Kontrol Technologies Announces Third Quarter 2024 Financial Results

TORONTO--(BUSINESS WIRE)--November 14, 2024--**Kontrol Technologies Corp. (NEO:KNR) (OTCQB:KNRLF) (FSE:1K8) ("**Kontrol Technologies" or "Kontrol" or "Company") announces its results for the three months and year to date ended September 30, 2024. A complete set of the Financial Statements and Management's Discussion & Analysis have been filed on SEDAR (www.sedar.com).

“As part of our strategic initiatives to focus on the growth of our sustainable buildings platform we have exited two businesses with a substantial gain, paid down all secured debt and have a significant cash balance to execute with,” said Paul Ghezzi, CEO of Kontrol. “Following the quarter, we initiated our bitcoin on balance sheet strategy and will focus on building the business through organic growth and acquisitions.”

Third Quarter and Year to Date 2024 Highlights

- As at September 30, 2024 the Company’s aggregate cash and marketable securities balance was $11.6 million.
- A gain on sale of $13.3 million was recognized during the first half of 2024 in connection with the sale of air monitoring and compliance related assets.
- In the first half of 2024, the Company paid off all interest-bearing bank debt and completed the sale of air testing, air monitoring and compliance related assets which raised significant internal cash.
- The Company anticipates collecting approximately $1.2 Million of indemnity holdbacks in 2025 related to the prior sale of two businesses. This is subject to no indemnity claims made by the Buyer.
- Revenues for the three months ended September 30, 2024 were $1.7 million, compared to $4.5 million for the same quarter in the prior year; Revenues for the nine months ended September 30, 2024 were $9.2 million, compared to $13.7 million for the same period in the prior year.
- Gross margin for the nine months ended September 30, 2024 was 57%, compared to 64% for the same period in the prior year.
- Income from continuing operations for the nine months ended September 30, 2024 was $12 million compared to $294,501 for the same period in the prior year. The current period includes gain on a sale of assets.
- Adjusted EBITDA from continuing operations for the nine months ended September 30, 2024 was negative $(235,315) compared to $2.8 million for the same period in the prior year.

Strategic Plan 2025

The Company’s operating platform continues to deliver high gross margins and sticky revenues in the service and maintenance of complex heating and cooling systems for approximately 400 buildings. The Company anticipates a return to operating profitability in 2025 through continued cost reductions, streamlining of operations, organic growth and tuck in acquisitions.

Normal Course Issuer Bid

During the 2024 fiscal year, the Company announced that approvals were granted for a new Normal Course Issuer Bid program to buy back common shares of Kontrol through the NEO Exchange and alternative trading systems. The Company repurchased 1,256,000 common shares for a total of $330,000 during the nine months ended September 30, 2024.

Q3 2024 and Year to Date Financial Summary

Financial Results	**Three months ended**		**Nine months ended**	
(Unaudited)	**Sept 30, 2024**	**Sept 30, 2023**	**Sept 30, 2024**	**Sept 30, 2023**
Revenue	$1,737,947	$4,543,367	$9,179,006	$13,682,711
Gross profit	$924,580	$3,149,791	$5,277,181	$8,689,905
Income (loss) from continuing operations	$(805,444)	$665,558	$12,049,058	294,501
Gain from discontinued operations	-	-	-	$21,786,635
Comprehensive income (loss)	$(931,032)	$665,558	$11,923,470	$22,081,136
Basic EPS - continuing operations	$(0.01)	$0.01	$0.21	$0.01
Diluted EPS - continuing operations	$(0.01)	$0.01	$0.17	$0.01
Basic EPS - discontinued operations	-	-	-	$0.40
Diluted EPS - discontinued operations	-	-	-	$0.32
Add/Deduct for Adjusted EBITDA reconciliation - continuing operations:				
Amortization and depreciation	$164,514	$361,386	$615,231	$1,080,895
Finance expense	$(43,800)	$316,411	$206,829	$1,218,755
Gain on sale of assets	$(40,407)	-	$(13,281,812)	-
Share based compensation	$49,785	$13,292	$175,379	$247,005
Adjusted EBITDA (loss) - continuing operations	$(675,352)	$1,356,647	$(235,315)	$2,841,156

Adjusted EBITDA is a non-International Financial Reporting Standards ("IFRS") measure used by management that is not defined by IFRS. Adjusted EBITDA does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Management believes that Adjusted EBITDA provides meaningful and useful financial information as these measures demonstrate the operating performance of the business excluding non-cash charges.

"Adjusted EBITDA" is calculated 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.

Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net income as determined under IFRS; nor as an indicator of financial performance as determined by IFRS; nor a calculation of cash flow from operating activities as determined under IFRS; nor as a measure of liquidity and cash flow under IFRS. The Company's method of calculating Adjusted EBITDA may differ from methods used by other companies and, accordingly, the Company's Adjusted EBITDA may not be comparable to similar measures used by any other 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.

https://facebook.com/kontroltechcorp/
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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; the ability to complete company acquisitions, the bitcoin on balance sheet strategy, the ability to return to profitability in 2025 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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