

# KWESST Provides Corporate Update to Investors

## Company releases Fiscal Q3 Financial Results

Ottawa, Ontario--(Newsfile Corp. - August 25, 2021) - KWESST Micro Systems Inc. (TSXV: KWE) (OTCQB: KWEMF) ("KWESST" or "the Company"), a publicly-traded company listed on the TSX Venture Exchange (symbol: KWE) and the OTCQB<sup>®</sup> Markets (symbol: KWEMF) today provided a corporate update to investors in conjunction with the filing of its Q3 Fiscal 2021 financial results.

"We continue to make quiet but steady progress against our plan on all fronts," said Jeff MacLeod, KWESST Founder, President and CEO, who reported as follows on the Company's various product areas.

### Non-lethal Low Energy Cartridge (LEC) system

He added: "Regarding our non-lethal Low Energy Cartridge (LEC) system we are currently producing units which will be used as demonstration samples following the successful investor demonstration in British Columbia on July 9th of this year. The first, high-priority versions are for personal protection and law enforcement, to be available later this year and followed by an official commercial launch at the 2022 SHOT Show in Las Vegas on January 18-23. We are working with end-users and influencers in the industry who have provided helpful and very encouraging initial feedback. We are also pleased at the support of influencers like Brandon Tatum, who expressed enthusiasm for the LEC in an interview with KWESST Executive Chairman David Luxton, on August 6<sup>th</sup>." <https://www.youtube.com/watch?v=938LuSbl9yo&t=755s>

### Android Team Awareness Kit (ATAK) integration services

The Company reported that its pipeline of sales opportunities for ATAK integration services stands at more than \$40M and growing. "These opportunities are with major end-users in NATO countries and with Tier 1 and Tier 2 global defense contractors," said MacLeod. "We expect these to result in initial contracts and teaming agreements starting in Q1 of Fiscal 2022, with more to follow through 2022 and extending to 2023, 2024 and beyond."

### Innovation Solutions Canada ("ISC")

As announced on August 5th, KWESST received notification from ISC that it has qualified for up to \$1.5M in non-dilutive funding to advance its counter-UAS technology, its Phantom<sup>™</sup> electronic decoy and its Tactical Awareness and Situational Control System (TASCS) Indirect Fire Module (IFM) system currently under contract with a key U.S. military customer.

"The last phase of our current TASCS IFM contract for this U.S. military customer is scheduled for completion this October," said MacLeod, who added, "We are currently in discussions with this customer regarding next phases of procurement. We are also submitting proposals to other NATO customers with similar requirements."

### Phantom<sup>™</sup> electronic decoy

The Company remarked that it is seeing accelerated interest in its Phantom<sup>™</sup> electronic decoy following a successful demonstration to U.S. Special Operations Command (USSOCOM) in June of this year and is currently producing upgraded units to be used as demonstration samples in response to other U.S. Department of Defense ("DoD") requests for trials and potential initial procurement before the

end of calendar 2021. As well, the Company continues to develop ever-stronger IP around this technology and recently received yet another U.S. patent, this one covering methods of employment in addition to previous patents covering the technology itself.

## **GreyGhost® counter-drone**

KWESST is also working with DoD and another NATO country on upgraded capability for the GreyGhost® counter-drone system to deal with next-generation drone threats and has commenced engagement with major defense contractors on potential partnerships.

## **Partnerships**

"It is a key part of our go-to-market plan to partner with global defense prime and major sub-contractors," said MacLeod, "We announced a handful of such partnerships early on. The past few months have been especially active in progressing discussions with several others on all fronts, which is expected to result in announcements in the coming weeks and months."

## **Attendance at trade shows**

The international defense market has seen relaxed COVID-19 restrictions with the re-opening of major trade shows and events. "We attended IDEX, the premier Middle East event in Abu Dhabi this past February and announced the appointment of Bin Hilal Enterprises, LLC as our representative in the key Middle East market of the United Arab Emirates," said MacLeod. "We will also be exhibiting at the reopening of DSEI, the major European defense show in London, UK, this September, as well as the Modern-Day Marine show, also in September, and AUSA, the major annual U.S. Army event in Washington DC in October."

## **Other**

On August 24, 2021, the Company's Board of Directors granted 546,000 incentive stock options (the "Options") to officers, employees, and a consultant. The exercise price for the Options will be the closing price of the Company's shares on the TSXV on August 25, 2021 and will vest semi-annually from the date of the grant and will expire on August 24, 2026. Following the end of the quarter, the Company was notified by the lead agent of its April 2021 private placement that a subscription for 40,000 units had been omitted from the closing. Following TSX-V approval, KWESST accepted this subscription.

## **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 unique non-lethal Low Energy Cartridge (LEC) system with application across all segments of the non-lethal market, including law enforcement and personal defence. KWESST is also involved in the digitization of tactical forces for shared situational awareness and targeting with its signature TASCST<sup>TM</sup> (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. Other KWESST products include counter-measures against threats such as drones, lasers and electronic detection. These include the autonomous GreyGhost<sup>TM</sup> 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<sup>TM</sup> electronic battlefield decoy system to mask the electromagnetic signature of friendly forces with decoy signatures at false locations to deceive and confuse adversaries. These systems can operate stand-alone or integrate seamlessly with OEM products and battlefield management systems. 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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### **Cautionary Note Regarding Forward-Looking Statements**

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation for the purpose of providing information about management's current expectations and plans relating to the future. 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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