

KWESST Responds to OTC Markets Request on Recent Promotional Activity

Ottawa, Ontario--(Newsfile Corp. - April 7, 2021) - KWESST Micro Systems Inc. (TSXV: KWE) (OTCQB: KWEMF) ("KWESST" or "the Company") has been requested by OTC Markets Group Inc. to issue this statement about promotional activity concerning its common stock.

On April 6, 2021, OTC Markets informed the Company that it became aware of certain promotional activities concerning the Company and its common stock traded on the OTCQB Marketplace, including the distribution of two promotional newsletter e-mails published by Epic Stocks Picks discussing the Company, its products and the global size of the defence and security business sector. The publications also contained a summary of recent news release issued by KWESST. OTC Markets provided examples of the promotional material for reference. The Company was aware of the articles before receiving them from OTC Markets.

Epic Stock Picks is a third-party marketing and advertising firm retained by the Company's investor relations' firm Emerging Markets LLC ("EMC") to provide content distribution and advertising services. Each of the newsletters presented factual statements regarding the Company, its business and industry. The Company provided EMC publicly available source information for the newsletters and did have editorial control over the materials, including reviewing the materials for factual accuracy prior to their dissemination. The Company does not believe the statements in the newsletters were false or misleading. The appointment of EMC, the nature of the relationship between KWESST and EMC as well as the compensation to be paid to EMC was publicly disclosed on March 3rd, 2021 and the news release announcing the appointment can be found on SEDAR and on the Company's website at <https://kwesst.com/news/kwesst-enters-into-investor-relations-agreement/>. Neither EMC nor any of its principals currently own any securities, directly or indirectly, of the Company or have any intention to acquire any securities of the Company.

Further, the Company understands this promotional activity may have coincided with increased trading activity in the Company's common shares beginning on April 6th, 2021. The Company does not believe the promotional activities were a factor in the recent increase in trading volume in the Company's common shares. Instead, the Company attributes the increase to a news release issued by KWESST on that day, which investors can find on SEDAR and on the Company's website <https://kwesst.com/news/kwesst-signs-exclusive-counter-drone-technology-license-agreement/>.

In the last twelve months, the Company has worked with EMC, Equity Guru, Maximus Strategic Consulting, Stockhouse.com, Investor News Network, Proactiveinvestors.com, Digitonic Ltd., Agora Internet Relations Corp. and Hybrid Financial Ltd. to provide investor relations, public relations services, marketing or other related services. The Company also has Jason Frame and Scott Young providing investor relations work to KWESST in their personal capacity.

After an inquiry by management, none of the Company's executive officers, directors or, to the knowledge of the Company, any controlling shareholders and third-party service providers, except as outlined herein, sold or purchased shares of the Company within the past 90 days. Within the past 90 days, Jason Frame bought and sold shares in the context of the market and 2573685 Ontario Inc. - a company controlled by the President and CEO of KWESST - sold 184,956 common shares in a private transaction and made all required securities filings in connection with such trade.

The OTC Markets has further requested that the Company state whether it has issued any shares or convertible instruments allowing conversion to equity securities at prices constituting a discount to the current market rate at the time of the issuance. The Company represents, as disclosed in its public filings on SEDAR that since listing on the TSX Venture Exchange on September 22, 2020 it has not issued common shares at a discount to the market price at the time of the offering. On April 6th, 2021,

KWESST issued a news release announcing its intent to complete a best efforts, brokered private placement of up to 2,000,000 units of the Company at a price of C\$1.25 per unit for gross proceeds of up to C\$2,500,000. Investors can find the news release on SEDAR and on the Company's website at <https://kwesst.com/news/kwesst-announces-c2-5-million-brokered-private-placement-financing/>.

For more complete and specific information regarding the Company, its prospects and the risks associated with those prospects, readers should consult the Company's public filings on SEDAR, its website and other reliable sources. The Company encourages investors to contact their investment advisers prior to making any investment.

About KWESST

KWESST develops and commercializes high-value ultra-miniaturized technology applications that make a critical difference to the safety and operational effectiveness of personnel in the defence and security industries. The Company's current portfolio of unique proprietary offerings include: its signature TASCST[™] (Tactical Awareness and Situational Control System) for real-time awareness and targeting information from any source (including drones) streamed directly to users' smart devices and weapons; the autonomous GreyGhost[™] soldier-portable micro drone missile system that defends against small hostile drones including swarms using high-speed kinetic impact; a Ground Laser Defence system to counter the emerging threat of weaponized lasers against personnel; and, the Phantom[™] electronic battlefield decoy system to mask the electromagnetic signature of friendly forces with decoy signatures at false locations to deceive and confuse adversaries. All systems can operate stand-alone or integrate seamlessly with OEM products and battlefield management systems including Frontline, Edge, Killswitch and ATAK (Android Tactical Assault Kit) among others. KWESST also has developmental "smart ordnance" projects including its "Shot Counter" system, which records the number and type of rounds fired, for optimized firearms maintenance and performance. The Company is headquartered in Ottawa, Canada, with representative offices in Washington, DC, London, UK and Abu Dhabi, UAE. KWESST trades on the TSX Venture Exchange under the symbol KWE and on the U.S. OTCQB under the symbol KWEMF.

Contact: Jason Frame, Investor Relations: frame@kwesst.com

For more information, please visit <https://kwesst.com/>

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this news release are forward-looking and involve a number of risks and uncertainties. Such forward-looking statements are within the meaning of the phrase 'forward-looking information' in the Canadian Securities Administrators' National Instrument 51-102 - Continuous Disclosure Obligations. Forward-looking statements are not comprised of historical facts. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to the Company, the Company provides no assurance that actual results will meet management's expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward looking information in this news release includes, but is not limited to, the anticipated size of the Offering, the Offering price, the anticipated closing date and the completion of the Offering, the anticipated use of the net proceeds from the Offering, the receipt of all necessary approvals, and the Company's intentions regarding its objectives, goals or future plans and statements. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to: an inability to

complete the Offering on the terms or on the timeline as announced or at all; and those risks set out in the Company's public documents filed on SEDAR. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.



To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/79715>