

Kontrol Technologies Announces Equity Private Placement of \$5 Million CAD

TORONTO--(BUSINESS WIRE)--February 16, 2023--**Kontrol Technologies Corp.** (NEO:KNR) (OTCQB:KNRLF) (FSE:1K8) (“**Kontrol**” or the “**Company**”), a leader in smart buildings and cities is pleased to announce a proposed private placement (the “**Private Placement**”) of units (the “**Units**”) for aggregate gross proceeds of up to \$5 million. Each Unit will consist of one common share in the capital of the Company (a “**Common Share**”) or one common share equivalent (a “**Common Share Equivalent**”) and one common share purchase warrant (a “**Warrant**”) for a purchase price of \$0.65. Each Warrant will be exercisable immediately and will entitle the holder thereof to purchase one common share at an exercise price of \$0.81 for a period of five years from the date of issuance. The Common Share Equivalents to be issued will be pre-funded with \$0.649 per Common Share Equivalent, requiring an additional \$0.001 per Common Share Equivalent to have it converted into a Common Share. The Common Share Equivalents will expire upon the exercise of all outstanding Common Share Equivalents. It is anticipated that the Private Placement will be comprised of 7,695,840 Units, with underlying securities that consist of, in the aggregate, 5,400,000 Common Shares, 2,295,840 Common Share Equivalents and 7,695,840 Warrants.

The Common Share Equivalents will prevent any exercise if such exercise would result in the holder acquiring more than 9.99% of the Company’s current issued and outstanding Common Shares. The Warrants will prevent any exercise if such exercise would result in the holder acquiring more than 4.99% of the Company’s current issued and outstanding Common Shares.

The net proceeds of the Private Placement are expected to be used for sales, marketing, research and development, debt retirement and working capital requirements. A.G.P./Alliance Global Partners (the “**Agent**”) will act as the exclusive placement agent for the Private Placement in the United States, and the Company has agreed to pay the Agent a cash commission equal to 7% of the aggregate gross proceeds of the Private Placement.

In the United States, the Units will be offered on a private placement basis pursuant to exemptions from the registration requirements of the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”).

Closing of the Private Placement is subject to all necessary regulatory and stock exchange approvals, including the approval of the NEO Exchange. The Company is relying on and satisfies the conditions of the exemption in Section 10.10(2) of the NEO Exchange Policy Manual because: (a) it is in serious financial difficulty; (b) it has reached an agreement to complete the Private Placement; (c) no Related Person (as defined in the NEO Exchange Listing Manual) of the Company is participating in the Private Placement; and (d) all of the independent directors of the Company have determined that the Private Placement is in the best interests of the Listed Issuer, is reasonable in the circumstances and that it is not feasible to obtain security holder approval or complete a rights offering to existing security holders on the same terms.

The Company has also agreed to the re-pricing of 1,211,500 warrants that were issued in June 2021 with an original exercise price of \$1.75. Subsequent to the re-pricing, the warrants will

have an exercise price of \$0.81 and a term of five years beginning on the date of the closing of the private placement. Re-pricing of the warrants is subject to receipt of all necessary approvals, including the approval of the NEO Exchange and the shareholders of the Company.

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.

This news release shall not constitute an offer to sell, or a solicitation of an offer to buy, any securities of the Company nor shall there be any sale of any of the securities in any jurisdiction in Canada in connection with the Private Placement; nor shall it constitute an offer to sell, or the solicitation of an offer to buy, any securities of the Company nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This news release shall not constitute an offer of securities for sale in the United States. The securities have not been, nor will be, registered under the U.S. Securities Act and such securities may not be offered or sold within the United States absent registration under U.S. federal and state securities laws or an applicable exemption from such U.S. registration requirements.

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. Forward-looking information contained in this press releases includes, but is not limited to, the following: completion of the Private Placement on the terms as described herein or at all; ability to obtain all necessary regulatory approvals with respect to the Private Placement and the re-pricing of certain of the Company’s existing warrants; and the anticipated use of proceeds from the Private Placement.

Where Kontrol 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 the Company will be able to

obtain all necessary approvals with respect to the Private Placement and the re-pricing of certain of its existing warrants; that sufficient interest will be available to complete the Private Placement on the terms as expected, or at all; and that the Company will have sufficient financial and other resources to fulfil expectations with respect to future operations.

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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