Kontrol Technologies Enters into $50 Million Credit Agreement with Schedule 1 Bank; Facilities provide Revolver and Acquisition financing

Significantly increases financing capacity to fund future acquisitions and growth initiatives

TORONTO--(BUSINESS WIRE)--August 31, 2022--**Kontrol Technologies Corp.** (NEO:KNR) (OTCQB:KNRLF) (FSE:1K8) ("**Kontrol**" or the "**Company**") a leader in smart buildings and cities through IoT, Cloud and SaaS technology, is pleased to announce that it has entered into a credit agreement (the "**Credit Agreement**") with a Schedule 1 bank (the "**Lender**") for up to $50 million in senior secured credit facilities (the "**Facilities**").

The Facilities will consist of the following: (i) a term loan facility of up to $20 million (the "**Term Loan**"), (ii) a revolving credit facility of up to $10 million, subject to borrowing base requirements based on eligible receivables, and inventory (the "**Revolver**"), and (iii) an accordion feature of up to $20 million (the "**Accordion**"). Upon closing of the Facilities, the Company expects to have drawn approximately $6 million on the Term Loan.

The Facilities will bear interest on a monthly basis at Bank Prime rate plus a margin (between 1.25% and 2.0%) with principal repayments under the Term Loan equal to 1.25% of the drawn amount, payable in quarterly installments. The Facilities are secured by a general security agreement and Company guarantees.

The Term Loan is intended to pay off the existing operating line and refinance the Company's unsecured debentures, which are maturing in the fourth quarter of the current fiscal year. The Revolver will provide added liquidity whenever necessary to manage working capital needs. The Accordion will support the Company's M&A growth strategy.

"These Facilities will streamline the balance sheet by consolidating debt and lowering the Company's cost of capital. It will also add capacity for M&A that provides financial flexibility to allow capital deployment in a timely manner as we execute on potential acquisitions," said Paul Ghezzi, CEO Kontrol.

Echelon Capital Markets acted as the exclusive financial advisor to Kontrol in the arrangement of the Facilities.

About Kontrol Technologies Corp.

Kontrol Technologies Corp., a Canadian public company, is a leader in smart buildings and cities through IoT, Cloud and SaaS technology. Kontrol provides solutions and services to its customers to improve energy management, monitor continuous emissions and accelerate the sustainability of all buildings.

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

Neither IIROC nor any stock exchange or other securities regulatory authority accepts responsibility for the adequacy or accuracy of this release.

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.

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.

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