

KWESST Qualifies for Innovation Solutions Canada Funding

Ottawa, Ontario--(Newsfile Corp. - August 5, 2021) - KWESST Micro Systems Inc. (TSXV: KWE) (OTCQB: KWEMF) ("KWESST" or the "Company"), a publicly-traded company listed on the OTCQB[®] Markets (symbol: KWEMF) and the TSX Venture Exchange (symbol: KWE) today announced that it has received notification from Innovation Solutions Canada ("ISC") that it has qualified for up to \$1.5M in project funding in support of the further development and productization of its TASCs IFM system, Phantom electronic decoy system and counter-drone system.

"This is strong validation of the Company's technology," said Jeff MacLeod, KWESST Founder, CEO and President. He added that, "This non-dilutive funding is subject to various conditions that include securing end-user sponsorship from the Canadian Department of National Defence or other agencies. We are very pleased that the necessary sponsorship has already been identified for two of the three projects, with sponsorship for the third one expected shortly." He concluded: "This funding entails the purchase of KWESST equipment by the Canadian government for evaluation in the course of refining requirements leading to larger future procurements under various projects over the next few years."

Further information about the products mentioned above can be found on the Company's website at <https://kwesst.com/>.

About KWESST

KWESST develops and commercializes breakthrough next-generation tactical systems that meet the requirements of security forces and personal defense for overmatch capability against adversaries. The company's current portfolio of unique proprietary offerings include: its signature TASCs[™] (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 all versions of the ATAK Tactical Awareness. 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, and a unique non-lethal Low Energy Cartridge (LEC) system with application across all segments of the non-lethal market. 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.

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

Cautionary Note Regarding Forward-Looking Statements

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the timing for the commencement of trading and the plans and operations of KWESST after giving effect to the Qualifying Transaction. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks,

uncertainties and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. KWESST disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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