



Kontrol Energy Reports Third Quarter 2020 Results

TORONTO, ON November 30th, 2020 / Kontrol Energy Corp. ([CSE:KNR](#), [OTCQB:KNRLF](#), [FSE:1K8](#)) ("Kontrol" or "Company") a leader smart buildings and smart cities through IoT, Cloud and SaaS technology announces its financial results for the nine months ended September 30, 2020.

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

"We had a significant improvement in the third quarter against an ongoing challenging backdrop as businesses continue to deal with the impact of COVID-19," says Paul Ghezzi, CEO. "In addition, the Company achieved further advancements in the development of the Kontrol BioCloud™ viral and air-borne pathogen detection technology during the third quarter of 2020."

Highlights

- Q3 2020 revenue increased by 32% over Q2 2020
- Adjusted EBITDA of \$848,249 reported for Q3 2020 compared to \$206,435 for the same quarter in the prior year
- Adjusted EBITDA for the nine months ended September 30, 2020 was \$1,492,252 compared to \$707,263 for the same period in the prior year
- Revenue for Q3 2020 was \$3.01 million down from \$3.27 million in Q3 2019, and year to date totalled \$8.05 million down from \$10.86 million for the comparative period in the prior year
- Cash flow from operating activities for the nine months ended September 30, 2020 was \$531,675
- On August 1, 2020 Kontrol completed the acquisition of New Found Air ("NFA"), a building energy solutions business
- Capital management activities during Q3 and subsequent to the quarter have strengthened the balance sheet (see below)
- BioCloud™ product development continued at a rapid pace through the third quarter (see below)

Active capital management and balance sheet strengthening

Options and warrants converted into common shares:

- Approximately 4.2 million options and warrants were exercised in Q3 and up to date of this press release (average exercise price was \$0.73 per share)
- Proceeds from options exercise
 - Q3 2020: \$653,000
 - October 1, 2020 to date of this press release: \$224,000
- Proceeds from warrants exercise
 - Q3 2020: \$1,404,000
 - October 1, 2020 to date of this press release: \$805,000

Convertible debentures converted into common shares

- Approximately 3.2 million common shares were issued in connection with convertible debenture conversions to common shares in Q3 and up to date of this press release
- 2024 convertible debenture conversion to common shares
 - Q3 2020: \$866,000
 - October 1, 2020 to date of this press release: \$143,000
 - Conversion price was \$0.80 per share
- 2023 convertible debenture conversion to common shares
 - Q3 2020: \$0
 - October 1, 2020 to date of this press release: \$988,000
 - Conversion price was \$0.50 per share

2020 debenture and 2022 debenture

- The Company announced a non-brokered private placement for gross proceeds of \$5,800,000, allowing existing holders of 2020 debentures to exchange for 2022 debentures maturing on October 31, 2022
- Subscription proceeds are currently being processed in connection with the new 2022 debenture and the extension will be reflected in Q4 and the Company's December 31, 2020 annual financial statements

Cash position

- The Company's cash balance as at September 30, 2020 was \$3,065,995 compared to \$644,313 as at December 31, 2019 for a net cash increase of \$2,421,682. While proceeds from options and warrants exercise were significant contributors to the net cash increase, management is equally pleased with cash flow that was generated from operating activities of \$531,675 for the year to date period.
- The Company's cash balance on day of this press release was approximately \$3,800,000.

Q3 2020 and Year to Date Financial Summary

Financial Results <i>(unaudited)</i>	Three months ended		Nine months ended	
	Sept 30, 2020	Sept 30, 2019	Sept 30, 2020	Sept 30, 2019
Revenue	\$3,012,386	\$3,266,270	\$8,047,477	\$10,856,816
Gross profit	\$1,601,830	\$1,709,248	\$4,315,650	\$5,465,008
Net loss	\$(193,541)	\$(692,175)	\$(1,305,904)	\$(1,968,653)
Basic and Diluted EPS	\$(0.01)	\$(0.02)	\$(0.04)	\$(0.07)
Add for adjusted EBITDA reconciliation:				
Amort. and depreciation	\$538,159	\$486,187	\$1,490,017	\$1,355,686
Finance expense	\$250,346	\$272,458	\$816,742	\$779,277
Share based compensation	\$227,274	\$72,686	\$455,386	\$462,576
Acquisition related expenses	\$26,011	\$67,279	\$36,011	\$78,377
Adjusted EBITDA*	\$848,249	\$206,435	\$1,492,252	\$707,263

Kontrol BioCloud™

The Company has made important progress on its BioCloud™ technology including the receipt of various certifications and filing of trademarks and patents. As part of our ongoing strategy to manage capital and accelerate towards the production of BioCloud the Company is working with various third-party suppliers and contract manufacturers. BioCloud™ product development costs incurred for the current year to date period and up to the time of this press release was approximately \$615,000. The Company's cash position and resources available are sufficient to commence the production of BioCloud™.

** 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.*

About Kontrol Energy

Kontrol Energy Corp. (CSE: KNR) (OTCQB: KNRLF) (FSE: 1K8) is a leader in smart buildings and smart cities 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.

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 Statements

This news release contains “forward-looking information” within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature may constitute forward-looking information. In some cases, forward-looking information can be identified by words or phrases such as “may”, “will”, “expect”, “likely”, “should”, “would”, “plan”, “anticipate”, “intend”, “potential”, “proposed”, “estimate”, “believe” or the negative of these terms, or other similar words, expressions and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is based on assumptions made in good faith and believed to have a reasonable basis. Such assumptions include, without limitation, that sufficient capital will be available to the Company and that technology will be as effective as anticipated.

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 (BioCloud™) 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 are based on the beliefs, estimates, expectations, and opinions of management on such date. Kontrol 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 or to explain any material difference between subsequent actual events and such forward-looking information, except as required under applicable securities law. Readers are cautioned to consider these and other factors, uncertainties, and potential events carefully and not to put undue reliance on forward-looking information.