

For IMMEDIATE RELEASE

## **EZENET ANNOUNCES SECOND QUARTER RESULTS MAINTAINS POSITIVE OPERATING CASH FLOW**

**TORONTO, ONTARIO (August 15, 2000)** – EZENET Corp. (EZE:TSE), a leading business to business software and integrated solutions provider specializing in banking and wireless solutions, announced today its results for the second quarter ended June 30, 2000. The Company's progress on a number of initiatives is summarized below.

### **Second Quarter Highlights**

- Positive operating cash flow of \$300,683 for the six months ended June 30, 2000
- Closing of the acquisition of Netstor Technologies Inc.'s proprietary servers
- Signed a letter of intent to purchase the shares of Wealth Management Solutions Inc.
- Expansion into the U.S. and opening of an office in North Carolina
- Addition of two independent directors
- Toronto Stock Exchange listing

For the six months ended June 30, 2000, a net loss of \$45,184 or \$0.01 per share was recorded. This compares to net income of \$244,118 or \$0.04 per share for the same period in 1999. Expenses increased for the six months ended June from \$946,785 in 1999 to \$2,288,545 in 2000, however, they were offset by revenue increasing from \$1,384,283 in 1999 to \$2,208,961 in 2000, resulting in a loss before taxes for the six months ended June 30, 2000 of \$79,584. The Company generated a positive cash flow from operations of \$300,683 for the six months ended June 30, 2000.

Two major items contributed to the increase in expenses. The first was the amortization of deferred development costs of \$272,100 in the first half of 2000 (nil in 1999) and the second is the increase of salaries, wages and benefits from \$574,279 in 1999 to \$1,303,424 in 2000. The number of personnel has increased from 18 as at June 30, 1999 to 37 as at June 30, 2000. In addition to key management appointments in corporate, finance and administration, marketing and research and development, the Company has also strengthened its financial systems, information systems and research and development personnel.

On June 6, 2000 the Company announced that it had closed the acquisition of Netstor Technologies Inc. proprietary servers, which are tailored directly to the needs of Internet Service Providers, Application Service Providers and Wireless Application Protocol services. The Company has used this technology to develop wireless applications for our clients.

A letter of intent to purchase the shares of Wealth Management Solutions Inc. ('WMSI') was signed on July 21, 2000. The purchase was funded by \$5 million in cash and 505,051 common shares. An additional \$1 million in cash and 101,010 common shares will be issuable if certain revenue targets are attained. WMSI is a private software development company that will broaden the Company's product offerings, expand the client base and add senior management and technical strength to the operations.

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The Definitive Purchase Agreement is expected to be signed by August 18, 2000 and closing is expected by the end of August. After closing of the WMSI transaction, the Company will still have approximately \$42 million in cash.

Expansion into the U.S. is proceeding as planned. An office in Research Triangle, North Carolina has opened and personnel have been recruited, but not yet hired for the Chicago office. Customization of the financial systems software is well underway and contacts have been made with the Federal Deposit Insurance Corporation ('FDIC') to ensure a smooth completion of the certification, which is expected to be completed in October 2000.

There has been the addition of two independent directors. Mr. Gerald Soloway, President and CEO of Home Capital Group and Mr. Peter Kidnie, CEO of Bank of Montreal Finance Ltd. have joined the Board of Directors. Each brings a wealth of knowledge and over 20 years of experience in the financial services industry to the Board. At the annual meeting, Kasra Meshkin was appointed Chief Executive Officer, formerly held by Haron Ezer. Mr. Ezer will remain with the Company as Chairman of the Board.

Finally, the Company is now trading on the Toronto Stock Exchange effective August 14, 2000.

"In the next quarter, we will be concentrating on the U.S. conversion of our financial systems, expanding our sales force in both Canada and the U.S., integrating WMSI and researching additional acquisition targets. The future of your Company looks most promising," stated Kasra Meshkin.

#### **Canada Newswire/ Yahoo! Webcast**

EZENET will host a webcast and teleconference Thursday, August 17<sup>th</sup>, 2000 to explain the Q2 report along with other significant announcements. To register and view this event, please enter <http://webevents.broadcast.com/canadanews/ezenet0800/> in your web browser.

If you do not have internet access, you may simply listen to the audio portion of the webcast by calling: 1-877-323-2011 or 416-695-9705 and asking for the EZENET Corp. conference call. A playback will also be available for 24 hours by dialing 1-416-695-9772. The playback number is 0251.

## CONSOLIDATED STATEMENTS OF INCOME

	(Unaudited)		(Unaudited)	
	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2000	1999	2000	1999
<b>REVENUE</b>	\$ 1,393,095	\$ 744,036	\$ 2,208,961	\$ 1,384,283
<b>EXPENSES</b>				
Direct product and service costs	69,230	31,303	173,032	31,303
Research and development	136,050	-	272,100	-
Salaries and benefits	823,169	304,742	1,303,424	574,279
Administration	205,248	98,897	338,893	213,263
Professional fees	12,720	22,272	20,050	33,229
Investor relations	54,352	-	72,879	-
Amortization	74,885	59,711	108,167	94,711
	1,375,654	516,925	2,288,545	946,785
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	17,441	227,111	(79,584)	437,498
<b>INCOME TAXES</b>				
Current	70,000	(157,000)	70,000	(145,500)
Future	(55,300)	257,810	(104,400)	338,880
	14,700	100,810	(34,400)	193,380
<b>NET INCOME (LOSS)</b>	\$ 2,741	\$ 126,301	\$ (45,184)	\$ 244,118
<b>NET INCOME (LOSS) PER SHARE</b>				
Basic	\$0.00	\$0.01	(\$0.01)	\$0.04

## CONSOLIDATED BALANCE SHEETS

	(Unaudited) 6/30/00	(Unaudited) 6/30/99	(Audited) 12/31/99
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 46,909,990	\$ 266,879	\$ 170,469
Accounts receivable	1,046,779	311,767	230,361
Prepaid expenses and sundry assets	216,651	26,921	94,052
Income taxes receivable	70,437	182,303	34,390
	48,243,857	787,870	529,272
<b>Capital assets</b>	790,589	401,500	426,990
<b>Product development costs</b>	1,260,186	1,248,134	1,478,300
<b>Goodwill</b>	737,500	-	-
	\$ 51,032,132	\$ 2,437,504	\$ 2,434,562
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 195,943	\$ 94,759	\$ 140,401
<b>Future income tax liabilities</b>	369,400	470,000	403,800
	565,343	564,759	544,201
<b>SHAREHOLDERS' EQUITY</b>			
<b>Capital stock</b>	49,934,434	1,245,322	1,245,322
<b>Retained earnings</b>	532,355	627,423	645,039
	50,466,789	1,872,745	1,890,361
	\$ 51,032,132	\$ 2,437,504	\$ 2,434,562

## CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Unaudited Three months ended June 30		Unaudited Six months ended June 30	
	2000	1999	2000	1999
Balance at beginning of period	\$ 529,614	\$ 501,122	\$ 645,039	\$ 383,305
Net income (loss) for the period	2,741	126,301	(45,184)	244,118
Dividends on preferred shares	-	-	(67,500)	-
Balance at end of period	\$ 532,355	\$ 627,423	\$ 532,355	\$ 627,423

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Unaudited	
	Six months ended	
	June 30	
	2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net earnings (loss) for year	\$ (45,184)	\$ 244,118
Add (deduct) items not affecting cash:		
Amortization of research and development	272,100	-
Amortization	108,167	94,711
Future income taxes	(34,400)	338,880
	300,683	677,709
Changes in non-cash working capital items		
Accounts receivable	(816,418)	(134,069)
Prepaid expenses and sundry assets	(122,599)	(10,301)
Income taxes receivable	(36,047)	(152,862)
Accounts payable and accrued liabilities	55,542	(56,857)
	(919,522)	(354,089)
	(618,839)	323,620
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of capital assets	(459,266)	(81,226)
Investment in product development costs	(53,986)	(688,208)
Business acquisition	-	198,432
	(513,252)	(571,002)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of preferred share dividend	(67,500)	-
Issuance of capital stock	48,126,553	418,651
Expenditures re. issuance of capital stock	(187,441)	-
	47,871,612	418,651
Net increase in cash and cash equivalents	46,739,521	171,269
Cash and cash equivalents at the beginning of the period	170,469	95,610
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>\$ 46,909,990</b>	<b>\$ 266,879</b>
Supplementary disclosure of cash flow information		
Amount of income taxes paid during the period	\$ 36,047	7,362

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*The Toronto Stock exchange has neither approved nor disapproved of the information contained herein.*