Kontrol Technologies Announces First Quarter 2024 Financial Results

TORONTO--(BUSINESS WIRE)--May 15, 2024--**Kontrol Technologies Corp. (NEO:KNR) (OTCQB:KNRLF) (FSE:1K8)** ("Kontrol Technologies" or "Kontrol" or "Company") announces its results for the three months ended March 31, 2024. A complete set of the Financial Statements and Management's Discussion & Analysis have been filed on SEDAR (www.sedar.com).

“With a focus on growing recurring revenues and high margin building services the Company has improved EBITDA and net income on a comparative basis while reducing secured debt obligations,” says Paul Ghezzi, CEO of Kontrol Technologies. “We delivered positive operating cash flows, and earnings, as the Company continued to strengthen its financial position.”

First Quarter 2024 Highlights

- Revenues for the three months ended March 31, 2024 were $3.8 million.
- Income from continuing operations for the three months ended March 31, 2024 was $533,487 compared to a loss from continuing operations of $(469,463) for the same quarter in the prior year.
- Adjusted EBITDA* from continuing operations for the three months ended March 31, 2024 was $966,489 compared to $621,117 for the same quarter in the prior year.
- Gross margin for the three months ended March 31, 2024 was 62%, compared to 59% for the same quarter in the prior year.
- Cash flows from operating activities were $443,808 for the three months ended March 31, 2024, compared to cash flows used in operating activities of $507,538 for the same quarter in the prior year.
- Cash proceeds of $5.8 million were received in Q1 2024 from the December 2023 sale of ORTECH Consulting Inc. (“ORTECH”).

In Q1 2024 the Company entered into an amended Credit Agreement with its secured lender, and exited from the Forbearance Agreement, thereby returning to regular commercial borrowing. On December 29, 2023, Kontrol completed the sale of its operating subsidiary ORTECH and in Q1 2024 received cash proceeds of $5.8 million. In Q4 2023, the Company recognized a gain on sale of assets of $2.5 million.

Q1 2024 Financial Summary

Financial Results *(Unaudited)*	**Three months ended March 31, 2024**	**March 31, 2023**
Revenue	$3,786,234	$4,461,317
Gross profit	$2,332,075	$2,638,224
Net income (loss) from continuing operations	$533,487	$(469,463)
Gain from discontinued operations	-	$21,786,635
Net income and comprehensive income	$533,487	$21,317,172
Basic and Diluted EPS - continuing operations	$0.01	$(0.01)
Basic EPS - discontinued operations	-	$0.42
Diluted EPS - discontinued operations	-	$0.35
Add/Deduct for Adjusted EBITDA reconciliation - continuing operations:		
Amortization and depreciation	$222,383	$358,894
Finance expense	$158,662	$511,265
Share based compensation	$51,957	$220,421
Adjusted EBITDA - continuing operations	$966,489	$621,117

* Adjusted EBITDA is a non-IFRS financial measure. The Company defines Adjusted EBITDA as net income or loss before interest, income taxes, amortization, and depreciation, share based compensation, acquisition related expenses, listing expense, gain or loss on sale of assets, and impairment of assets.

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

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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 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 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 those technologies will not prove as effective as expected; those 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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