



June 16, 2022

Dear WaveDancer Shareholders:

I hope this letter finds you well. I'm writing to provide you with an update on the Company's current operations and our plans. It won't come as news to anyone that WaveDancer has been affected as much (or more) than many technology companies by the rapid and severe correction in the markets. Just 60 days ago our stock was trading at over \$5 per share. As of this writing it is trading at \$1.70 per share.

Last week, the Company publicly announced that we are not going to proceed with plans to acquire Knowmadics. We negotiated the transaction last fall for a purchase price of \$90 million. The unfortunate timing had us trying to raise capital at precisely the moment the capital markets went into a freefall. It eventually became clear to us that the markets no longer believed Knowmadics was worth \$90 million, which made capital raising on any reasonable terms impossible. I have wished the talented team at Knowmadics well and hope to partner with them in the future.

Amidst the turbulence in the capital markets, it has become abundantly clear that valuations will be driven by earnings rather than top line growth. Consequently, we will prioritize profitability in the short-term and take a longer-term approach to our overall strategy. Part of the capital raise we had planned in the Knowmadics transaction included approximately \$7 million for working capital to get the combined company to profitability. Having terminated the Knowmadics transaction, and with the market mandate for profitability in mind, I intend to deviate slightly from our transformation strategy by investing in the growth of our services business by making one or more small but immediately accretive acquisitions. I believe this course correction will result in short, mid, and long-term shareholder value.

In more positive news, we are close to achieving a major milestone with our secure supply chain technology and just received word that one of our major contracts was extended. Our efforts to bring our technology to the broader commercial markets are gaining momentum and as noted, we have several acquisition prospects.

Finally, for investors who participated in the private placement in December 2021, our counsel has notified the Company's Transfer Agent, Direct Transfer, that the purchasers in the private placement have satisfied the holding period requirement and that the shares purchased in the private placement can be freely transferred without any limitation or further requirement, provided WAVD is current on its periodic reporting requirements.

As always, I remain available to each of you. I hope you have a safe and relaxing summer.

Warm regards,



Jamie



## About WaveDancer

WaveDancer ([www.wavedancer.com](http://www.wavedancer.com)), headquartered in Fairfax, Virginia, offers zero trust blockchain-enabled software solutions for supply chain security. Our technologies are deployed and being used to help organizations manage very complex supply chain challenges. Customers are using the WaveDancer platform to gain unprecedented levels of accountability, auditability, and predictability from their data, while giving insights to their partners and suppliers through a controlled, distributed ledger that is immutable and can be trusted by all parties.

## Additional information for investors

This release may contain forward-looking statements regarding the Company's business, customer prospects, or other factors that may affect future earnings or financial results. Such statements involve risks and uncertainties which could cause actual results to vary materially from those expressed in the forward-looking statements. Investors should read and understand the risk factors detailed in the Company's 10-K for the fiscal year ended December 31, 2021 and in other filings with the Securities and Exchange Commission.