



Kontrol Energy Announces Q1 2019 Financial Results with 67% revenue growth and positive cash flow

TORONTO, ON / May 30, 2019 / Kontrol Energy Corp. ([CSE: KNR](#), [OTCQB: KNRLF](#), [FSE:1K8](#)) ("Kontrol" or 'Company') a leader in the energy efficiency sector through IoT, Cloud and SaaS technology announces its financial results for the fiscal quarter ended March 31, 2019.

A complete set of Financial Statements and Management's Discussion & Analysis will be filed on SEDAR (www.sedar.com) on May 30th at 4:30pm (EST). A conference call to discuss the Q1 2019 financial results has been scheduled for May 30th at 4:30pm (EST). See details below.

Highlights

- Revenue for the three months ended March 31, 2019 was \$3.7 million, up 67% over the prior year
- Adjusted EBITDA for three months ended March 31, 2019 was \$267,796
- Cash flows from operating activities for the three months ended March 31, 2019 was \$353,883
- Kontrol Energy's operating subsidiary ORTECH Consulting Inc. receives \$565,000 order from Global Cement Company
- Kontrol Energy and Toyota Tsusho Canada Inc. commenced initial deployment of IoT enabled energy monitoring and analysis over a select number of Smart Factory sites
- Completed purchase of patents, intellectual property and computer equipment from DIMAX Controls Canada Inc. and rebranded as SmartSite®
- Commenced due diligence process in connection with signed Letter of Intent to acquire 100% of the shares of an electrical efficiency company
- Private placement funding and exchange of debentures; holders of up to \$5,245,000 can exchange their 2019 debentures for 2020 debentures bearing interest at 8% per annum
- Initiated application for DTC trading Eligibility of Kontrol Energy shares on the U.S. OTCB Market

Management Commentary and Q1 2019 Financial Highlights

“We had strong start to 2019 with revenue, EBITDA, and cash flow all higher compared to the first quarter of the prior year”, said Paul Ghezzi, CEO of Kontrol Energy. “Cash flows from operating activities improved by over \$1.1 million in Q1 2019 compared to Q1 2018. The Company’s organic growth expectations are on track and we continue to execute on our acquisition strategy.”

Financial Results	Three months ended	
	March 31, 2019	March 31, 2018
Revenue	\$3,678,360	\$2,196,564
Gross profit	\$1,860,260	\$1,282,435
Net loss	\$(681,196)	\$(1,000,935)
Basic and Diluted EPS	\$(0.03)	\$(0.04)
Add for adjusted EBITDA reconciliation:		
Amortization and depreciation	\$459,424	\$266,688
Finance expense	\$229,510	\$120,728
Share based compensation	\$254,180	\$170,400
Acquisition related expenses	\$5,878	\$0
Adjusted EBITDA*	\$267,796	\$(443,119)
Cash flows from (used in) operating activities	\$353,883	\$(821,613)

Gross profit for the three months ended March 31, 2019 was \$1,860,260 an increase of \$577,825 over the comparative quarter of the prior year. First quarter gross profit reflects strong contributions from SaaS, instrumentation sales, energy retrofit activities, audit and design services, and continuous emission installations.

Adjusted EBITDA for the three months ended March 31, 2019 was \$267,796 compared to negative \$(443,119) for the first quarter of the prior year. The improvement in earnings in the first quarter reflects new business activities coming online from the completed 2018 acquisitions along with organic growth. The impact of accretive acquisitions and overall scaling of operations has resulted in significantly lower operating expenses as a percentage of revenue. With growing revenues, overhead expenses are spread over a much larger operational base.

Cash flows from operating activities was \$353,883 for the three months ended March 31, 2019. While cash flows used in operating activities was \$821,613 for the three months ended March 31, 2018. This is a significant positive change of \$1,175,496 and reflects strong working capital management and improved operational performance.

As Kontrol continues to execute on its growth plans, the Company is taking a systematic approach to rationalizing operating expenses across completed acquisitions and the Company is benefiting from a successful action plan to generate revenue synergies across verticals.

** Adjusted EBITDA is a non-IRFS financial measure. The Company defines Adjusted EBITDA as net income or loss before interest, income taxes, amortization and depreciation, share based compensation, and acquisition related expenses.*

Conference call details

Join the meeting at: join.me/940-901-692. Select the preferred audio mode when prompted. Dial in by phone options can be selected under audio mode. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the conference call. The conference call will be archived at <https://www.kontrolenergy.com/investors> for one year.

About Kontrol Energy

Kontrol Energy Corp. (CSE: KNR) (OTCQB: KNRLF) (FSE: 1K8) is a leader in the energy efficiency sector through IoT, Cloud and SaaS technology. With a disciplined mergers and acquisition strategy, combined with organic growth, Kontrol Energy Corp. provides market-based energy solutions to our customers designed to reduce their overall cost of energy while providing a corresponding reduction in greenhouse gas (GHG) emissions.

Kontrol Energy was recently announced as the 7th fastest growing Startup in Canada by *Canadian Business* and *Maclean's*.



Additional information about Kontrol Energy Corp. can be found on its website at www.kontrolenergy.com and by reviewing its profile on SEDAR at www.sedar.com



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Forward-Looking Information

Certain information included in this press release, including information relating to future financial or operating performance and other statements that express the expectations of management or estimates of future performance constitute “forward-looking statements”. Such forward-looking statements include, without limitation, statements regarding possible future acquisitions and/or investments in operating businesses and/or technologies, accelerated organic growth, Adjusted EBITDA, expansion of smart energy technologies into US markets, strategic partnerships to expand into North American Markets, acceleration of recurring SaaS revenues, the provision of solutions to customers and Greenhouse Gas emissions reductions, proposed financial savings and sustainable energy benefits and energy monitoring. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief are based on assumptions made in good faith and believed to have a reasonable basis. Such assumptions include, without limitation, that suitable businesses and technologies for acquisition and/or investment will be available, that such acquisitions and or investment transactions will be concluded, that sufficient capital will be available to the Company, that technology will be as effective as anticipated, that organic growth will occur, and others. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, lack of acquisition and investment opportunities or that such opportunities may not be concluded on reasonable terms, or at all, that sufficient capital and financing cannot be obtained on reasonable terms, or at all, that technologies will not prove as effective as expected that customers and potential customers will not be as accepting of the Company’s product and service offering as expected, and government and regulatory factors impacting the energy conservation industry. Accordingly, undue reliance should not be placed on forward-looking statements and the forward-looking statements contained in this press release are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained herein are made as at the date hereof and the Company does not undertake any obligation to update publicly or revise any such forward-looking statements or any forward-looking statements contained in any other documents whether as a result of new information, future events or otherwise, except as required under applicable securities law.