

KWESST Announces Share Consolidation

Ottawa, Ontario--(Newsfile Corp. - October 26, 2022) - KWESST Micro Systems Inc. (TSXV: KWE) ("**KWESST**" or "the **Company**") announces, subject to the final approval of TSX Venture Exchange (the "**TSXV**"), the consolidation of its common shares on the basis of one post-consolidation common share for every seventy pre-consolidation common shares issued and outstanding effective as of 12:01 am on October 28, 2022. The common shares are expected to begin trading on a consolidated basis on the TSXV on Friday October 28, 2022.

The share consolidation is being completed in connection with the Company's listing application on Nasdaq Capital Market ("**Nasdaq**") the requirements for which include, among others, a minimum bid price of US\$4.00 per share. See the news release dated August 16, 2022 for more details on the Nasdaq listing and concurrent financing in the Unites States.

As required by the policies of the TSXV, the share consolidation was approved by written consent of KWESST's shareholders holding in aggregate greater than 50% of the Company's issued and outstanding common shares.

KWESST shareholders will therefore receive one post-consolidation common share for every seventy pre-consolidation common shares held by them. Any fractional common share from the consolidation will be rounded to the nearest whole number of post-consolidation common shares, with any fractional interest representing 0.5 or more common shares entitling holders thereof to receive one whole post-consolidation common share. In the event that a shareholder holds such number of pre-consolidation common shares that, taking into effect the rounding of fractional common shares entitlements, would result in them being entitled to less than one post-consolidation common share, the consolidation will result in such holder having no post-consolidation common shares without consideration payable to the shareholder.

The consolidation affects all the Company's common shares outstanding as of the close of business on October 27, 2022. As a result, the number of issued and outstanding shares will be reduced to 778,806 from 54,516,387, subject to treatment of fractional shares. Each shareholder's percentage ownership in the Company and proportional voting power will remain unchanged, except for minor adjustments resulting from the treatment of fractional shares. The new CUSIP number for the post-consolidation common shares is 501506604 and the new ISIN number is CA5015066049.

Shareholders who hold their shares in brokerage accounts are not required to take any action to effect an exchange of their shares.

Registered shareholders will receive a letter of transmittal from TSX Trust Company, the Company's transfer agent. The letter of transmittal will contain instructions on how registered shareholders can exchange their share certificates representing pre-consolidation common shares for new certificates representing post-consolidation common shares. Until surrendered, each share certificate representing pre-consolidation common shares will represent the number of whole post-consolidation common shares to which the holder is entitled as a result of the consolidation.

The consolidation will not have any effect on the number of issued and outstanding common share purchase warrants of the Company, which trade on the TSXV under the symbol "KWE.WT". However, as a result of the consolidation, the number of shares issuable upon the exercise of each warrant will be reduced and the exercise price increased, the whole in accordance with the terms of the indenture governing the warrants. Following the share consolidation, the exercise of seventy warrants will be required to purchase one post-consolidation common share, and the exercise price will be \$122.50 per share. No fractional common share will be issued upon exercise of any warrants. The warrants will continue to trade on the TSXV under their existing CUSIP number.

The exercise or conversion price of outstanding compensation options, options, restricted share units,

deferred share units, performance share units and stock appreciation rights and the number of Common Shares issuable thereunder will also be proportionately adjusted upon the completion of the Consolidation.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities in any province, state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such province, state or jurisdiction.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any securities in the "United States" or to "U.S. persons" (each as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")). Securities may only be offered or sold within the United States or to U.S. persons if registered under the U.S. Securities Act and all applicable state securities laws or pursuant to an exemption from such registration requirements.

For more information, please visit <https://kwesst.com/>
Contact: Steve Archambault, CFO, archambault@kwesst.com or (613) 317-3941
Jason Frame, Investor Relations: frame@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 unique non-lethal PARA OPS™ system with application across all segments of the non-lethal market, including law enforcement and personal defence. KWESST is also engaged in the digitization of tactical forces for shared situational awareness and targeting with its signature TASCs 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™ 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. These systems can operate stand-alone or integrate seamlessly with OEM products and battlefield management systems. The Company is headquartered in Ottawa, Canada, with operations in Stafford, VA and representative offices in London, UK and Abu Dhabi, UAE. KWESST trades on the TSX Venture Exchange under the symbol KWE.

Forward-Looking Information and Statements

This press release contains "forward-looking information" within the meaning of Canadian Securities laws, which may include, but are not limited to: the timing of the expected commencement of trading of the Company's consolidated common shares on the TSXV; the completion of the financings; the listing of KWESST's shares on NASDAQ; and KWESST's business, production and products. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "is expected", "expects", "scheduled", "intends", "contemplates", "anticipates", "believes", "proposes" or variations (including negative and grammatical variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such information and statements are based on the current expectations of KWESST's management and are based on assumptions and subject to risks and uncertainties. Although KWESST's management believes that the assumptions underlying such information and statements are reasonable, they may prove to be incorrect. The forward-looking events and circumstances discussed in this press release may not occur by certain specified dates or at all and could differ materially as a result of known and unknown risk factors and uncertainties affecting KWESST, including risks relating to: the failure to

complete the share consolidation; the failure to complete the financings; the failure to obtain TSXV approval; general economic and stock market conditions; adverse industry events; loss of markets; future legislative and regulatory developments in Canada, the United States and elsewhere; the ability of KWESST to implement its business strategies; risks and uncertainties detailed from time to time in KWESST's filings with the Canadian Securities Administrators; and many other factors beyond the control of KWESST.

Although KWESST has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information or statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. No forward-looking information or statement can be guaranteed. Except as required by applicable securities laws, forward-looking information and statements speak only as of the date on which they are made and KWESST undertakes no obligation to publicly update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise.

Neither the 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 the release.



To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/142035>