



Kontrol Energy Announces Q2 2019 Financial Results

Q2 Revenue Grows 93% Year on Year

TORONTO, ON / August 29, 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 second quarter ended June 30, 2019.

A complete set of Financial Statements and Management's Discussion & Analysis will be filed on SEDAR (www.sedar.com) on August 29th. A conference call to discuss the Q2 2019 financial results has been scheduled for August 29th at 4:30pm (EST). See details below.

Highlights

- Revenue for the three months ended June 30, 2019 was \$3.9 million, up 93% over the comparative quarter in the prior year
- Revenue for the six months ended June 30, 2019 was \$7.6 million, up 80% over the comparative period in the prior year
- Adjusted EBITDA for Q2 2019 and Year to Date was \$233,031 and \$500,828 respectively
- Kontrol Energy and Toyota Tsusho Canada Inc. commenced initial deployment of IoT enabled energy monitoring and analysis; 4 Smart Factory sites assessed, and 2 pilots completed
- Convertible debenture offering announced for gross proceeds of up to \$2 million
- Indicative term sheet signed to refinance current debt relating to a 2018 acquisition
- As at June 30, 2019 \$3.1 million of debentures were exchanged for a new offering with a maturity date of October 31, 2020
- Completed purchase of patents, intellectual property and computer equipment from DIMAX Controls Canada Inc. and rebranded as SmartSite®
- Signed a Letter of Intent to acquire 100% of the shares of an electrical efficiency company; subject to due diligence the Company is targeting a Q3 2019 closing

Management Commentary and Q2 2019 Financial Highlights

“The Company experienced a strong second quarter and first half of 2019 with revenue and Adjusted EBITDA significantly higher over the same periods in the prior year”, said Paul Ghezzi, CEO of Kontrol Energy. Our strong performance reflects new business activities coming online from the completed 2018 acquisitions and organic growth from our technology platform.”

Financial Results	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Revenue	\$3,912,186	\$2,027,363	\$7,590,546	\$4,223,927
Gross profit	\$1,895,500	\$1,564,479	\$3,755,761	\$2,846,914
Net loss	\$(595,281)	\$(329,995)	\$(1,276,478)	\$(1,330,930)
Basic and Diluted EPS	\$(0.02)	\$(0.01)	\$(0.04)	\$(0.05)
Add for adjusted EBITDA reconciliation:				
Amortization and depreciation	\$410,073	\$237,589	\$869,498	\$504,277
Finance expense	\$277,309	\$120,620	\$506,820	\$241,348
Share based compensation	\$135,710	\$18,945	\$389,890	\$189,345
Acquisition related expenses	\$5,220	\$19,392	\$11,098	\$19,392
Adjusted EBITDA*	\$233,031	\$66,551	\$500,828	\$(376,568)

Revenue increased by 93% and 80% for Q2 2019 and Year to Date respectively over the comparative periods in the prior year. Gross profit for the three months ended June 30, 2019 was \$1.9 million an increase of \$331,021 over the comparative quarter in the prior year. For the six months ended June 30, 2019, gross profit increased by \$908,847 to \$3.8 million compared to \$2.8 million in the same period of 2018. Gross margin for the six months ended June 30, 2019 was 49% compared to 67% for the same period in the prior year. The gross margin is in line with management's expectations and reflects the adjusted mix of revenue and cost of sales under a growing organization with changing product and service offerings.

Adjusted EBITDA for the three months ended June 30, 2019 was \$233,031 compared to \$66,551 for the second quarter in the prior year. For the six months ended June 30, 2019, Adjusted EBITDA improved significantly to \$500,828 compared to negative \$(376,568) in the same period of 2018.

The impact of accretive acquisition and overall scaling of operations has resulted in lower operating expenses as a percentage of revenue. Total operating expenses (excluding share-based compensation) for the six months ended June 30, 2019 was \$3.9 million or 51% of revenue and that compares to a ratio of 82% in the same period of 2018. This improvement demonstrates the favourable impact on earnings as Corporate overhead expenses are spread over a much larger and growing revenue base.

Cash flows used in operating activities improved by \$917,638 and reflects enhanced operational performance and working capital management. Cash flows used in operations was \$156,247 for the six months ended June 30, 2019 and for the six months ended June 30, 2018, cash flows used in operating activities was \$1,073,875.

** 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

Call in Number: 1-877-314-1234
Participant Password: 7385672

Please connect at least 5 minutes prior to the conference call to ensure adequate time for attendance.

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 *Macleans*.



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.