

Clear Blue Technologies International Inc.

The Smart Off-Grid Company

Q3 2019 Earnings Call



Forward looking statements

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

- Overview of Clear Blue
- Discussion of Q3 Results
- Outlook

Clear Blue Technologies Overview



Clear Blue Technologies

What We Do

We deliver clean managed wireless power – anywhere and anytime.



Patented Smart Off-Grid Technology

Brand Promises



Maximum uptime



Longest Life



Easy to install and maintain

Predictive Energy Forecasting

Troubleshooting & Remediation

Potential Energy



Differentiators



Energy forecasting and management



Troubleshooting and remediation

Smart Management & Control

Battery Life Innovation & Patents

Big Data Analytics



Energy-as-a-Service Business Model



Source: Technavio

According to Navigant Research, the annual global market for commercial and industrial Energy-as-a-Service is estimated to reach \$221.1 billion by 2026.

“Just like Amazon Web Services transformed the IT industry, we believe Energy-as-a-Service (EaaS) can transform the power industry. EaaS enables organizations to move away from having to operate and manage power systems.” Miriam Tuerk, Co-Founder & CEO, Clear Blue

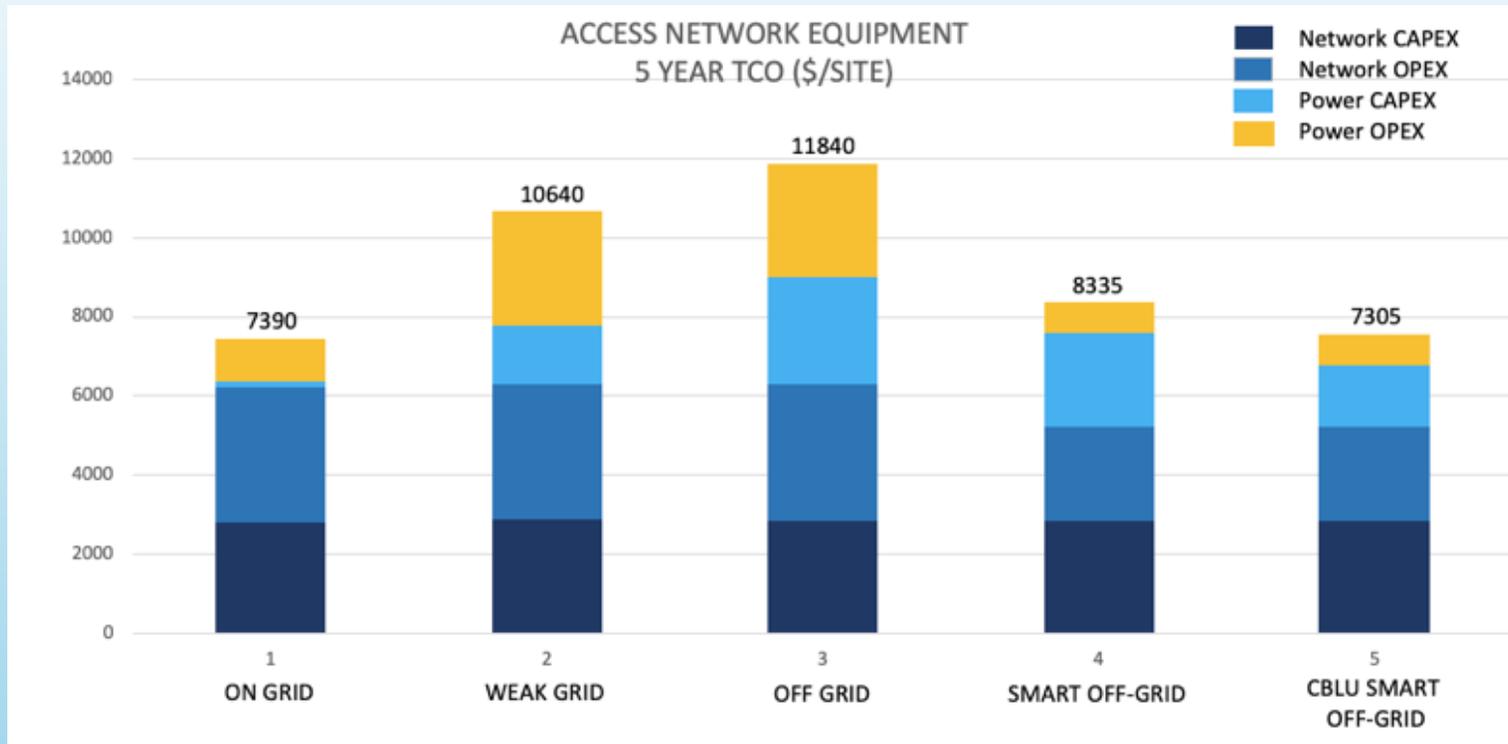


Strong Global Traction



Marquee Customers – Strategic Partners
Telecom & Street Infrastructure – Global Presence

The Business Case is Very Strong



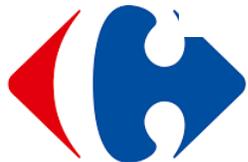
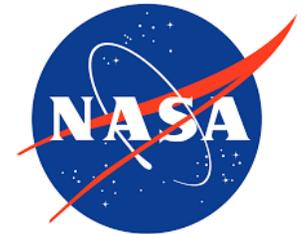
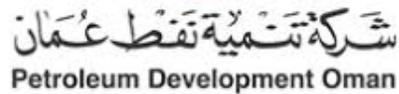
TELECOM INFRA PROJECT

Clean, Managed, Wireless power is the lowest cost, most reliable power

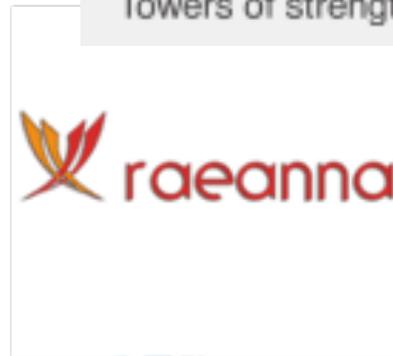


Source: Facebook (Telecom Infra Project).
CBLU Smart Off-Grid TCO: source is Clear Blue Technologies

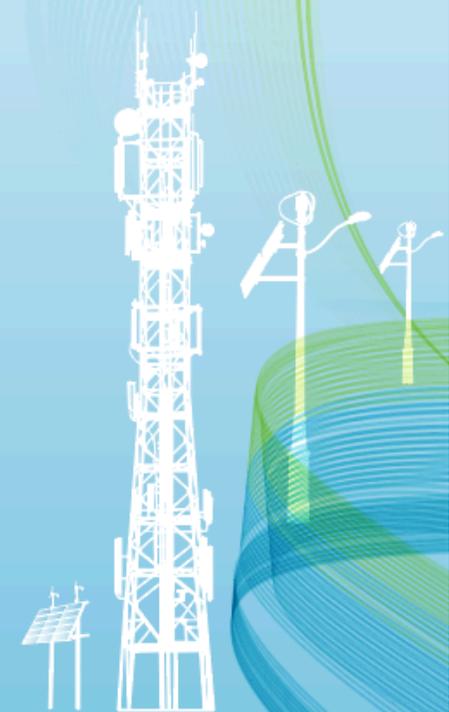
Street Infrastructure Example Customers



Telecom Sector Traction



Clear Blue Technologies Q3 Results



Revenues

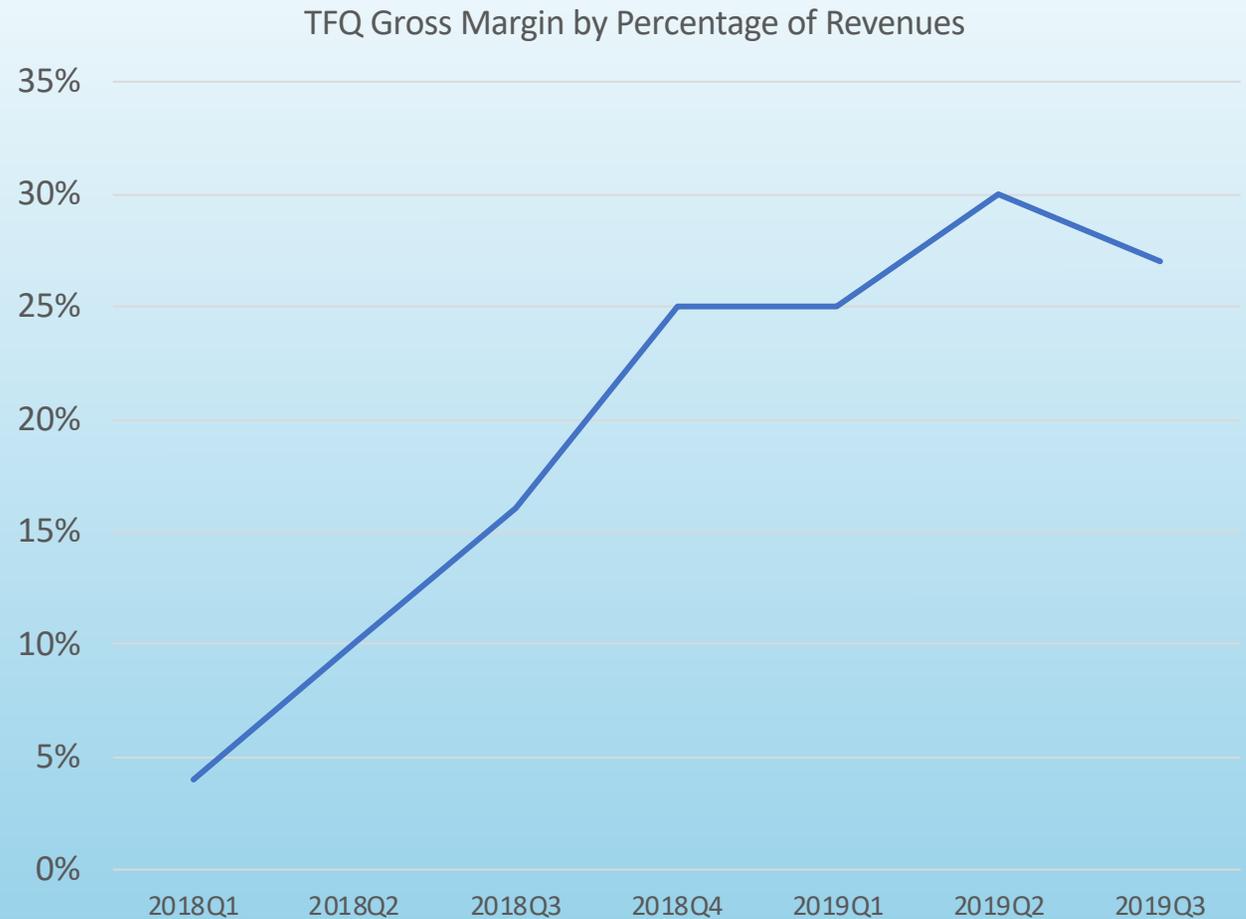
- Revenue for the three months ended September 30, 2019 was **\$670,159**, a **5%** increase over the same period ended September 30, 2018.
- TFQ revenue for the period ended September 30, 2019 was **\$2,699,182**, a **39%** decrease over the TFQ ended September 30, 2018.

Trailing Four Quarters Revenue

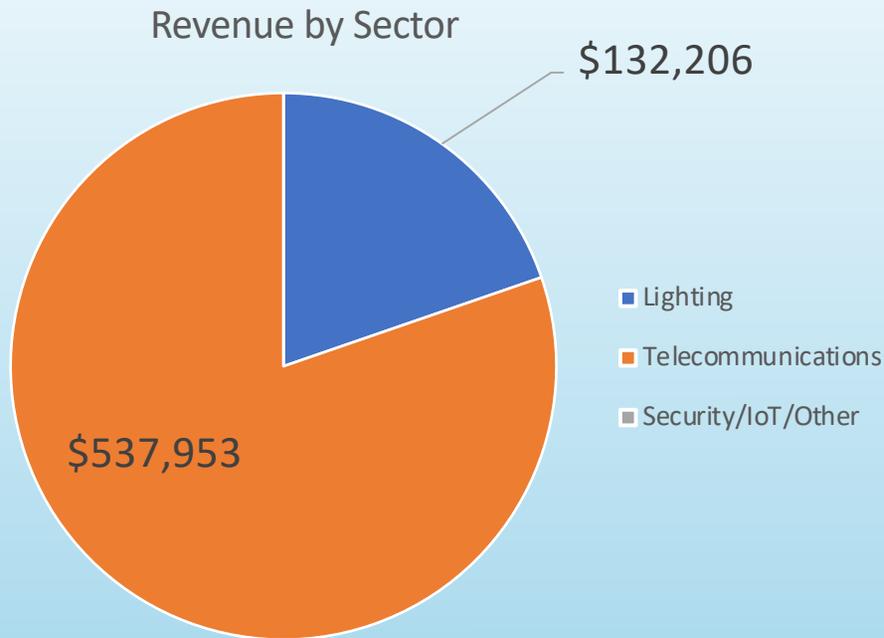


Gross Profit

- Gross profit for the three months ended September 30, 2019 was **\$264,334**, or **39%** of revenue.
- On a TFQ basis, gross margins was **26%**, up from 16% during the previous equivalent TFQ period, a 62% improvement.



Revenue By Sector in Q3

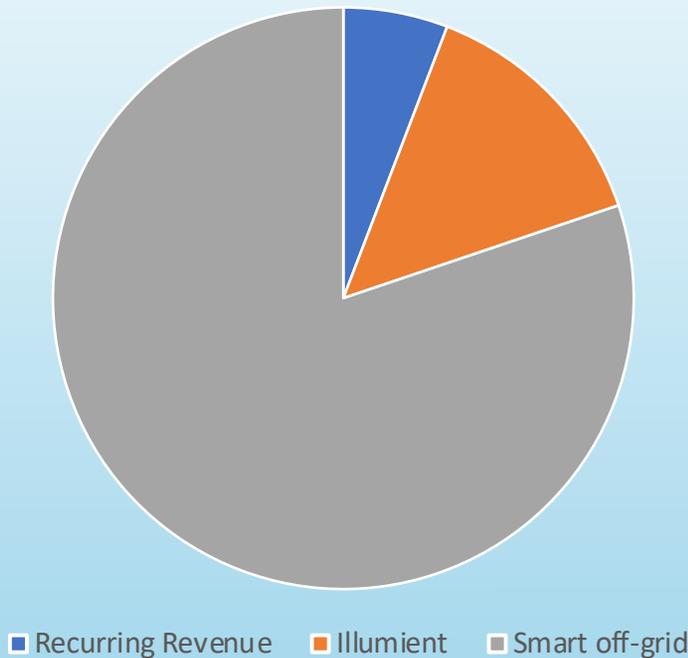


- Q3's revenue is an example of the company's lumpiness in quarterly revenue.
- Telecommunications same period sales increased by **773%** in Q3 2019 to **\$537,953**.
- Lighting same period sales decreased **77%** to **\$132,206** in Q3 2019.

	Three months ended Sept 2019	Percent of Total	Three months ended Sept 2018	Percent of Total
Lighting	\$ 132,206	20%	\$571,288	90%
Telecommunications	\$ 537,953	80%	\$ 61,656	10%
Security/IoT/Other			\$ 4,000	0%
Total	\$ 670,159		\$636,944	

Revenue By Product in Q3

Revenue by Product in Q3



- Revenue from Illumient Smart Off-grid lighting decreased **65%** to **\$93,865** in Q3 2019 relative to the same quarter in 2018.
- Revenue from smart off-grid controllers and systems increased by **61%** to **\$537,272** relative to the same quarter in 2018.
- Recurring revenue, which is an area of focus for Clear Blue as it seeks to decrease the impact of quarterly variability, rose by **25%** to **\$39,022** in Q3 2019 relative to the same quarter in 2018.

	Three months ended Sept 2019	Percent of Total	Three months ended Sept 2018	Percent of Total
Smart Off-Grid Controllers and systems	\$537,272	80%	\$333,809	52%
Illumient Smart Off-Grid lighting	\$ 93,865	14%	\$271,805	43%
Recurring Revenue	\$ 39,022	6%	\$ 31,330	5%
Total	\$670,159		\$636,944	

Recurring Revenue

- Our Monthly Recurring revenue is growing quite nicely, having crossed over the milestone of \$10k per month that is a key metric for SaaS companies.
- Impact of the EaaS service, which launched at the end of Q2 2019 should begin to be seen in 2020, resulting in accelerated growth of MRR



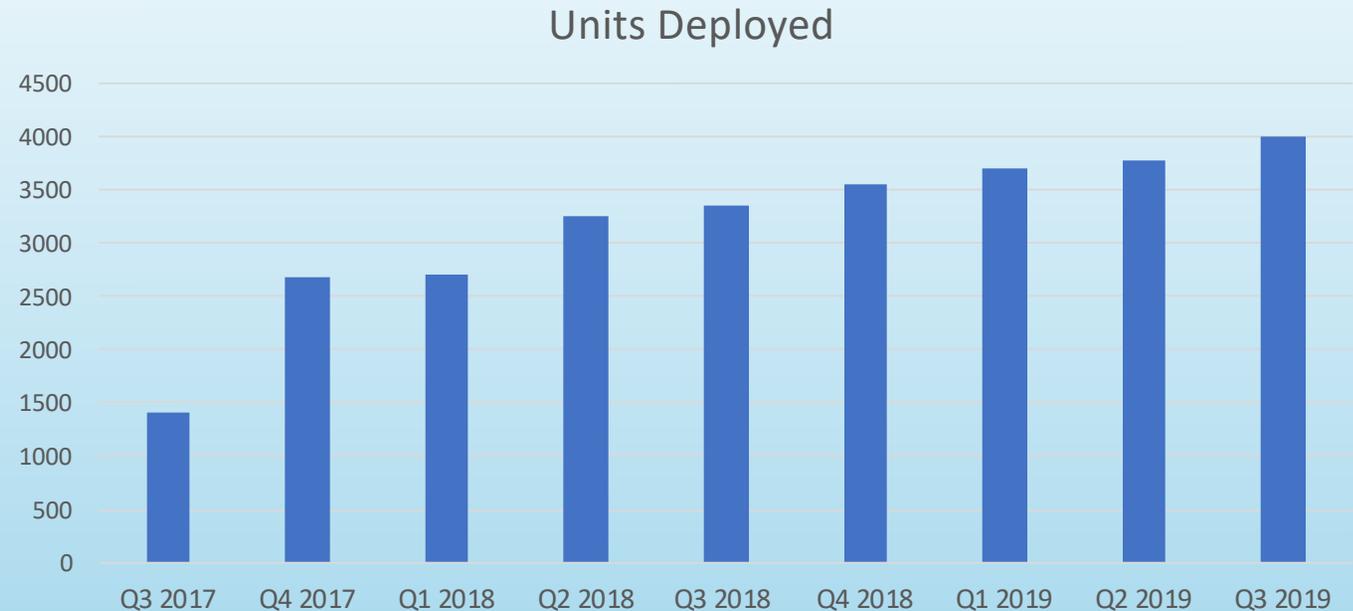
Operating Expenses

Operating expenses	Three months ended Sept 30th		Nine months ended Sept 30th	
	2019	2018	2019	2018
Salaries, wages and benefits	283,267	357,475	1,188,943	998,547
Research and development	(298,848)	207,585	743,276	864,454
General and administrative	123,190	662,652	448,991	901,190
Stock-based compensation	104,042	62,509	195,360	187,527
Travel	32,649	80,999	189,827	170,494
Business development and marketing	53,144	316,118	443,343	751,673
Rent	58,482	87,498	160,691	148,198
Professional fees	(1,648)	2,764	196,427	92,102
Total operating expenses	354,278	1,777,600	3,566,858	4,114,185

- Operating expenses for the three months ended September 30, 2019 were **\$354,278** a decrease of **80%** for the same period in 2018.

Units Deployed

- As of September 30, 2019, **4,009 units** deployed. This compares to **3,344 units** as of September 30, 2018.
- Over 2 million operating days of data



	September 30, 2019	September 30, 2018
Number of units under management	4,009	3,344

Financial & Governance Matters

- Finance team executing well
 - Our new controller joined us full time in Q2
 - Paul Kania joined us as CFO
 - The team brings stronger public market, IFRS expertise and audit expertise
- Implementation of Inventory Management system in Q3 should assist significantly as we scale
- IFRS Revenue policy focus as our business grows and evolves
- New Auditor and Independent Board Member selection underway and expected to conclude quickly
- Cash management is a key focus
 - Clear Blue's working capital at end of Q3 was \$2.3M (incl inventory)
 - Government grants and receivables,
 - Stronger sales for Q4 and into 2020
 - Expense management and utilization of a Line of Credit in the last part of 2019 allows us to meet our needs over the coming months

Clear Blue Technologies Outlook

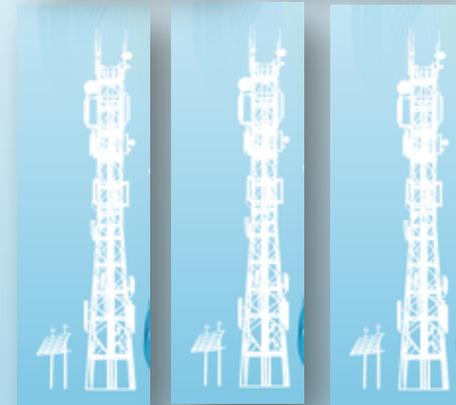


Our Growth Strategy

Enhanced penetration of North American & African lighting & Smart City market



Telecom sector first installs and key partnerships leading to large scale rollouts



Energy as a Service to drive recurring revenue



Telecom Market Development

Three key industry initiatives present opportunities for Clear Blue:

- **Rural Telecom** rollout to bring the next 1 billion people onto the Internet, driven by major investments from companies like Facebook
- **Wi-fi/satellite** advancements and investments will see the rollout of thousands of sites globally, driven by Amazon, SpaceX, Hughes, Viasat and others
- **5G** moves telecom from large towers and power, to street level systems every few hundred meters, each requiring power

“With the growing telecom sector globally, the penetration of green telecom tower solutions is expected to increase significantly. In the years to come, the telecom companies are expected to collaborate with solar and wind power companies to reduce their energy costs by 30–40%.”

Market Research Future

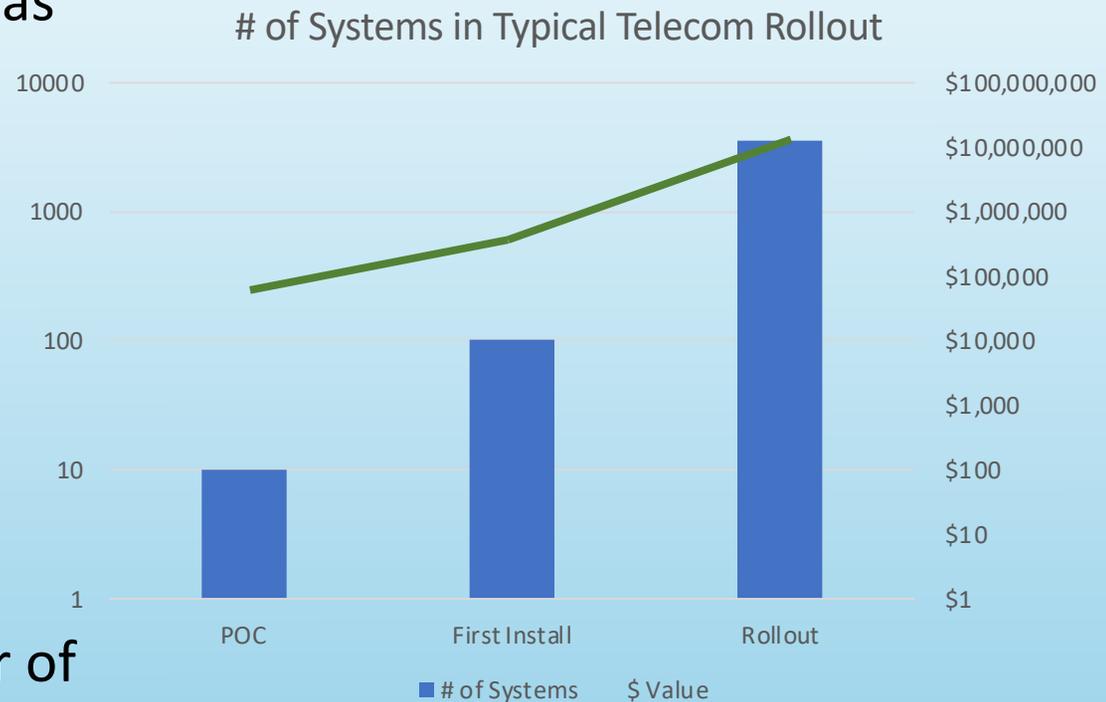
Addressable market of \$16.9 billion in 2024, growing at a CAGR of 16.5%



Source: Market Research Future & Global Market Insights

CBLU's Telecom Vertical – *Transitioning from First Install to Scale Rollout*

- As of the end of Q3 19, CBLU has delivered 196 systems over 12 projects
- These were all POCs or first installs
 - POCs are generally 1-10 systems
 - First Installs are 10-100 systems
- As we have built our market presence and proven our technology we see the number of new POC/first installs increasing
- Additionally, a number of these projects are nearing the phase of full scale rollout which, when they occur, will achieve significant growth in revenue for Clear Blue



Outlook for 2020 & Beyond

- Clear Blue selected by TIP for Smart Off-Grid Power
- Clear Blue customers' have been selected by MTN
 - Raeanna
 - Vanu
 - Nuran
 - Parallel Wireless

MTN to add 5,000 rural sites based on TIP 12 November 2019

African operator MTN has said it will roll out 5,000 new rural cell sites, by the end of 2020, based on "Open RAN" technology across all its 21 areas of operation.

The operator said it already has 200 live sites based on specifications outlined by the Telecoms Infra Project (TIP), and said it would use "an ecosystem of partners" to achieve its planned expansion. It said it had already used technology from Parallel Wireless, NuRAN Wireless and VANU in projects in Uganda and Guinea Conakry.

A Parallel Wireless spokesperson told TMN that the company believes it is in line to be the supplier for about 3,300 of those sites – mainly the macro sites that have a requirement for providing 2/3G coverage on the same hardware.

MTN is a member of TIP's Open RAN project that defines the operation of disaggregated RAN elements as software on hardware using general purpose processors.

Parallel Wireless' spokesperson said that the contract process will see each of MTN's 21 operating companies contract for equipment via a systems integrator.

NuRAN said that it would be working with Raenna Nigeria, a company that provides telco infrastructure on a wholesale basis to operators.



Key Takeaways from this Update

- First Telecom deployment to South East Asia, with our partners, Nuran and Intelsat – 50 Systems for Marshall Islands project
- Lighting revenue was low, due to lumpiness, however Q4 will catch up
- Gross Margins are growing and Operating Expenses are streamlining, positioning for growth to profitability
- Telecom sector traction with new partners and global telcos is growing - exceeded prior Q4 guidance in October
- While cash is low, sales, working capital and line of credit is carrying us through
- MTN large telecom rollout award to Clear Blue customer positions
Clear Blue strongly to close a large contract in 2020

Have Questions?

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