

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

Q2 2021 Earnings Call



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# 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 and its Market



Discussion of 2021 Q2 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



**Intelsat/MTN**

Remote 2G & Wifi



**Mayu Facebook**

Microwave 2G/4G



**IHS/MTN**

Remote 2G/3G





# Illumient Applications & Customers



Anywhere that trenching/cabling costs are prohibitive, the grid is unreliable or maximum uptime is needed!



Rural Intersections



Eco-friendly Cities



Reduce Grid Reliance



Safety Lighting with No-Grid



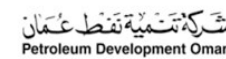
Illuminate Critical Safety Infrastructure



Light Major Roadways



Reduce Construction Disruption



# 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**.



MANAGE



CONTROL



SERVICE

## BRAND PROMISES



Maximum uptime



Longest life



Easy to install  
and maintain

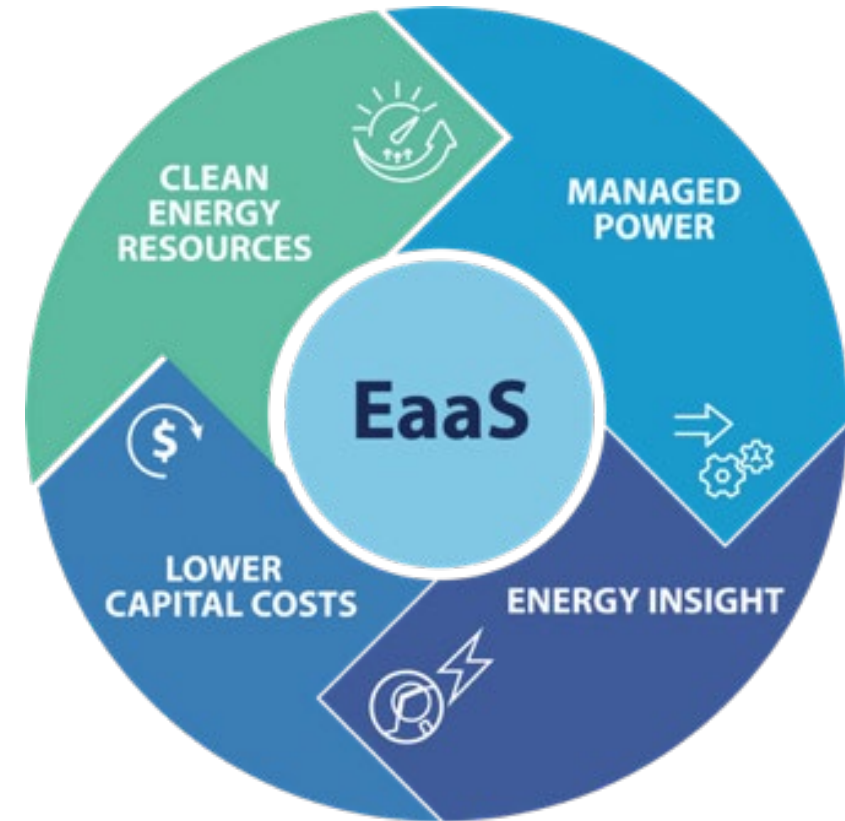
# How We Deliver



## Energy-as-a-Service

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

This provides customers with long-term assurance of reliable power, while ensuring that Clear Blue receives recurring revenue over time for its services, contributing to more stable revenue over time.



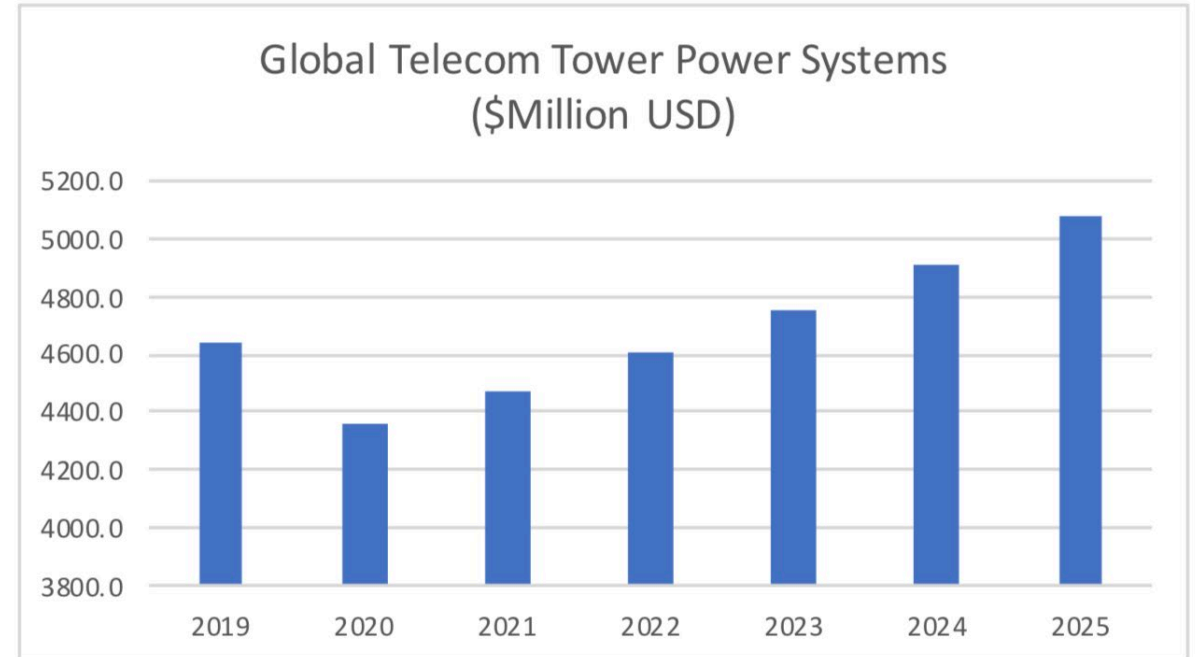
# Powering Connectivity is our Highest Growth Market

- Global Market for Telecom Tower Power systems will grow at a 3.3% CAGR to \$5.25 Billion USD in 2026.

- In 2020 alone, the world added 250,000 new telecom Towers







- Tower growth is driven by 3 key factors:

- Increasing demand thru growing population, aging population and adoption of cell phones
- Greater Geographical coverage
- Evolving Technologies – as you move from 2G > 3G > 4G LTE > 5G, more bandwidth actually forces towers to be closer together, which means each evolution in technology increases the number of telecom tower sites





# Africa presents the largest market opportunity

Growth Driver	Africa	Comment
Growing Population		The working-age population of sub-Saharan Africa is set to increase more than twofold by 2050 to become the largest in the world
Young and Aging Population		Median Age of 18, youngest in the world
Adoption of Cell phones		Over the next five years, the number of smartphone connections in Sub-Saharan Africa will almost double to reach 678 million by the end of 2025 – an <b>adoption rate of 65%</b>
Geographical Expansion		Sub-Saharan Africa is home to 67% of the world's population that are not covered by mobile broadband.
Evolving Technologies		Africa has high demand for 2G, just at the beginning of the tech evolution – will go thru 2G, 3G, 4G LTE and then 5G
Leader in Adoption of Renewables for Power in Telecom		Due to cost and the lack of available grid power, African telco operators are specifying 100% solar only systems to power their telecom infrastructure

For every driver of telecom power system demand, Africa has the largest long term growth opportunity in the world

# Regional Market Sizes

Telecom Power Systems Market, Revenue in USD Million, Global, Base Year : 2020, Forecast Period : 2021-2026									
Global	2019	2020	2021	2022	2023	2024	2025	2026	CAGR % (2021-2026)
Telecom Power Systems Market	4637.3	4357.7	4477.1	4610.0	4752.9	4907.0	5073.2	5252.8	3.25%

Telecom Power Systems Market, Revenue in USD Million, Segmentation by Geography, Global, Base Year : 2020, Forecast Period : 2021-2026									
Geography	2019	2020	2021	2022	2023	2024	2025	2026	CAGR % (2021-2026)
North America	277.8	258.6	263.2	268.5	274.3	280.6	287.4	294.8	2.29%
Europe	598.8	556.3	565.2	575.4	586.6	598.8	612.2	626.7	2.09%
Asia Pacific, incl. China & India	3147.2	2961.7	3047.3	3142.2	3244.4	3354.3	3473.0	3601.1	3.40%
Latin America	283.9	268.3	277.2	287.1	297.7	309.1	321.5	334.8	3.84%
Middle East and Africa	329.6	312.7	324.2	336.7	350.0	364.1	379.3	395.5	4.06%

Clear Blue CURRENT Addressable Market - HIGH SOLAR ADOPTION AREAS (USDS MILLIONS)									
	2019	2020	2021	2022	2023	2024	2025	2026	CAGR % (2021-2026)
Middle East and Africa	329.6	312.7	324.2	336.7	350.0	364.1	379.3	395.5	4.06%
Latin America	283.9	268.3	277.2	287.1	297.7	309.1	321.5	334.8	3.84%
Asia Pacific, NOT incl China & India*	472.1	444.3	457.1	471.3	486.7	503.2	520.9	540.2	3.40%
<b>Total</b>	<b>1085.6</b>	<b>1025.2</b>	<b>1058.5</b>	<b>1095.1</b>	<b>1134.3</b>	<b>1176.4</b>	<b>1221.7</b>	<b>1270.4</b>	<b>3.72%</b>

\*For Clear Blue's addressable market, Clear Blue has estimated that China and India are 85% of Asia Pacific and that 15% is the rest of Asia Pacific. Clear Blue is currently only addressing the rest of Asia Pacific.  
Source: Mordor Intelligence

Estimated Number of NEW Telecom Towers in Clear Blue's current addressable market*	62,280	58,818	60,726	62,827	65,077	67,492	70,088	72,883	3.72%
Addressable Market for Clear Blue related to new towers in our Current Addressable market (assumes per site power price of \$10K CAD) In Million \$CAD	\$ 623	\$ 588	\$ 607	\$ 628	\$ 651	\$ 675	\$ 701	\$ 729	3.72%
Clear Blue's Current % Market Share	0.1%	0.4%	0.7% YTD						

\* According to Mordor Research, there were 250,000 new telecom towers installed globally in 2020. Extrapolating Clear Blue's CURRENT addressable market, there were approximately 58,818 new telecom towers installed in 2020 in Clear Blue's CURRENT addressable market.



# 2021 Q2 Results

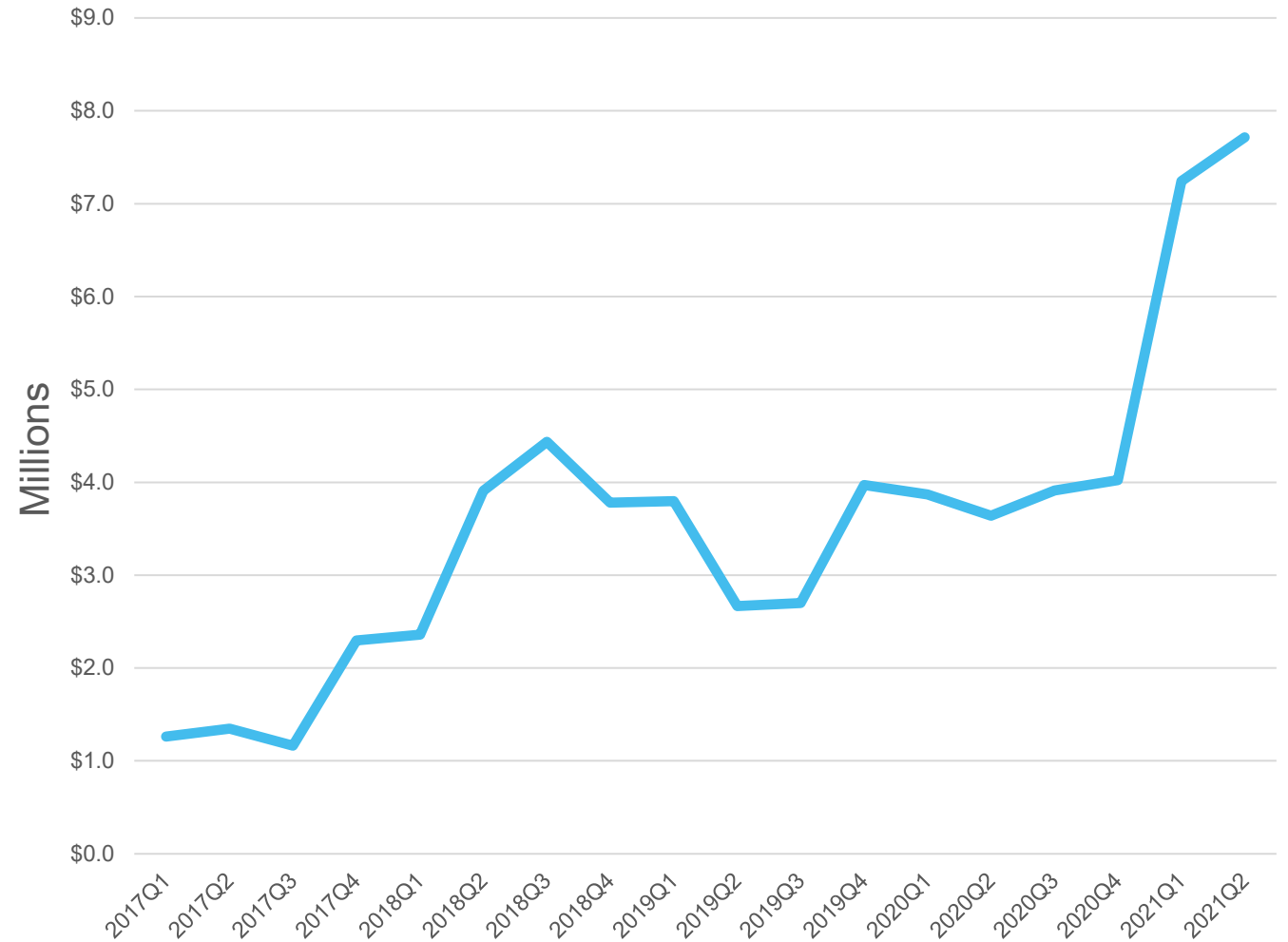


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# Revenues

- Revenue for the three months ended June 30, 2021 was **\$810,406**.
  - **138% increase** from the same period ended June 30, 2020.
- TFQ revenue for the period ended June 30, 2021 was **\$7,714,708**.
  - **112% increase** over the TFQ ended June 30, 2020.

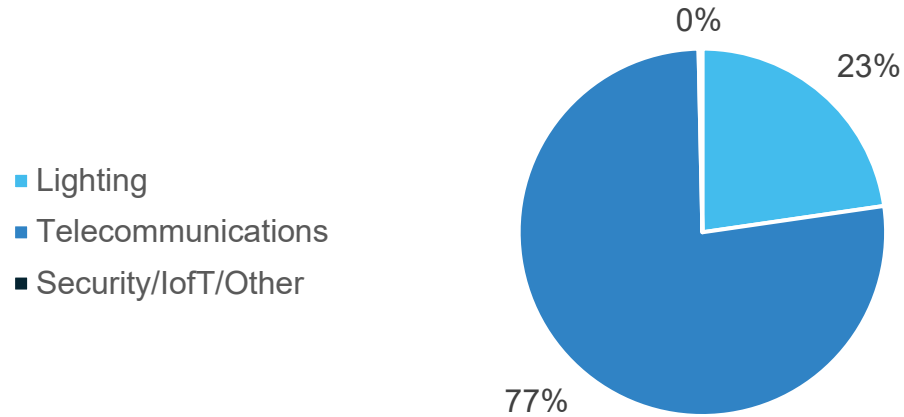
## Trailing Four Quarters Revenue



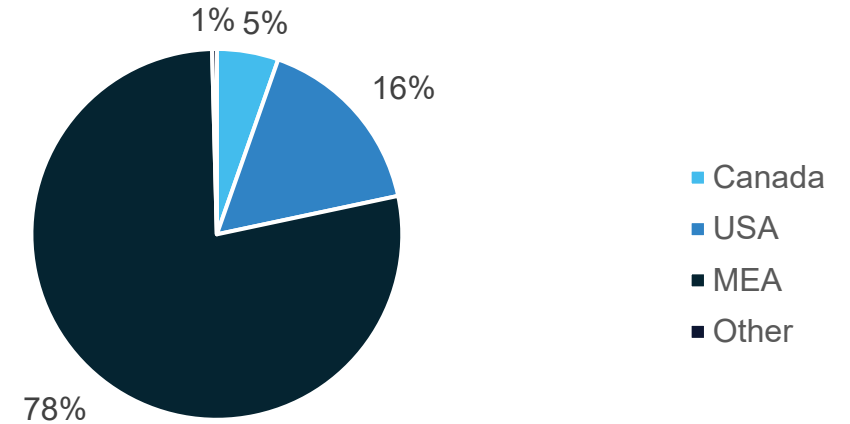
# 2021 Annual Sector & Regional Results



## TFQ Q2 2021 Revenue by Vertical



## TFQ Q2 2021 Revenue by Region



Revenue by Vertical	TFQ ended June 30		%
	2021	2020	
Lighting	1,751,709	2,717,695	-35%
Telecom	5,937,125	985,137	503%
Security/IoT	25,875	(61,318)	142%
<b>Total</b>	<b>7,714,709</b>	<b>3,641,514</b>	<b>112%</b>

Revenue by Region	TFQ ended June 30		%
	2021	2020	
Canada	414,570	239,167	73%
USA	1,257,255	1,091,022	15%
MEA	6,010,961	1,721,655	249%
Other	31,923	589,670	-95%
<b>Total</b>	<b>7,714,709</b>	<b>3,641,514</b>	<b>112%</b>

# Bookings



Bookings as of June 30, 2021	Total	Revenue	
		Year 1	Year 2 and Beyond
Illumience / EaaS Deferred Revenue	1,075,215	479,912	595,303
Purchase Orders	2,178,289	1,613,253	565,037
<b>Total Bookings</b>	<b>3,253,504</b>	<b>2,093,164</b>	<b>1,160,340</b>

## Recurring Revenue

- Clear Blue's managed services is a key differentiator that is a foundation of our market leadership position
- Key for mission critical applications
- Our base Illumience and our enhanced Energy as a Service offerings build customer loyalty and provide critical learnings to allow us to maintain our market leadership



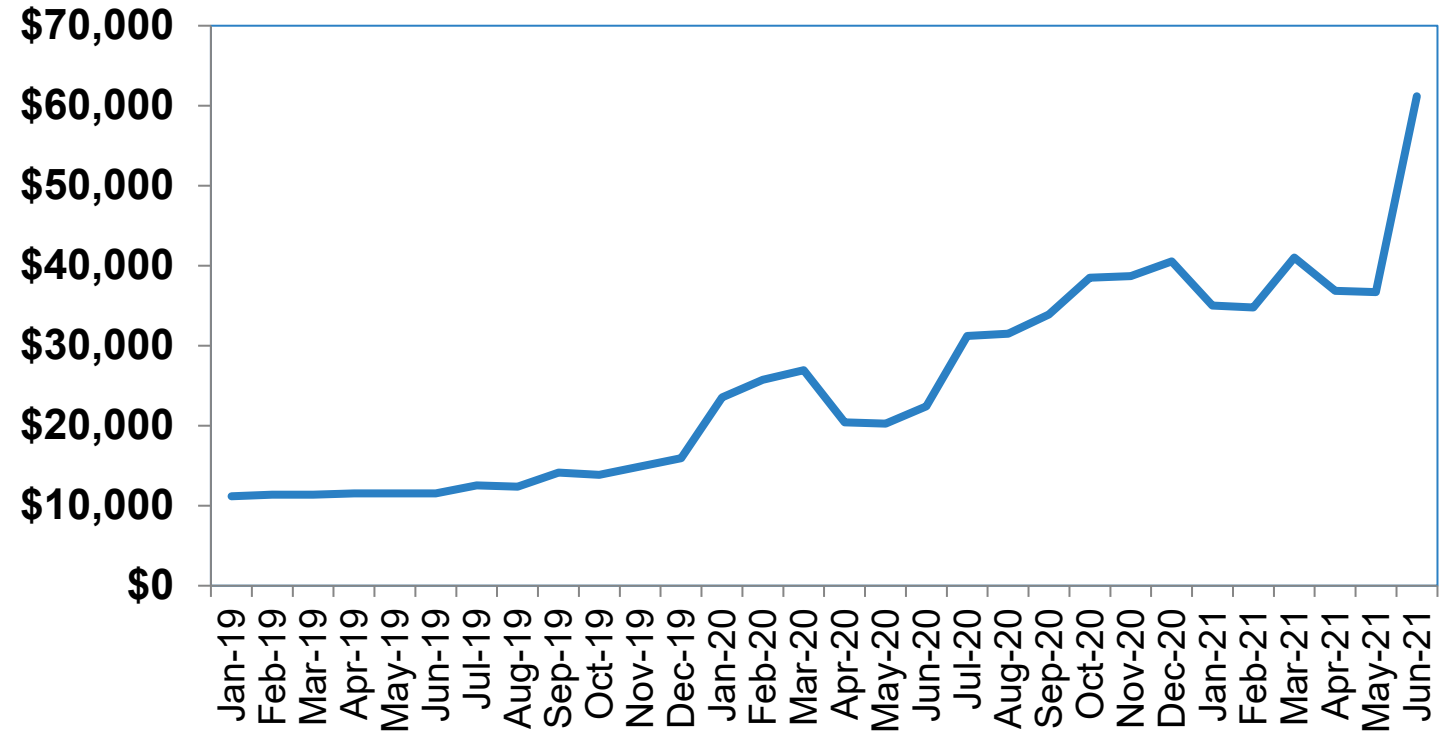
## Bookings

- Bookings 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
- As of June 30, 2021, Clear Blue's bookings are **\$3,253,504**, a **39%** increase over Q1 2021.

# Recurring Revenue

- Monthly Recurring revenue, from Illumience & EaaS, has increased by **114%** in Q2 2021 as compared to Q2 2020.
- Since the company's founding, every system sold includes ongoing Illumience management and monitoring.

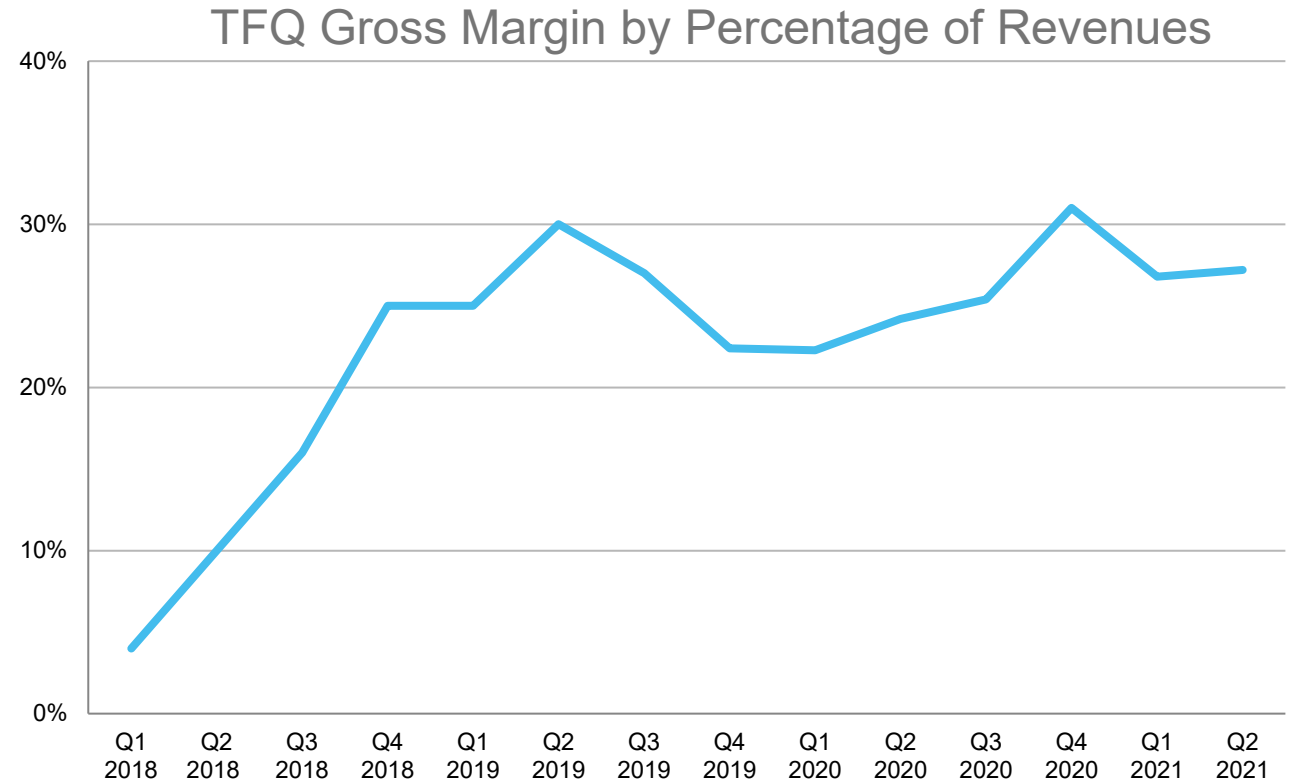
Monthly Recurring Revenue



	June 30, 2021	June 30, 2020	Change
Deferred Revenue	\$994,709	\$422,764	135%

# Gross Profit

- Gross profit for Q2 was **\$304,283** or **38%\***.
- Gross Profit for TFQ was **\$2,100,743** or **27%**, up from the TFQ of the previous period's gross profit of \$881,224 or 24%.
- Improved Gross Margins resulted from significant R&D efforts as well as supply chain management.



\* TFQ gross margins increased to 27% of sales, up from a Gross Margin of 24% in 2020. This increase was partially off-set by a lower margin from a strategic one-time deal to support a major customer in their first roll-out in Africa. Excluding this one-time deal, the Gross Margin for the current TFQ was 31%.



# Operating Expenses

- Operating expenses for the quarter ended June 30, 2021 were **\$1,157,895** an increase of **\$628,111** for the same period in 2020.
- This is mainly due to lower government Covid-19 funding support and no bad debts recovery for the Quarter ended June 30, 2021. Without \$395,129, the net effect of the above, operating expenses increased by only **25%**.
- Operating expenses for the TFQ ended June 30, 2021 were **\$5,017,862** an increase of **\$820,328** or **20%** compared to the same period in 2020
- For the TFQ, excluding the effects of the one-time bad debts recovery of \$195,394 in the comparative TFQ, operating expenses increased by **14%**.
- Increase in operating expenses in in line with increased business activity and related revenue growth for the Quarter and TFQ ended June 30 2021.

Operating Expenses	Quarter Ending June 30	
	2021	2020
Salaries, wages and benefits	616,873	283,375
Research and development	104,766	416,293
General and administrative	276,050	105,692
Government Subsidy	(109,349)	(309,084)
Bad debt expense(recovery)	-	(195,394)
Stock-based compensation	6,3091	4,072
Travel	2,836	2,232
Business development and marketing	62,867	68,760
Rent	26,161	57,827
Professional fees	77,969	62,741
Depreciation of property and equipment	36,631	33,270
<b>Total Operating Expenses</b>	<b>1,157,895</b>	<b>529,784</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		
	June 30, 2021	June 30, 2020	Change	June 30, 2021	June 30, 2020	Change
<b>Revenue</b>	810,406	340,345	138%	7,714,708	3,641,514	112%
<b>Cost of sales</b>	506,123	195,777	159%	5,613,965	2,760,290	103%
<b>Gross profit</b>	304,283	144,568	110%	2,100,743	881,224	138%
<b>Gross margin %</b>	38%	42%		27%	24%	
<b>Non-IFRS Operating expenses</b>	1,137,778	1,063,519	7%	5,119,118	3,919,438	31%
<b>Non-IFRS Adjusted EBITDA*</b>	(833,495)	(918,951)	-9%	(3,018,375)	(3,038,214)	-1%

\*1% improvement in TFQ adjusted EBITDA; Government Covid Subsidies are BELOW EBITDA in our reporting

# Summary: 2021 continues with consistent success

- Q2 was a strong quarter with good revenue growth YoY as well as strong margins
- Orders to support three of our large rollout telecom customers in Africa shipped in Q2, with more scheduled for later this year
- Strong growth in recurring revenues
- Continued strong margins, focus on managing operating expenses but with sales, scaling and R&D investments to capitalize on the growth opportunity
- New strategic contract with Parallel Wireless was announced expected to ship in Q3 of this year

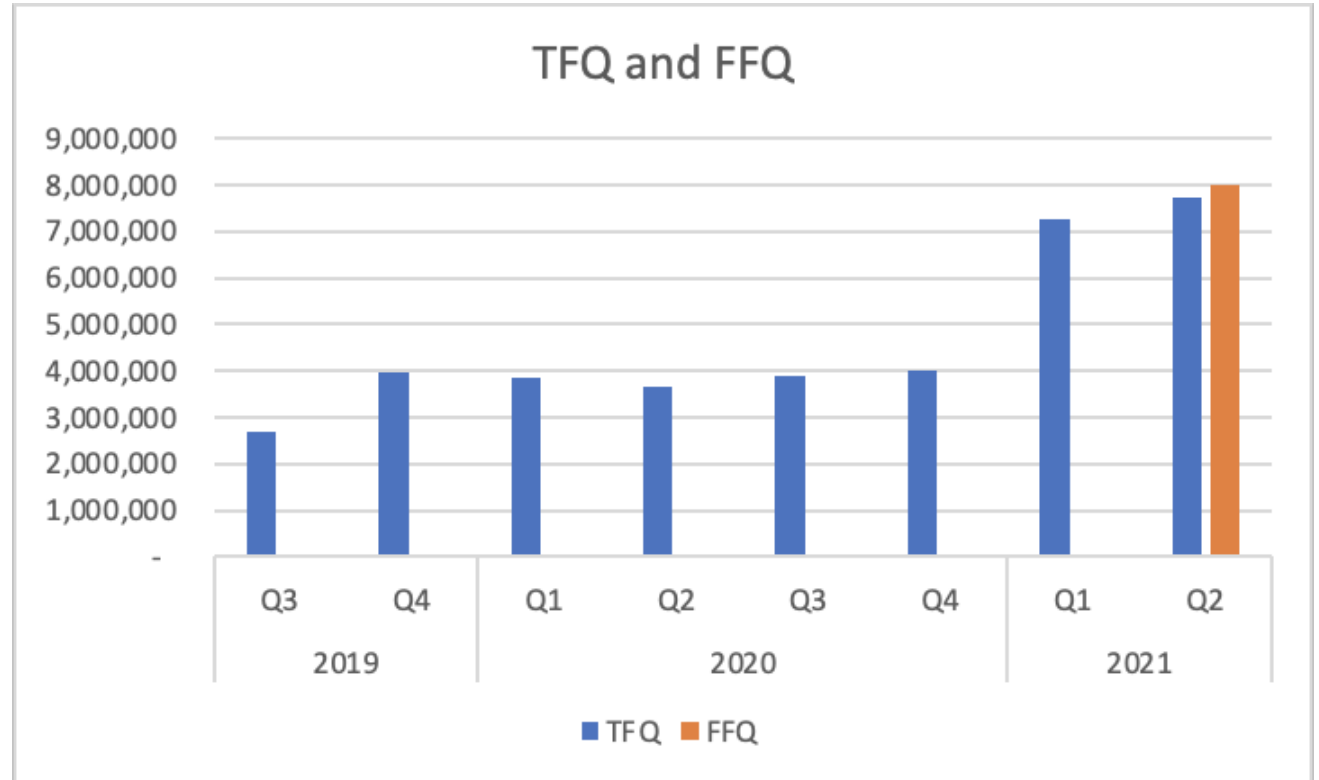
# Outlook & Guidance



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# Clear Blue Announces FFQ Guidance

- Clear Blue is best viewed from a Trailing Four Quarter (TFQ) period as quarterly revenues can still vary greatly.
- As a result, a Forward Four Quarter (FFQ) estimate is a good way to look at Clear Blue's Prospects.
- Beginning this quarter, we will provide FFQ guidance to the market to assist investors in having better understanding in our growth prospects.
- For Q2, 2021, our FFQ guidance is \$8 Million Revenue for the quarters Q3 2021 – Q2 2022.





July 15

- The Company announced its partnership with **Avanti Communications**, a leading Satellite service operator across Africa;



July 29

- The Company announced a signed agreement with **Nuran Wireless** to provide more than 1,333 Smart Off-Grid power systems for their **Orange DRC** service. The contract has an estimated value of **\$8 - \$10 million CAD** over the next three years, with a minimum of \$750,000 to ship this year;



August 19

- The Company announced its joint project with **Facebook Research** and **Mayu Telecomunicaciones** to create an independent study to validate and quantify the benefits of Smart Power;



# Summary

Management believes the Company is positioned for significant growth thru the end 2021 and beyond

- We have multiple multi-year telecom rollouts underway;
- Our sales funnel and backlog is quite strong and building;
- Our technology is proving out its strong leadership in the market;
- Our service model is a huge asset and differentiator;
- And our team – they are the ones that have made it happen!



# Have Questions?

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