

Kontrol Energy Reports 91% Revenue Growth in Q1 2018



May 30, 2018 (Source) – Kontrol Energy Corp. (CSE:KNR, FSE:1K8), (“Kontrol”, or the “Company”) a leader in the Energy Efficiency sector through IOT, Cloud and Blockchain technology reported its Q1 2018 financial results for the three months ended March 31, 2018. Kontrol continues to execute on its growth plans and through a recently completed acquisition has added energy software as a service (SaaS) to the Company’s revenue platform.

Q1 2018 Highlights

- Strong quarterly revenue of \$2.19 million, up 91% over Q1 2017;
- Gross profit margin of 58%;
- Entered into Letter of Intent to acquire an emission equipment and integration company with approximately \$5 Million of annual revenue and \$800,000 of annual net earnings with up to 50% of revenues from US customers. Up to 30% of revenues are recurring through parts, service and ongoing monitoring;
- Terminated acquisition of a blockchain technology company and associated financing due to volatile conditions in the equity markets;
- Initiated a debenture and equity financing to complete the acquisition currently under LOI.

Subsequent Events to the Quarter

- On April 30, 2018 acquired the operating assets of iDimax a leading provider of energy analytics software and services. iDimax operates as a Software as a Service

(SaaS) company with revenues in the range of \$1 million per annum and its software operates in approximately 180 commercial buildings in Canada spanning approximately \$12 Million square feet of real estate.

“The addition of the iDimax operating assets following Q1 2018 provide us with a solid platform of recurring revenues through a SaaS platform and a strong organic growth component to our existing operating businesses,” says Paul Ghezzi, CEO of Kontrol Energy. “Our immediate goals for iDimax are to rapidly expand the technology to our consolidated customer base and accelerate expansion into the USA and integrate AI into the existing technology. We are also very pleased that we continue to add growth while maintaining less than 27 million shares outstanding and less than 30 million shares fully diluted.”

Revenue

Revenue for the three months ended March 31, 2018 was \$2,196,564, an increase of over \$1 million or 91% from the first quarter of the previous year. Management continues to successfully consolidate operations of its subsidiaries as reflected in strong successive quarterly growth. Emphasis on team execution of the Company’s strategic priorities will remain the focus. Revenues for Q1 will be impacted by seasonality due to the fact that the bulk of GHG emission revenues are earned in the summer and fall periods.

Gross Margin

Gross margin for the first quarter of 2018 was 58%. This is below the prior year’s first quarter margin of 63%, but the gross profit dollar increase of \$551,508 was substantial and in line with management’s expectations.

Operating Expenses

Operating expenses for the quarter ended March 31,

2018 increased to \$2,002,404 from \$860,911 in same period of 2017. The increase reflects the overall robust growth of the Company. However, certain operating expenses were higher than average and in part attributable to one-time expenses associated with a terminated acquisition of a blockchain technology company and the related financing.

Financial summary

<i>(in Canadian dollars)</i>	Three months ended	Three months ended
	March 31, 2018	March 31, 2017
Revenue	\$2,196,564	\$1,149,680
Gross profit	\$1,282,435	\$730,927
Net loss	\$(1,000,935)	\$(257,643)
Add for adjusted EBITDA reconciliation:		
Amortization and depreciation	\$266,688	\$52,273
Finance expense	\$120,728	\$105,435
Share based compensation	\$170,400	–
Adjusted EBITDA[1]	\$(443,119)	\$(99,935)

[1] Adjusted EBITDA is a non-IRFS financial measure. The Company defines Adjusted EBITDA as net income or loss before interest, income taxes, amortization and depreciation, and share based compensation

A complete set of Financial Statements and Management's Discussion & Analysis has been filed www.sedar.com.

Key initiatives for 2018

- Complete acquisition of emission equipment and integration company in Q3 2018 adding approximately \$5 Million of annual revenue and \$800,000 of annual earnings with 30% of those revenues being recurring in nature;
- Integrate AI into the iDimax platform along with mobility and desktop applications;
- Expand iDmax into the US markets through existing

- customers;
- Enter 4 major pilots with our Smart Thermostat and blockchain solution for energy savings and carbon reduction with monetization.

About Kontrol Energy

Kontrol Energy Corp. (CSE: KNR, FSE: 1K8) is a leader in energy efficiency through IOT, Cloud and Blockchain technology. With a disciplined mergers and acquisition strategy, combined with organic growth, Kontrol Energy Corp. provides market-based energy solutions to our customers designed to reduce their overall cost of energy while providing a corresponding reduction in Greenhouse Gas (GHG) emissions.

Additional information about Kontrol Energy Corp. can be found on its website at www.kontrolenergy.com and by reviewing its profile on SEDAR at www.sedar.com

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Caution Regarding Forward Looking Statements:

Certain information included in this press release, including information relating to future financial or operating performance and other statements that express the expectations of management or estimates of future performance constitute “forward-looking statements”. Such forward-looking statements include, without limitation, statements regarding possible future acquisitions and/or investments in operating businesses and/or technologies, accelerated organic growth, the provision of solutions to customers and Greenhouse Gas emissions reductions, proposed financial savings and sustainable energy benefits and energy monitoring. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief are based on assumptions

made in good faith and believed to have a reasonable basis. Such assumptions include, without limitation, that suitable businesses and technologies for acquisition and/or investment will be available, that such acquisitions and or investment transactions will be concluded, that sufficient capital will be available to the Company, that technology will be as effective as anticipated, that organic growth will occur, and others. 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, lack of acquisition and investment opportunities or that such opportunities may not be concluded on reasonable terms, or at all, that sufficient capital and financing cannot be obtained on reasonable terms, or at all, that technologies will not prove as effective as expected that customers and potential customers will not be as accepting of the Company's product and service offering as expected, 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 the Company 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, except as required under applicable securities law.