

Kontrol Energy Reports Second Quarter 2020 Results

TORONTO, ON August 31st, 2020 / 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 six months ended June 30, 2020.

A complete set of Financial Statements and Management's Discussion & Analysis will be filed on SEDAR (www.sedar.com) on August 31, 2020. A call to discuss the financial results has been scheduled for Monday, August 31, 2020 at 4:30pm (EST). See details below.

"In Q2 2020 we were able to navigate the complex business challenges presented by COVID-19 and make important strategic advances while maintaining positive EBITDA and cash flow from operations," says Paul Ghezzi, CEO. "This environment has made it challenging to gain access to customer sites for projects; however, our recurring revenue and service platform have performed very well. In addition, we initiated the development of the Kontrol BioCloud, a new technology designed to detect and alert for the COVID-19 virus. We continue to fund all BioCloud development through internal cash generation. Kontrol does not need to raise capital to operate its business."

Subsequent to the second quarter end, the Company completed the acquisition of New Found Air ("NFA") – a building service and solutions company. The operations of NFA are in the process of being merged with Kontrol's existing platform. NFA expands Kontrol's building footprint and provides an established customer base with a potential significant cross-selling platform for Kontrol's smart building technology.

Q2 2020 Financial Summary

Financial Results (Unaudited)	Three months ended		PRO FORMA WITH NFA
	June 30, 2020	June 30, 2019	Three months ended June 30, 2020
Revenue	\$2,273,537	\$3,912,186	\$2,970,189
Gross profit	\$1,014,378	\$1,895,500	\$1,491,798
Net loss	\$(437,194)	\$(595,281)	\$(262,518)
Basic and Diluted EPS	\$(0.01)	\$(0.02)	\$(0.01)
Add for adjusted EBITDA reconciliation:			
Amort. & depreciation	\$476,454	\$410,073	\$476,454
Finance expense	\$303,495	\$277,309	\$303,495
Share based compensation	\$49,904	\$135,710	\$49,904
Acquisition related exp.	\$10,000	\$5,220	\$10,000
Adjusted EBITDA*	\$402,659	\$233,031	\$577,335

Six months ended 2020 Financial Summary

Financial Results (Unaudited)	Six months ended		PRO FORMA WITH NFA
	June 30, 2020	June 30, 2019	Six months ended June 30, 2020
Revenue	\$5,035,091	\$7,590,546	\$7,070,203
Gross profit	\$2,713,820	\$3,755,761	\$3,950,818
Net loss	\$(1,112,364)	\$(1,276,478)	\$(546,260)
Basic and Diluted EPS	\$(0.04)	\$(0.04)	\$(0.02)
Add for adjusted EBITDA reconciliation:			
Amort. and depreciation	\$951,858	\$869,498	\$952,624
Finance expense	\$566,396	\$506,820	\$566,396
Share based compensation	\$228,112	\$389,890	\$228,112
Acquisition related exp.	\$10,000	\$11,098	\$10,000
Adjusted EBITDA*	\$644,002	\$500,828	\$1,210,872

Strengthened Financial Position

Kontrol continues to focus on strengthening its Balance Sheet. The Company's cash position at the end of Q2 is approximately \$1.8 Million. During the second quarter of 2020 the Company announced the commencement of a non-brokered private placement (with an exchange of units) of up to \$5.8 million principal amount 8% unsecured (and non-convertible) debentures maturing on October 31, 2022. The Company intends to allocate up to \$5.8 million of the units for issuance to holders of 2020 debenture units who wish to exchange their 2020 debenture units for units in the offering. The Company anticipates that the majority of unitholders will exchange their units in the months of September and October.

The Company closed the first tranche of non-brokered private placement for 2023 Convertible Debenture Proceeds in the second quarter of net \$1.05 million and an additional approximate \$900,000 subsequent to the second quarter. The completion of the financing was primarily allocated to the closing of the NFA acquisition

FY 2020 Outlook

The Company continues to strategically focus on the growth of its recurring revenues. With the recently completed acquisition of NFA and the existing customer base, approximately 30% of all revenues are now recurring. The Company's goal is to drive recurring revenues towards 50% of all total revenues by the end of 2021.

While there appears to be a general improvement with site access to customer facilities there is also ongoing uncertainty presented by COVID-19 travel restrictions and self-quarantine. These conditions make it difficult to forecast project revenues and provide any guidance. Any previous guidance will be retracted, and the Company will continue to provide ongoing reporting and announce larger project revenues as they are generated.

Kontrol BioCloud

The Company is developing its BioCloud technology and has achieved a number of significant milestones, including the initial funding from the Government, positive testing of the detection mechanism, and positive testing of the BioCloud fully operational prototype. The Company seeks to complete testing with the live COVID-19 virus during the week of August 31 and will provide those results when available. The Company's objective is to have BioCloud commercially available to potential customers in 2020. There is no assurance that the Company can achieve this internal goal.

About Kontrol BioCloud

BioCloud is a real-time analyzer developed to detect airborne viruses. It has been designed to operate as a safe space technology by sampling the air quality over time. With a proprietary detection chamber that can be replaced as needed, viruses are detected, and an alert system is created in the Cloud or over local intranet. BioCloud has been designed for spaces where individuals gather including classrooms, retirement homes, hospitals, mass transportation and others. It can be an important technology which supports the entire system of individual testing and contact tracing.

The Company is not making any express or implied claims that its product has the ability to eliminate, cure or contain the COVID-19 (or SARS-2 Coronavirus) at this time.

** 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:

Title:	Kontrol Energy Second Quarter 2020 Financial Results
Event Date:	Monday, August 31, 2020 – 4:30PM Eastern Time
Event Duration:	60 Minutes
Event Link:	Webcast URL https://www.webcaster4.com/Webcast/Page/2402/37011
Participant Number:	Toll Free: 877-407-0782 International: 201-689-8567

Please connect at least 5 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast.

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 is one of Canada's fastest growing companies in 2018 and 2019 as ranked 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, 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. In particular, successful development and commercialization of the Kontrol BioCloud Analyzer are subject to the risk that the Kontrol BioCloud Analyzer may not prove to be successful in detecting the virus that causes COVID-19 effectively or at all, uncertainty of timing or availability of any regulatory approvals and Kontrol's lack of track record in developing products for medical applications. 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.