

Pioneering Technology Reports 2019 Q3 Financial Results - Corrected

MISSISSAUGA, ON, Aug. 30, 2019 /CNW/ - Pioneering Technology Corp. (**TSXV: PTE**), ("**Pioneering**" or the "**Company**"), a technology company and North America's leader in cooking fire prevention technology and products reports today its unaudited financial results for the third quarter ended June 30, 2019. Pioneering's unaudited condensed interim financial statements and MD&A are available on SEDAR (www.sedar.com).

Financial Highlights:

- Revenue in Q3 increased 20% vs. previous year and is down 19% year to date.
- Net loss in Q3 was (\$747,328) vs. (\$1,105,202) during the same quarter year ago
- Adjusted EBITDA in Q3 was (\$348,112) versus (\$765,666) in Q3 2018
- Gross profit margins remain strong at 54%.
- The Company experienced a loss of \$0.01 per share during the quarter.
- Balance sheet remains strong

After experiencing profitability and 50% year-over-year revenue growth in three consecutive fiscal years (2015, 2016 and 2017), the Company's financial performance declined in fiscal 2018 and the start of fiscal 2019 due to a number of factors, including: longer than normal sales cycles related to its transition from a direct sales model to a distributor model; investments in people, research and marketing; and the impact of activities by former executives/contractors of the Company whose employment was terminated in January 2019 as a result of the Company's discovery of a plan to create a competitive business that began as early as October 2017 (see Pioneering press release dated January 23, 2019).

The Company is addressing these recent challenges head on to help stabilize the business and improve its financial results. During the first three quarters of 2019, revenue increased 7%, expenses decreased by 21% and the net loss has improved 41% vs. the previous three quarters. Adjusted EBITDA is also trending in the right direction with a 45% improvement vs. the previous three quarters.

The Company currently has approximately \$4.4 million in fully paid inventory available on hand; sales of this inventory will accordingly positively impact short term cash flow. As revenue continues to recover behind investments in sales and marketing and building our distribution network, the Company intends to continue to manage its expenses with a view to returning to profitability as soon as possible.

Selected Financial Highlights for the Three & Nine Months Ended June 30, 2019 & 2018:

	Three Months Ended June 30 2019	Three Months Ended June 30 2018	Nine Months Ended June 30 2019	Nine Months Ended June 30 2018
Revenue	1,013,362	844,706	3,201,780	3,968,863
Total comprehensive income (loss) †	(831,399)	(929,614)	(1,857,520)	(1,302,680)
Total comprehensive income per share †	(0.01)	(0.02)	(0.03)	(0.02)
Adjusted EBITDA #	(348,112)	(765,666)	(1,184,219)	(1,389,529)
Total assets	9,491,336	11,704,831	9,491,336	11,704,831
Financial liabilities †	1,354,627	421,376	1,354,627	421,376

† Includes non-cash items (fair value movement/derivative liability of warrants). See the MD&A for further explanation.

Adjusted EBITDA is a non-GAAP measure. See "Non-GAAP Measures" below for further explanation.

Q3 2019 Business Highlights

Strong Balance Sheet: As at June 30, 2019, the Company had no debt, approximately \$2.5 million in cash and short-term investments and total current assets of approximately \$7.4 million. The Company currently has significant fully paid inventory on hand, most of which was purchased prior to the implementation of U.S. government tariffs. The Company expects that this inventory will allow it to meet current demand for the next several months and maintain current gross profit margins.

Focused Strategic Sales Management Activities: In working with Focus Sales Mgmt., (a professional B2B sales consultancy) to support its distributor network, the Company has simplified its sales organization structure to align the sales team with specific distributors and territories. This change allows the sales team to engage with distributors more consistently in order to cultivate relationships and identify major sales opportunities with their customer base, which the Company expects will drive revenue growth. The Company is also currently completing an executive search for a new Vice-President, Sales and expects to have the new person in place for the beginning of its new fiscal year or shortly thereafter. The Company believes the addition of a seasoned sales professional in the VP Sales role will significantly increase the effectiveness of its sales organization and distributor network.

Distributor Partnership Activities: As part of its strategy to engage with distributors more frequently, the Company participates in HD Supply's "Maintenance Mania" event and will continue to do so in 2020. This event gives the Company's sales organization direct access to key senior sales personnel at HD Supply across the U.S. who can facilitate product introductions to their key customers and enable trials and demonstrations of the Company's products. The Company has also begun participating in annual catalogues and sales conferences at HD Supply, Home Depot Pro and Chadwell. It expects that these relationships will further drive product awareness and end-customer sales opportunities. The Company is negotiating two new significant distributor relationships and expects to make a further announcement on these two new relationships shortly.

Current Marketing and Advertising Activities: The Company has invested in B2B advertising and awareness building to drive end-customer awareness for the SmartBurner, SmartRange and Safe-T-sensor products. The Company expects this investment to increase commercial traffic to its web site and increase B2B sales leads. This advertising investment targets customers in the Company's key B2B channels and is coordinated with the Company's other awareness building and lead generation activities.

Retail After Market Applications: The Company is tactically investing in the consumer retail channel to better understand how to effectively and cost efficiently build awareness and drive sales in this channel. Retail sales at Best Buy USA to date have shown promise and the Company will continue to invest with Best Buy to build awareness and drive consumers to point of purchase. Once required sales thresholds are met the Company will pursue increasing its points of distribution for the SmartBurner product. The Company is currently pursuing other larger retail opportunities for the aftermarket.

About Pioneering Technology Corp.: Pioneering Technology is an "energy smart" technology company and North America's leader in innovative cooking fire prevention technologies and products. Our mission is simple: To help save lives and property from the number one cause of household fire – cooking fires. We do this by engineering and bringing to market energy-smart solutions that make consumer appliances safer, smarter, and more efficient. Our patented cooking-fire prevention products address the multi-billion-dollar problem of cooking fires. According to the National Fire Protection Association, stovetop cooking is the number one cause of household fire and fire injuries in North America. Pioneering's patented temperature limiting control (TLC) technology has now installed over 300,000 multi-residential housing units across North America without a single cooking fire being reported, delivering peace of mind and a solid return on investment for its customers. Pioneering's proprietary cooking fire prevention solutions include Safe-T-element, SmartBurner,

RangeMinder & Safe-T-sensor and are suitable for the majority of the more than 140 million stoves/ranges and over 140 million microwave ovens in use throughout North America. For more information, visit www.pioneeringtech.com.

Forward Looking Statements

The statements made in this press release include forward-looking statements that involve a number of risks and uncertainties. These statements relate to future events or future performance and reflect management's current expectations and assumptions. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements, such as the economy, generally, competition in Pioneering's target markets, the demand for Pioneering's products, the availability of funding and the efficacy of Pioneering's technology and governmental regulation. These forward-looking statements are made as of the date hereof and, except as required by applicable law, Pioneering does not assume any obligation to update or revise them to reflect new events or circumstances. Actual events or results could differ materially from Pioneering's expectations and projections.

Non-IFRS Measures

Adjusted EBITDA is a measure not recognized under International Financial Reporting Standards ("IFRS"). However, management of Pioneering believes that most shareholders, creditors, other stakeholders and investment analysts prefer to have these measures included as reported measures of operating performance, a proxy for cash flow, and to facilitate valuation analysis. Adjusted EBITDA is defined as earnings before interest income, taxes, depreciation and amortization, impairment losses, stock-based compensation, restructuring costs included in general and administration expense, fair value movement – derivative liability and other non-recurring gains or losses including transaction costs related to acquisition. Management believes Adjusted EBITDA is a useful measure that facilitates period-to-period operating comparisons. Adjusted EBITDA does not have any standard meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Readers are cautioned that Adjusted EBITDA is not an alternative to measures determined in accordance with IFRS and should not, on its own, be construed as indicators of performance, cash flow or profitability. References to the Pioneering's Adjusted EBITDA should be read in conjunction with the financial statements and management's discussion and analysis of Pioneering posted on SEDAR (www.sedar.com). For a reconciliation of Adjusted EBITDA as presented by Pioneering to net income, please refer to Pioneering's management's discussion and analysis.

This news release contains certain forward-looking statements reflecting the Company's current views or expectations on its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions. Actual results and events may vary significantly.

The TSX Venture Exchange Inc. has not reviewed and does not accept responsibility for the adequacy and accuracy of this release.

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