

# Clear Blue Technologies International Inc. The Smart Off-Grid™ Company

2020 Earnings Call



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TECHNOLOGIES

# Forward Looking Statements

This presentation contains forward-looking statements, which can be identified by the use of forward-looking terminology, such as but not limited to: “may”, “intend”, “expect”, “anticipate”, “estimate”, “seek”, or “continue”, or the negative thereof or other variations thereon or comparable terminology. In particular, any statements, express or implied, concerning trends, future operating results, growth, performance, business prospects and opportunities or the ability to generate revenues, income or cash flow are forward-looking statements. These statements reflect management’s current beliefs, including beliefs as to future financial and operating results, and they are based on information currently available to management.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to known and unknown risks and uncertainties. Such risks include but are not limited to: the impact of general economic conditions, market volatility, fluctuations in costs, and changes to the competitive environments, as well as other risks disclosed in the public filings of Clear Blue and its publicly filed press releases.

Certain forward looking information should also be considered future-oriented financial information (“FOFI”) as that term is defined in National Instrument 51-102. The purpose of disclosing FOFI is to provide a general overview of management’s expectations regarding anticipated results or market conditions. Readers are cautioned that FOFI may not be appropriate for other purposes.

These factors should be considered carefully and undue reliance should not be placed on forward-looking statements. Although the forward-looking statements are based upon what management believes to be reasonable estimates and assumptions, Clear Blue cannot ensure that actual results will not be materially different from those expressed or implied by these forward-looking statements.

Unless specifically required by law, Clear Blue does not assume any obligations to update or revise these forward-looking statements to reflect new events or circumstances. Clear Blue seeks safe harbor.

# Agenda



Quick Overview of Clear Blue



Discussion of 2020 Results



Future Outlook

# Overview



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# What We Do

We deliver clean managed wireless power – anywhere and anytime



Highly reliable power source from solar or hybrid solar power with built-in communications.

## Off-Grid Power

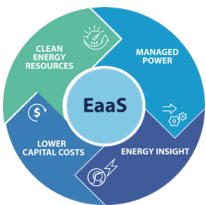


Delivered in preconfigured, prewired Power Packs simplifying upgrades for local installers.

## Mission Critical Devices



Designed for uptime availability with the ability to remotely monitor, control, and proactively manage.



Lowest TCO possible to allow for modularity, parallelization, and sizing, efficiencies.

# Clear Blue's Business Model



## Reliability Designed In

- A highly reliable power source
- Solar or hybrid solar power with built-in communications
- The ability to remotely monitor, control, and proactively manage
- Designed for uptime availability
- Delivered in preconfigured, prewired Power Packs simplifying upgrades for local installers

### BRAND PROMISES



Maximum uptime



Longest life



Easy to install and maintain

### DIFFERENTIATORS



Energy forecasting and management



Troubleshooting and remediation

**The lowest TCO possible to allow for modularity, parallelization, and sizing, efficiencies.**

# Smart Off-Grid in Telecom – Moving from Analog to Digital



Everyone Else



Clear Blue

# Telecom Applications and Customers



**Rwanda**

Remote 2G & Wifi



**Peru**

Remote Repeater



**Nigeria**

Remote 4G / 2G



Global Communications Extension Services





# Illumient Applications & Customers



Anywhere that trenching and cabling costs are prohibitive!

- Streets
- Private or Public Parking lots
- Parks
- Sign lighting
- Security



# What Clear Blue Delivers

Clear Blue's Smart Off-Grid power provides the complete off-grid power solution with increased power reliability through ongoing remote power management service.

Mission critical devices can be **easily installed** anywhere, powered by clean energy, **remotely monitored, & managed**, for greater **uptime**, improved reliability & **lower cost**.



## BRAND PROMISES



Maximum uptime



Longest life



Easy to install and maintain



MANAGE



CONTROL



SERVICE

# How We Deliver

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## Energy as a Service

We manage and operate the power service and systems for our customer on an ongoing basis.



# Strong Global Traction



## OUR GROWTH STRATEGY



Enhanced penetration of North American, African Lighting, and Smart City Markets



Telecom sector first installs and key partnerships transitioning now to large-scale rollouts



Energy as a Service to drive recurring revenue



**9**  
Canadian  
provinces

**25**  
US states

**37**  
Countries

**>6,000**  
Units

**>5.4 million**  
Days of operation

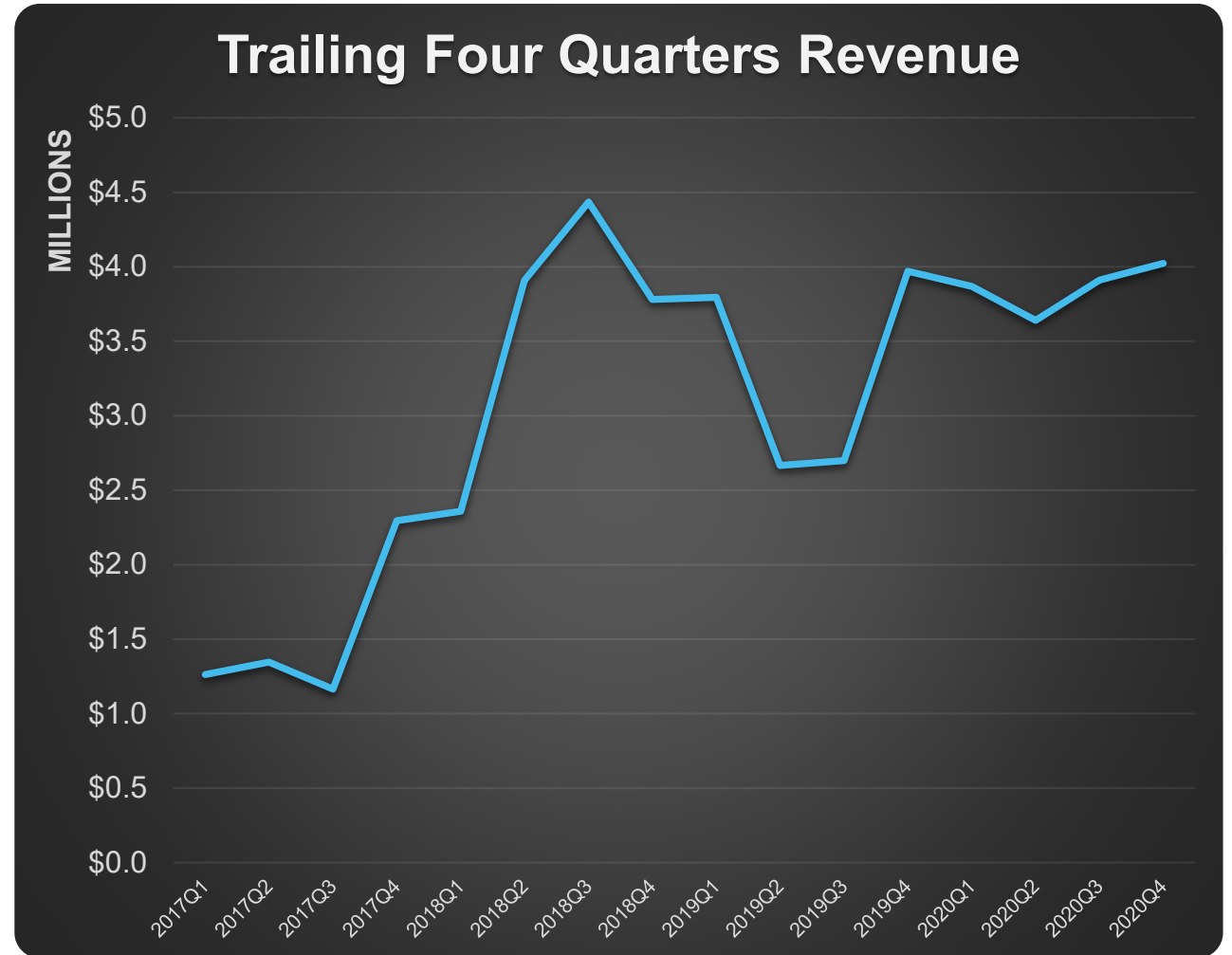
# 2020 Results



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# Revenues

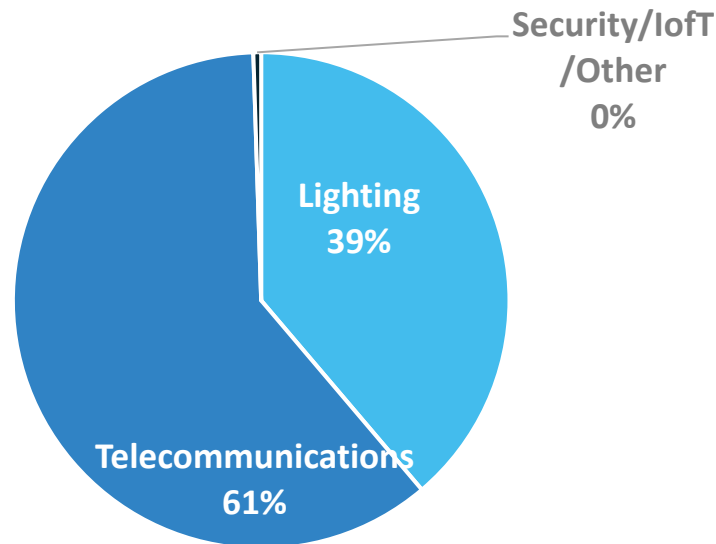
- Revenue for the three months ended December 31, 2020 was **\$2,504,446**.
  - **5% increase** from the same period ended December 31, 2019.
- TFQ revenue for the period ended December 31, 2020 was **\$4,023,811**.
  - **1% increase** over the TFQ ended December 31, 2019.



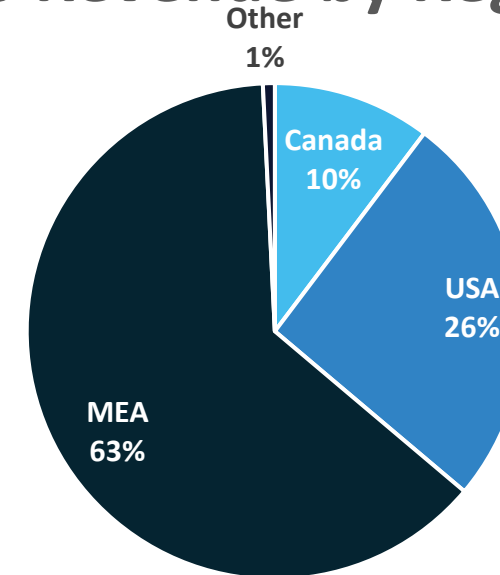
# 2020 Annual Sector & Regional Results



## 2020 Revenue by Sector



## 2020 Revenue by Region



| Revenue by Vertical | Fiscal Year ended Dec 31 |                  | %         |
|---------------------|--------------------------|------------------|-----------|
|                     | 2020                     | 2019             |           |
| Lighting            | 1,560,960                | 2,954,987        | -47%      |
| Telecom             | 2,442,525                | 928,287          | 163%      |
| Security/IoT        | 20,326                   | 88,027           | -77%      |
| <b>Total</b>        | <b>4,023,811</b>         | <b>3,971,301</b> | <b>1%</b> |

| Regional Results | Fiscal Year ended Dec 31 |                  | %         |
|------------------|--------------------------|------------------|-----------|
|                  | 2020                     | 2019             |           |
| Canada           | 414,129                  | 301,081          | 38%       |
| USA              | 1,040,912                | 1,401,041        | -26%      |
| MEA              | 2,537,616                | 1,601,619        | 58%       |
| Other            | 31,155                   | 667,560          | -95%      |
| <b>Total</b>     | <b>4,023,811</b>         | <b>3,971,301</b> | <b>1%</b> |

# Bookings



| Bookings as of December 31, 2020 | Total            | Revenue          |                 |
|----------------------------------|------------------|------------------|-----------------|
|                                  |                  | 2021             | 2022 and Beyond |
| Illumience/EaaS deferred revenue | 975,664          | 402,310          | 573,354         |
| Purchase Orders                  | 3,183,252        | 3,141,640        | 41,612          |
| <b>Total Bookings</b>            | <b>4,158,916</b> | <b>3,543,950</b> | <b>614,966</b>  |

## Recurring Revenue

- As recurring revenue continues to grow, more of its sales is in the form of prepaid ongoing service revenue
- Approximately 40% of each Illumient N.A. sale is now prepaid deferred revenue



## Bookings

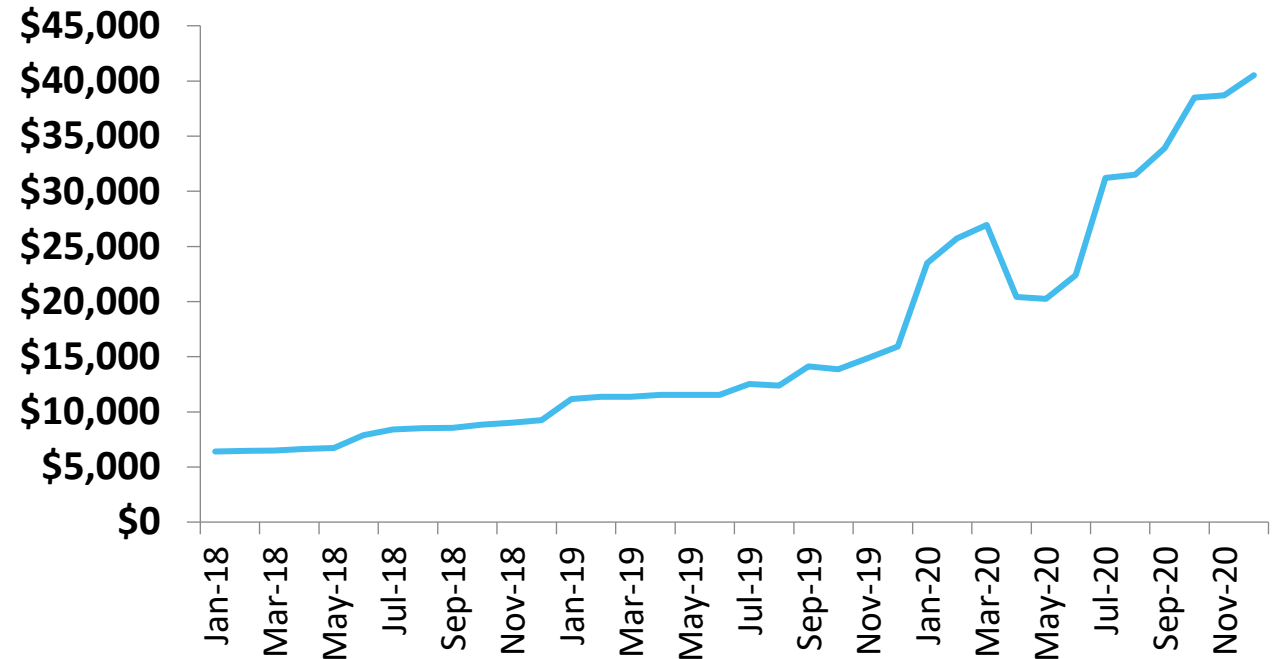
- As of December 31, 2020, Clear Blue's bookings are **\$4,158,916**, a **202%** increase over Q3 2020
- This will be delivered over the next three years in the case of Illumience/EaaS and typically in the next 1-4 months in the case of production orders



# Recurring Revenue

- Monthly Recurring revenue, from Illumience & EaaS, has increased by **164%** in Q4 2020 as compared to Q4 2019.
- Since the company's founding, every system sold includes ongoing Illumience management and monitoring.

Monthly Recurring Revenue

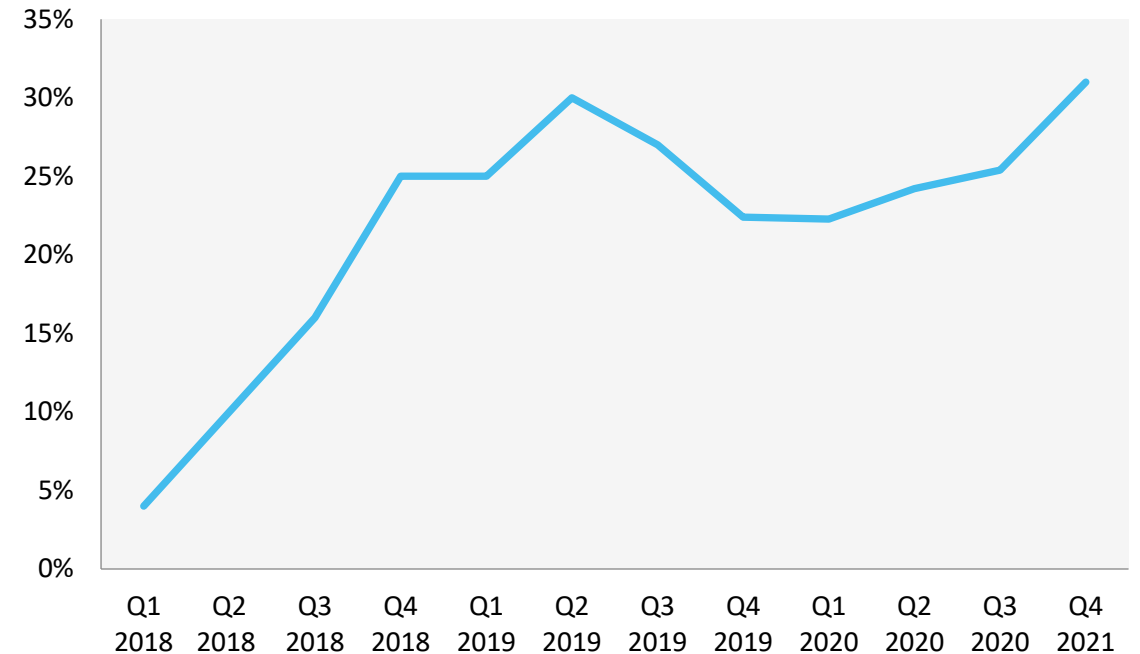


|                  | December 31, 2020 | December 31, 2019 | Change |
|------------------|-------------------|-------------------|--------|
| Deferred Revenue | \$975,664         | \$514,608         | 90%    |

# Gross Profit

- Gross profit for Q4 was **\$669,702** or 27%
- Gross Profit for TFQ was **\$1,266,999\*** or 31.5%, up significantly from the TFQ of the previous period's gross profit of \$891,163.
- Improved Gross Margins resulted from significant R&D efforts as well as supply chain management

TFQ Gross Margin by Percentage of Revenues



\*This was largely the result of significant efforts by the company to prepare for it to scale its manufacturing and supply-chain and to increase gross margins.

# Operating Expenses

- Operating expenses for the quarter ended December 31, 2020 were **\$1,859,633** a decrease of **\$254,170** for the same period in 2019.
- Operating expenses for the TFQ ended December 31, 2020 were **\$4,629,224**, a decrease of **\$1,051,437** or **18.5%** compared to the same period in 2019
- This is mainly due to government Covid-19 funding support of \$750,886 and lower bad debts written off by \$146,044 for the TFQ ended December 31, 2020.

| Operating Expenses                   | Quarter Ending December 31 |                  |
|--------------------------------------|----------------------------|------------------|
|                                      | 2020                       | 2019             |
| Salaries, wages and benefits         | (229,803)                  | 568,671          |
| Research and development             | 345,374                    | 608,598          |
| General and administrative           | 305,902                    | 114,047          |
| Government Subsidy                   | 610,960                    | 0                |
| Bad debt expense(recovery)           | 266,321                    | 336,073          |
| Stock-based compensation             | 97,597                     | 125,388          |
| Travel                               | 3,464                      | 80,230           |
| Business development and marketing   | 138,083                    | 164,441          |
| Rent                                 | 26,439                     | 49,068           |
| Professional fees                    | 256,021                    | 33,439           |
| Depreciation of property & equipment | 39,275                     | 33,848           |
| <b>Total Operating Expenses</b>      | <b>1,859,633</b>           | <b>2,113,803</b> |

\*Core Operating expenses = Salaries, R&D, G&A, Travel, Bus Dev, Rent, & Prof Fees

# Adjusted EBITDA (\$ CAD)



| Result of Operations               | Three months ended |                   |        | TFQ ended         |                   |        |
|------------------------------------|--------------------|-------------------|--------|-------------------|-------------------|--------|
|                                    | December 31, 2020  | December 31, 2019 | Change | December 31, 2020 | December 31, 2019 | Change |
| <b>Revenue</b>                     | 2,504,446          | 2,392,839         | 5%     | 4,203,811         | 3,971,301         | 1%     |
| <b>Cost of sales</b>               | (1,834,744)        | (1,997,651)       | -8%    | (2,756,812)       | (3,080,138)       | -10%   |
| <b>Gross profit</b>                | 669,702            | 395,188           | 69%    | 1,266,999         | 891,163           | 42%    |
| <b>Gross margin %</b>              | 27%                | 17%               |        | 31%               | 22%               |        |
| <b>Non-IFRS Operating expenses</b> | (1,836,934)        | (1,783,147)       | 3%     | (4,857,505)       | 5,048,891         | -4%    |
| <b>Non-IFRS Adjusted EBITDA*</b>   | (1,167,232)        | (1,387,960)       | -16%   | (3,590,506)       | (4,157,728)       | -14%   |

\*14% improvement in TFQ adjusted EBITDA; Government Covid Subsidies are BELOW EBITDA in our reporting

# New ESG Reporting

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- Clear Blue has ESG in its DNA.
- Governance: Strong Code of Business Conduct, anti-corruption, Risk & Crisis Management
- Planet: Clear Blue is a Cleantech company; We bring renewable energy to applications previously not thought possible and replace carbon powered (primarily generator/gas based) systems
- People: Diversity is our middle name:
  - Board: 60% Diverse, 40% Female
  - All Company: 70% Diverse, 37% Female
- Prosperity: Canada, Kenya & U.S. employees
  - Recent Kenya office shows our commitment to local in hiring, partnering and sourcing.

# Summary: 2020 was a Year of Growth

- Closed an equity financing of \$5M with potential for an additional \$3.9M through exercise of related warrants and \$5.8M through exercise of warrants from prior financings, which will enable us to scale our operations including sales and go-to-market activities;
- A top performer on the TSX-V over 2020 and recently named one of the top 50 performers on the TSX Venture exchange, based on 2020's performance;
- Announced a number of Large Rollout agreements for our Telecom Nano-grid offering;
- Made technology developments and improvements.

# Outlook



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# Illumient Streetlight Business

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- Spending on clean infrastructure is top of mind with many governments, including both U.S. and Canada. Because of this, we expect continued strong growth in this market;
- Our announcement around North Dakota and the American Parkway project in Allentown Pennsylvania shows that Solar lighting is going mainstream;
- EaaS has been well received by the market, and has had a material impact on the value and growth of this business;
- Clear Blue's GTM strategy for Illumient is to build a strong network of agents and distributors who are a key part of the planning process for local governments and businesses.





# Telecom Outlook

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## Clear Blue is part the global initiative to “Connect the Unconnected”

- Globally 3.8 billion are still unconnected or inadequately connected;
- Governments, NGOs, & FANGs are leading the charge of a multi-company, multi-country, multi-continent initiative;
- Clear Blue has been successful in securing multiple rollout contracts supporting these continent wide initiatives and is working hard to build on this momentum



# Why has Clear Blue been the winner in this new wave?

- The Answer is Clear Blue's Smart Off-Grid
- But what does that mean?
  - Lower Capex
  - Lower Opex
  - Lights Out operations – no site maintenance, no diesel generator, no gasoline servicing
  - A reliable solar only solution
  - Predictive analytics
  - Smart digital power
    - Example: Short Circuit multi-try
  - Service and management
- And of course the sales and partners to get us to the table



# Outlook for 2021



## R&D

As Clear Blue goes wide and deep in Rural rollouts, expanding our market to both smaller and larger systems will enable greater growth and larger addressable market.

Building more Smarts into our technology will deliver better ROI for our customers and increased margins for Clear Blue.

## Traction

Ensure Success of these first large Rollouts.

Expand our presence with new partners and in new geographies.

Develop the next two pillars of telecom growth

- 
- Satellite/Wi-Fi
- 5G

## Leadership

Today Clear Blue-powered systems are in 37 countries, and our installed base and revenue are growing fast.

Clear Blue is a 2021 TSX-V 50 member.

We are the first to market with Smart Off-Grid AND recurring revenue service model.

# Summary

Management believes the Company is positioned for significant growth in 2021

- Strong bookings growth both in our lighting and telecom sectors;
- Established sales of Large Rollouts in telecom;
- Our guidance on new telecom sales, and;
- Supported by completion of a major financing at the end of 2020



# Have Questions?

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