period, the Company entered into a new lease for a period of five years commencing February 1, 2021. The building lease does not include a lease extension option.

The Company reassesses leases when a significant event or a significant change in circumstances within the Company's control has occurred.

	Right-of-use asset	Lease liability
	Building	Total
As at August 31, 2021	$ 459,929	$ (495,729)
Additions	-	-
Depreciation	(26,033)	-
Payment	-	23,864
As at November 30, 2021	$ 433,896	$ (471,865)

Amounts recognized in the condensed consolidated interim statement of net loss and comprehensive loss	Three months ended November 30, 2021
Depreciation expense on right-of-use asset	$ 26,033
Interest expense on lease liabilities	6,036
Expense related to variable lease payments not included in the measurement of the lease liability	14,739
Expense related to leases of low value assets	3,620
Expense related to leases of short-term leases	-
Total	$ 50,428

Variable lease payments include operating and maintenance expenses, property taxes, and other variable costs. The estimated balance of future variable lease payments is estimated to approximate $245,649. Overall, the variable payments constitute up to 32.0% of the Company's entire lease payments.

(Canadian dollars)

Amounts recognized in consolidated statements of cash flows		Three months ended November 30, 2021
Cash payments for interest portion of lease liabilities	$	6,036
Cash payments for leases not included in measurement of lease liability		14,739
Cash outflows in operating activities		20,775
Cash payments for the principal portion of lease liabilities		23,864
Cash outflows in financing activities		23,864
Total cash outflows for leases	$	44,639

The Company also leases cellular telephone and other equipment with terms of three years or shorter. These leases are generally short-term or for low-value assets that the Company has elected not to recognize in the right-of-use assets and lease liabilities.

5. SHARE CAPITAL

The Company's authorized and issued share capital is as follows:

a) Authorized share capital

Unlimited common shares without par value.

b) Issued common shares

The Company's issued share capital is as follows:

The changes in the Company's outstanding common shares were as follows:

	November 30, 2021		
	Number		Stated capital
Balance, beginning of period	87,572,573	$	67,299,083
Warrants exercised[(1)]	3,437,592		1,054,806
Expiry of $0.20 Warrants[(1)]	-		29,627
Balance, end of period	91,010,165	$	68,383,516

(Canadian dollars)

(i) During the reporting period ended November 30, 2021, 3,437,592 share purchase warrants exercisable at $0.20 were exercised into an equal number of common shares, for gross proceeds of $687,518, with 275,000 share purchase warrants exercisable at $0.20 expired unexercised as at November 25, 2021.

c) *Share purchase warrants*

	Number		Amount		Weighted average exercise price
Balance, August 31, 2021	4,341,333	$	467,716	$	0.24
Exercises	(3,437,592)		(370,352)		(0.20)
Expiry	(275,000)		(29,627)		(0.20)
Balance, November 30, 2021	628,741	$	67,737	$	0.45

(i) As part of the Private Placement in fiscal 2018, subscribers received 4,341,333 Warrants ("Warrants"), with each Warrant being exercisable for one common share of the Company at an exercise price of $0.45 for a period of 12 months after the closing date, expiring July 17, 2019; provided that, commencing on the date that is four months and one day after the closing of the Offering, if the volume weighted average trading price of a common share on the Exchange is at a price equal to or greater than $0.65 for a period of more than 20 consecutive trading days.

(ii) During the year ended August 31, 2019, the Company extended the Warrants term by one year, such that their expiry is July 17, 2020. All other terms of the Warrants remained the same.

During the fiscal ended August 31, 2020, the Company elected to further extend the term of the 4,341,333 Warrants one additional year to July 17, 2021, and to decrease the exercise price of 3,712,592 of those Warrants from $0.45 to $0.20 per share. In accordance with TSX Venture Exchange ("TSX-V") policies re-priced insider Warrants were restricted to 10% of the re-priced Warrants; and thus, the remaining 628,741 warrants had no reduction in exercise price.

Consistent with the TSX-V policies, the amended Warrants that are repriced will include an accelerated expiry clause such that their exercise period will be reduced to 30 days if, for any ten consecutive trading days during their unexpired term, the closing trading price of the common shares of the Company exceeds $0.25 per share.

(iii) During the fiscal ended August 31, 2021, the Company elected to further extend the term of the 4,341,333 Warrants for one more additional year to July 17, 2022. All other terms of the Warrants remained the same.

(iv) During the reporting period ended November 30, 2021, the Company announced that a Triggering Event has occurred in relation to the 3,712,592 share purchase warrants exercisable at $0.20, as originally issued by the Company on July 17, 2018. The Triggering Event, resulting from the 10-day closing price of the common shares of the Company, as traded on the TSX Venture Exchange exceeding $0.20 per common share, and thus, the expiry date of the 3,712,592 share purchase warrants exercisable at $0.20 was no longer July 17, 2022 but November 25, 2021.

(Canadian dollars)

During the reporting period ended November 30, 2021, 3,437,592 share purchase warrants exercisable at $0.20 were exercised into an equal number of common shares, for net proceeds of $684,454, with 275,000 share purchase warrants exercisable at $0.20 expired unexercised as at November 25, 2021.

d) Stock-based compensation plan

The Company maintains an Employee, Director, Officer and Consultant Stock Option Plan under which the Company may grant incentive stock options for up to 10,771,558 shares of the Company at an exercise price not be less than the “Discounted Market Price” (as defined in the policies of the TSX Venture Exchange), provided that the exercise price shall not be less than $0.05 per share. All stock options awarded are exercisable for a period of up to ten years and vest, at a minimum, in equal tranches at three-month intervals over a period of eighteen months.

Movements in stock options during the period

A summary of the status of the Company’s Stock Option Plan is presented below:

	November 30, 2021	
	Number	Weighted average exercise price
Outstanding, beginning of period	2,800,000	$ 0.22
Granted	1,800,000	0.17
Outstanding, end of period	4,600,000	$ 0.20

Of the 1,800,000 stock options that were issued during the reporting period ended November 30, 2021, 1,200,000 were issued to Directors and Officers of the Company.

Fair value of stock options granted during the period

The fair value for the compensation costs of stock options issued to both employees and non-employees were calculated using the Black-Scholes option pricing model resulting in an additional charge to general and administrative expense with a corresponding increase in share-based payment reserve.

During the three months ended November 30, 2021, the Company incurred $87,006 (November 30, 2020 - $nil) in compensation expense relating to outstanding stock options.

(Canadian dollars)

e) Contributed surplus

		November 30, 2021
Balance, beginning of period	$	9,463,336
Share-based payments		87,006
Balance, end of period	$	9,550,342

6. GOVERNMENT ASSISTANCE

In response to the World Health Organization declared coronavirus (“COVID-19”) pandemic, governments have established various programs to assist companies through this period of uncertainty, like the implementation of the Canada Emergency Wage Subsidy (“CEWS”) and Canada Emergency Rent Subsidy (“CERS”) programs. The Company recorded a non-refundable contribution under CEWS program for an amount of $15,269 (November 30, 2020 - $49,643), with $nil included in accounts receivable (August 31, 2021 - $22,598).

7. LOSS PER SHARE

The weighted average number of common shares outstanding for basic and diluted loss per share is 88,434,782 (November 30, 2020 – 87,572,573).

In determining diluted loss per share, the weighted average number of shares outstanding for the period ended November 30, 2021 excluded 3,157,993 (November 30, 2020 – nil) for stock options and share purchase warrants eligible for exercise where the average market price of the common shares for the year exceeds the exercise price because the result was anti-dilutive in both periods.

8. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

The Company has classified its financial instruments as follows:

	November 30, 2021	August 31, 2021
Financial assets		
Cash and cash equivalents	$ 1,468,863	$ 1,201,893
Trade and other receivables	280,078	193,604
Deposits	14,150	14,150
Financial liabilities		
Unearned revenue	56,660	78,041
Trade accounts payable and accrued liabilities	718,125	490,985

b) Foreign currency risk

The following table provides an indication of the Company's exposure to changes in the value of the U.S. dollar relative to the Canadian dollar as at and for the periods ended November 30, 2021 and August 31, 2021. The analysis is based on financial assets and liabilities denominated in U.S. dollars at the statement of financial position date ("statement of financial position exposure"), and U.S. dollar denominated revenue and operating expenses during the year ("operating exposure").

	November 30, 2021 U.S. Dollars	August 31, 2021 U.S. Dollars
Financial assets		
Cash and cash equivalents	$ 155,667	$ 263,089
Trade and other receivables	206,987	125,795
Financial liabilities		
Unearned revenue	(46,559)	(71,026)
Trade accounts payable and accrued liabilities	(161,823)	(93,134)
Net statement of financial position exposure	154,272	224,724

Based on the Company's foreign currency exposure, as noted above, with other variables unchanged, a 5% change in the Canadian dollar against the US dollar as at November 30, 2021 would have impacted the comprehensive net loss by $7,714 (August 31, 2021 - $11,236).

(Canadian dollars)

c) Credit risk

Assets that subject the Company to credit risk consist primarily of cash and cash equivalents, trade and other receivables, and, if applicable, any indemnifications. The Company applies the simplified approach to trade and other receivables and recognizes a loss allowance provision based on lifetime expected credit losses ("ECLs"). The loss provision is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. The loss provision is included in administrative costs in the Financial Statements and is net of any recoveries that were provided for in a prior period.

Trade receivables are included in trade and other receivables on the statements of financial position and consist of the following:

	November 30, 2021	August 31, 2021
Trade and other receivables		
Current	$ 212,904	$ 143,468
Past due but not impaired		
Aged between 31 - 90 days	13,592	19,197
Aged between 91 - 120 days	43,973	31,543
Aged greater than 121 days	10,712	-
Total trade and other receivables	281,181	194,208
Allowance for doubtful accounts	(1,103)	(604)
	$ 280,078	$ 193,604

Reconciliation of allowance for doubtful accounts:

	November 30, 2021	August 31, 2021
Balance, beginning of period	$ 604	$ 1,761
Increase in allowance	481	604
Net of write-offs and recoveries	-	(1,761)
Impact of foreign exchange	18	-
Balance, end of period	$ 1,103	$ 604

(Canadian dollars)

The maximum exposure to credit risk at the reporting date by geographical region was (carrying amount):

	November 30, 2021	August 31, 2021
North America	$ 108,648	$ 108,728
Middle East	163,115	84,876
Other International	8,315	-
	$ 280,078	$ 193,604

d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities as they become due. The Company manages liquidity risk through various sources, including cash generated from operations, cash management and by monitoring forecasted cash flows.

The timing of undiscounted cash flows of financial liabilities based on the earliest date on which the Company may be required to pay is outlined below.

	0 to 3 months	4 to 12 months	Year 2	Years 3 to 5	After 5 years
Contractual commitments	$ 31,113	$ -	$ -	$ -	$ -
Trade accounts payable and accrued liabilities	190,767	527,359	-	-	-
Commitments and variable lease payments[i]	14,884	44,652	59,537	128,995	-
Lease liabilities[i]	29,900	89,700	124,475	278,308	-
	$ 266,664	$ 661,711	$ 184,012	$ 407,303	$ -

i) The Company entered into a new lease for a period of five years commencing February 1, 2021. For the balance of the term of the new five-year lease, the total estimated commitments and variable lease payments are estimated to be $245,649, with the future lease liabilities estimated at $522,383. The new lease commitments are included in the above table.

The continued impact of COVID-19 and current Omicron variant has impacted the Company access to oil fields in many geographic locations in which the Company operates. Additionally various end users or clients continue to be impacted by COVID-19 in that their supply chains (i.e., acid manufacturing and availability, coiled tubing and rig parts and availability, etc.) have created additional delays. Wavefront, however, has not been materially directly impacted by supply chain issues related to Powerwave tool development or deployment. The timeframe to gain access and the resolution of end user or client supply chain issues is currently unknown.

(Canadian dollars)

These factors, amongst others, are likely to have a negative impact on the Company's credit and liquidity risks, as well as, maintaining revenues and earnings, cash flows, and Wavefront's financial condition.

9. SEGMENTED INFORMATION

The Company is an oil field service provider and operates with one reportable segment that covers all aspects of the Company's business.

Wavefront considers the basis on which it is organized, including the economic characteristics and geographic areas, in identifying its reportable segment. The operating segment(s) of the Company is defined as component(s) of the Company for which separate financial information is available and is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. The chief operating decision maker of the Company is the President and Chief Executive Officer. The Company has one group of similar products due to having a similar underlying technology, class of customers, and economic characteristics.

Geographic information

	Revenue		Assets	
	November 30, 2021	November 30, 2020	November 30, 2021	August 31, 2021
North America	$ 51,655	$ 53,128	$ 2,471,679	$ 2,164,339
Middle East	307,042	383,393	316,387	243,420
Other International	68,934	9,239	12,953	12,731
	$ 427,631	$ 445,760	$ 2,801,019	$ 2,420,490

For its geographic segments, the Company has allocated assets based on their physical location and revenue based on the location of the customer. Of the revenues recognized for the three months ended November 30, 2021 in the Middle East, revenues of $283,920 (November 30, 2020 - $292,357) were derived from Kuwait; whereas of the revenues recognized in North America, $51,655 (November 30, 2020 - $53,128) were derived from the United States of America, and of the revenues recognized in Other International regions, $29,348 (November 30, 2020 - $nil) were derived from the Romania.

Significant customers

Sales in the three-month period ended November 30, 2021 from the top three customers amounted to $283,920, $34,260 and $29,348, which represented 66.4%, 8.0% and 7.2%, respectively, of total revenue. Sales in the three-month period ended November 30, 2020, from the top three customers amounted to $292,357, $65,273 and $27,990, which represented 65.6%, 14.6% and 6.3%, respectively, of total revenue.