

# Clear Blue Technologies International Inc.

## The Smart Off-Grid™ Company

Q3 2021 Earnings Call



**CLEARBLUE**  
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 and its Market



Discussion of 2021 Q3 Results



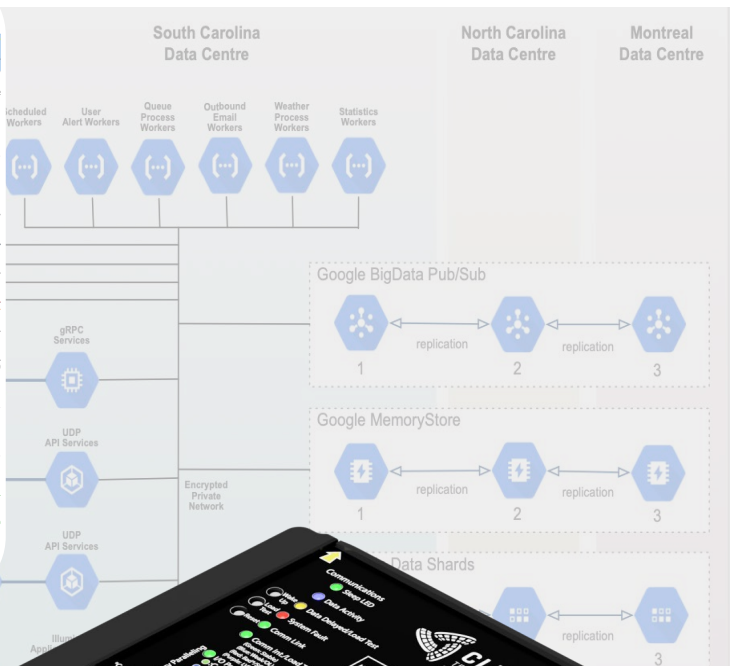
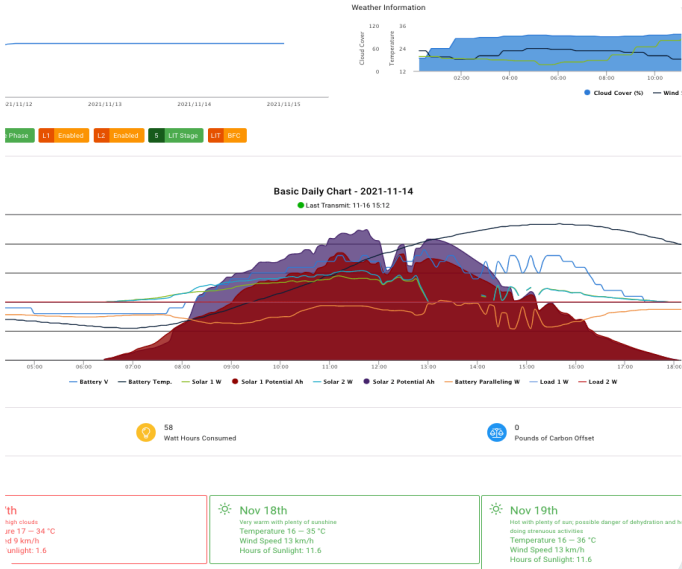
Future Outlook

# Overview



**CLEARBLUE**  
TECHNOLOGIES

# Clear Blue's Core Technology



**BRAND PROMISES**

Maximum uptime

Longest life

Easy to install and maintain

**DIFFERENTIATORS**

Energy forecasting and management

Troubleshooting and remediation

# 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.



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



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



Lowest TCO possible with modularity, parallelization, and sizing, efficiencies.

## Off-Grid Power



## Mission Critical Devices





# Smart Off-Grid in Telecom

Moving from Analog to Digital



**Everyone Else**



**Clear Blue**



# What Clear Blue Delivers

Clear Blue's Smart Off-Grid power provides the complete off-grid power solution with the highest 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

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



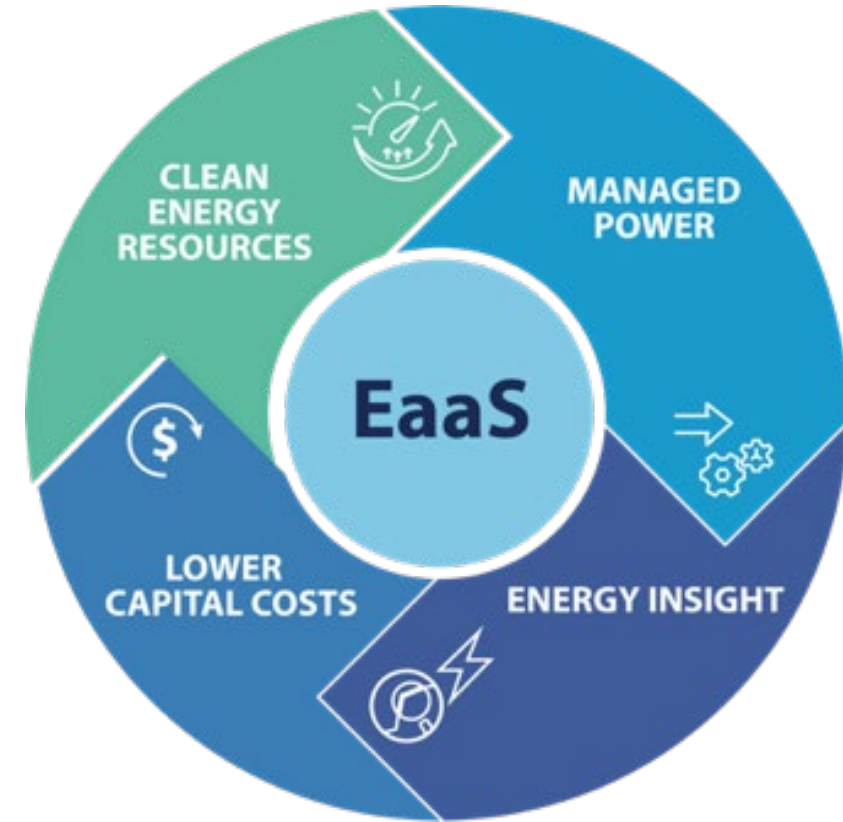
# How We Deliver



## 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.



# Cell Phone Telecom Applications and Customers



**Intelsat/MTN**

Remote 2G & Wi-Fi



**IHS/Nigeria**

Remote 2G/3G



**IHS/MTN**

Microwave 2G/4G



# Illumient Applications & Customers



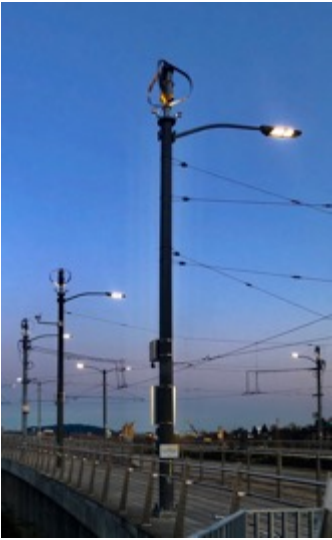
Anywhere that trenching/cabling costs are prohibitive, the grid is unreliable or maximum uptime is needed!



Rural  
Intersections



Eco-friendly  
Cities



Reduce Grid  
Reliance



Safety  
Lighting with  
No-Grid



Illuminate  
Critical Safety  
Infrastructure



Light Major  
Roadways



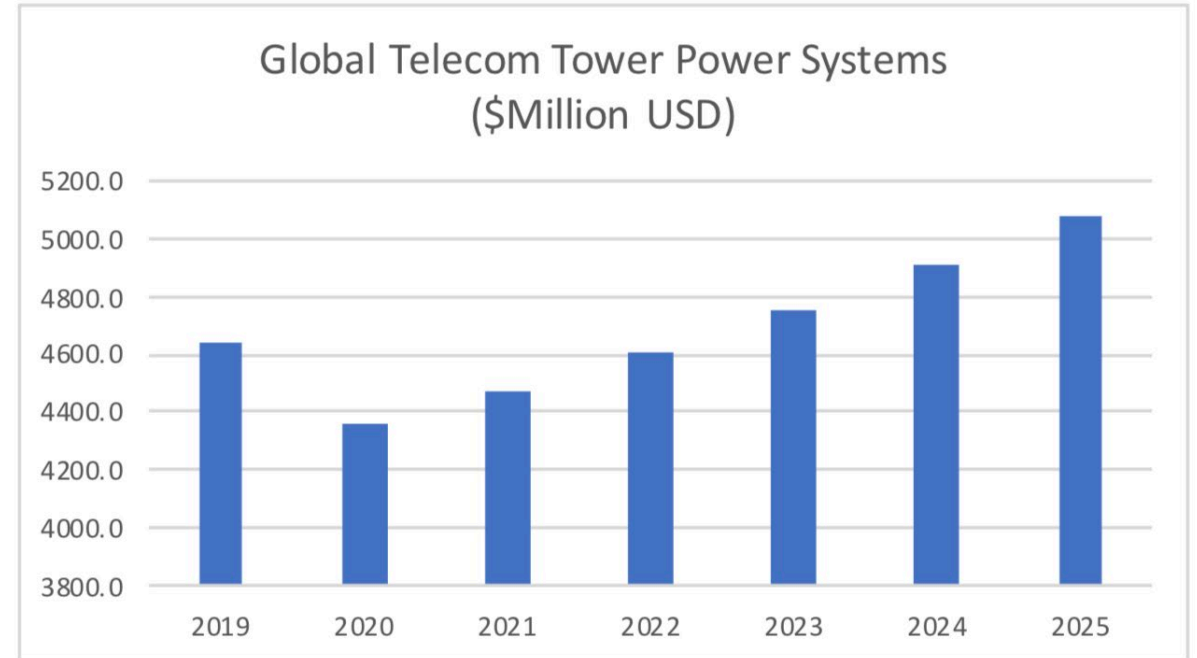
Reduce  
Construction  
Disruption











# 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

# Significant Growth Opportunity

- Clear Blue's telecom sector grew 1562% for TTM Q3 2021 as compared to the previous period, from \$472K to \$7.85M
- For the markets we are in, that's less approximately 1% of the Total Addressable Market (TAM)

Clear Blue CURRENT Addressable Market - HIGH SOLAR ADOPTION AREAS (USD\$ MILLIONS)									
	2019	2020	2021	2022	2023	2024	2025	2026	CAGR % (2021-2026)
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%	0.93% YTD						

\*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



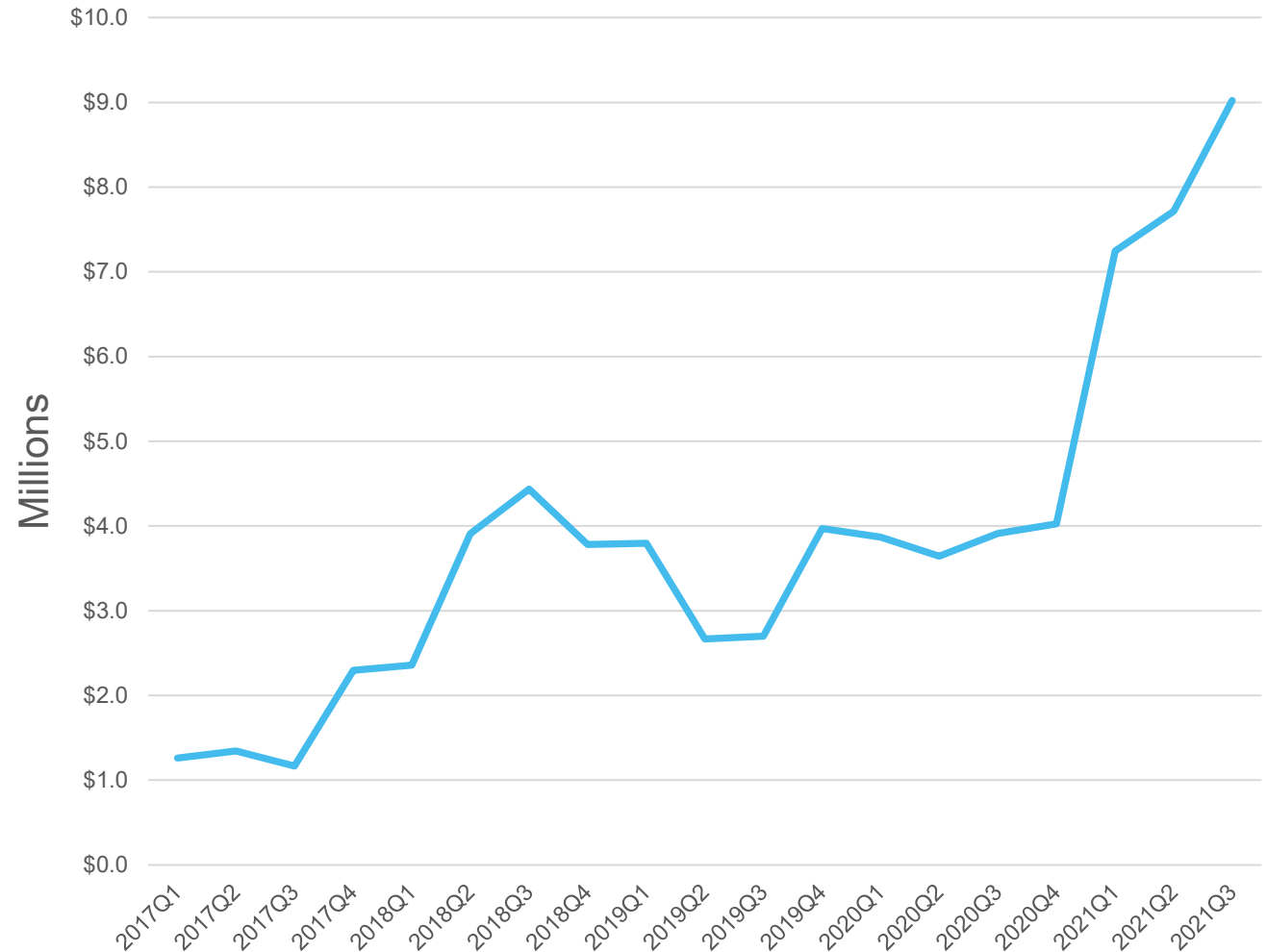
# 2021 Q3 Results



# Revenues & Guidance Step Change

- Revenue for the three months ended September 30, 2021 was **\$2,247,857**.
  - **139% increase** from the three months ended September 30, 2020.
- Revenue for the trailing twelve months (TTM) period ended September 30, 2021 was **\$9,021,716**.
  - **131% increase** over the TTM ended September 30, 2020.

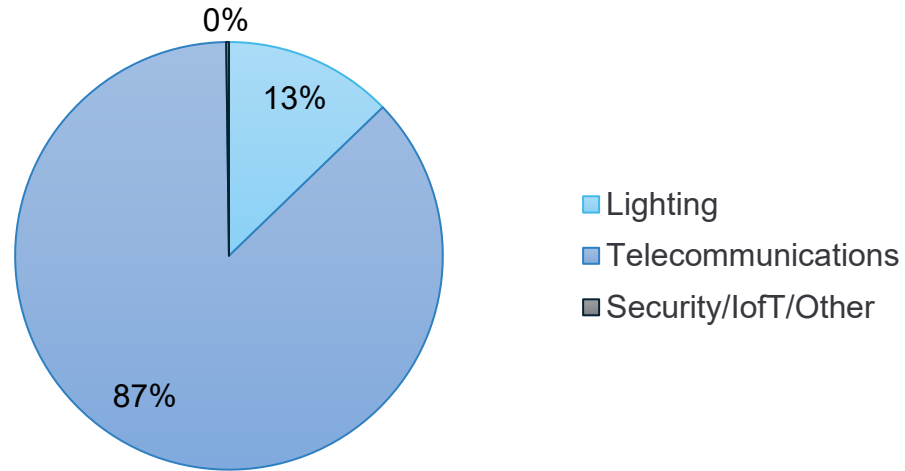
Trailing Twelve Months (TTM) Revenue



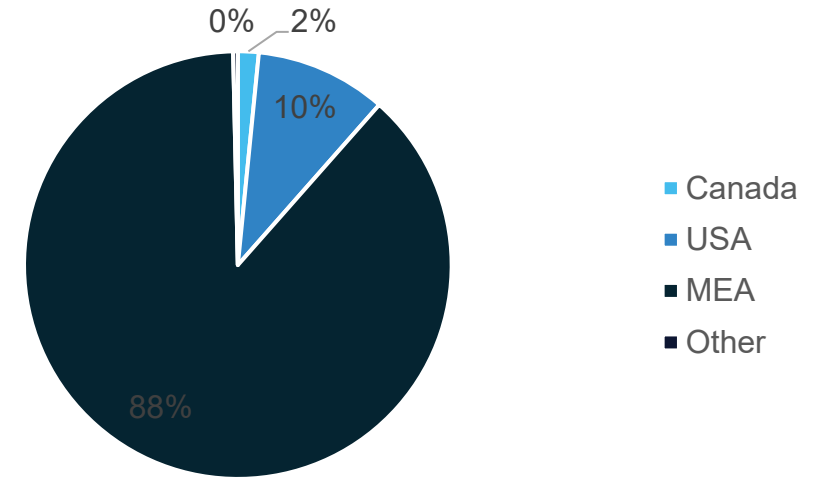
# Q3 TTM Revenue - Sector & Regional Results



TTM Q3 2021 Revenue by Vertical



TTM Q3 2021 Revenue by Region



Revenue by Vertical	TTM ended September 30		%
	2021	2020	
Lighting	1,152,609	3,494,279	-67%
Telecom	7,850,419	472,431	1562%
Security/IoT	18,688	-54,506	-134%
<b>Total</b>	<b>9,021,716</b>	<b>3,912,204</b>	<b>131%</b>

Revenue by Region	TTM ended September 30		%
	2021	2020	
Canada	142,023	513,643	-72%
USA	895,919	1,576,693	-43%
MEA	7,951,825	1,769,775	349%
Other	31,949	52,094	-39%
<b>Total</b>	<b>9,021,716</b>	<b>3,912,204</b>	<b>131%</b>

# Bookings

Bookings as of September 30, 2021	Total	Revenue	
		Year 1	Year 2 & Beyond
Illumience / EaaS Deferred Revenue	1,026,188	423,436	602,752
Purchase Orders	1,858,498	1,740,484	118,014
<b>Total Bookings</b>	<b>2,884,686</b>	<b>2,163,920</b>	<b>720,766</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



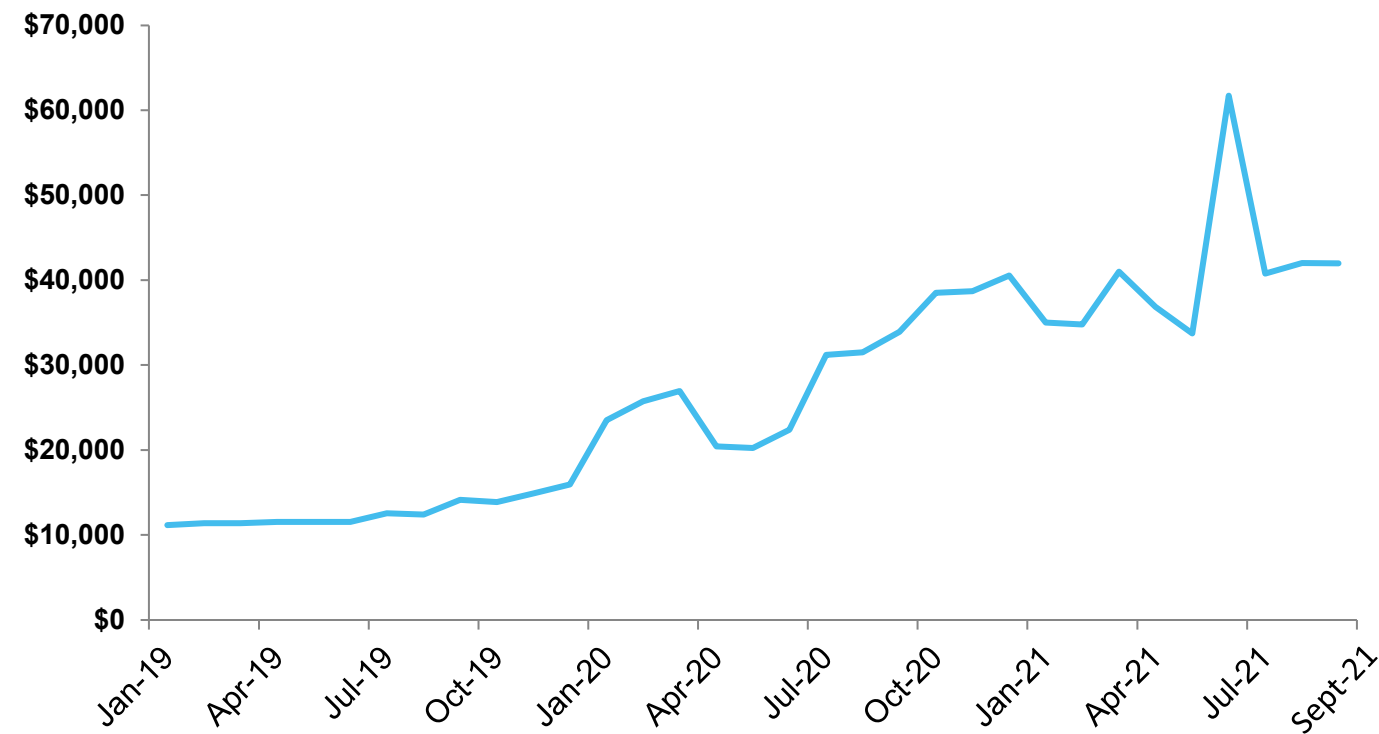
## Bookings

- 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 September 30, 2021, Clear Blue's bookings are **\$2,884,686**, an **11%** decrease when compared to bookings for Q2 2021.

# Recurring Revenue

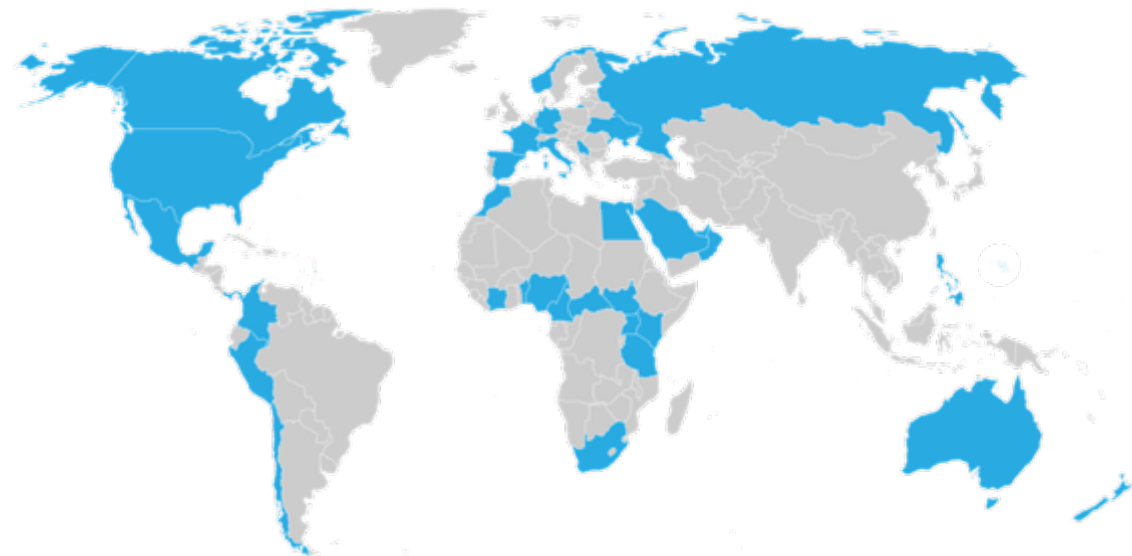
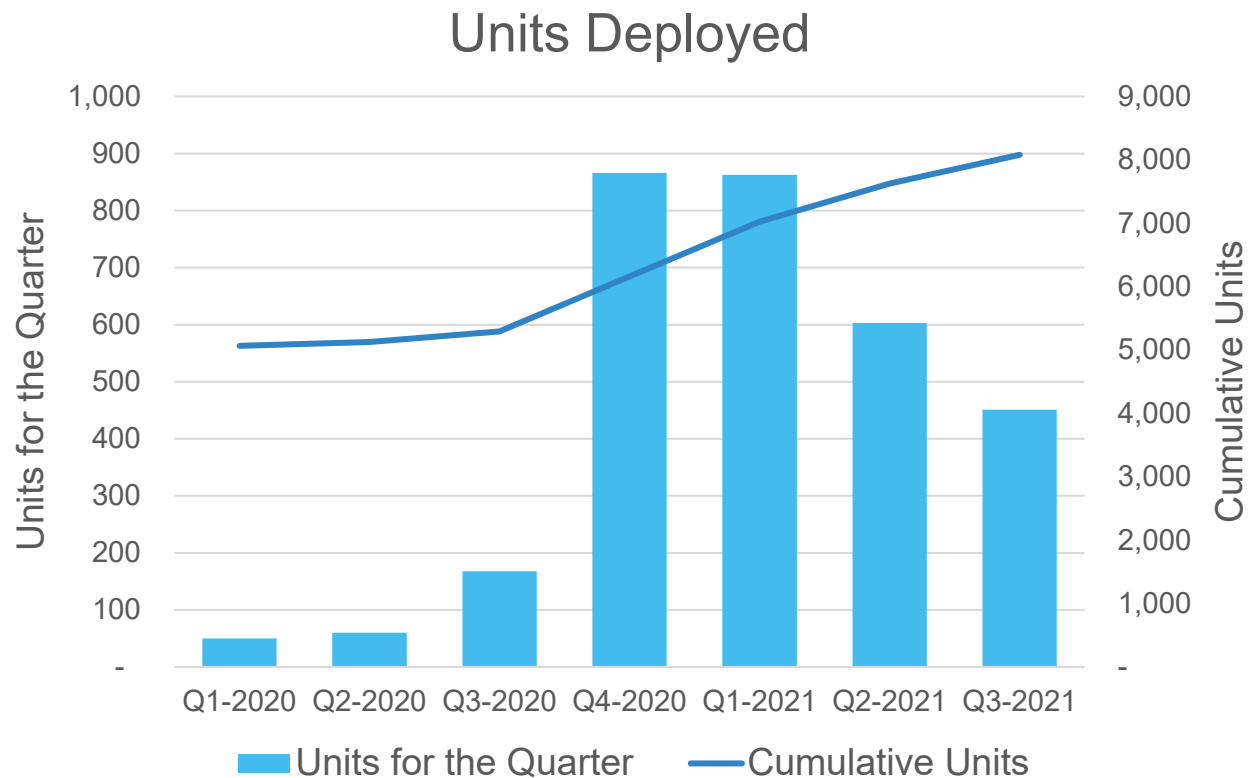
- Monthly Recurring revenue, from Illumience & EaaS, increased **29%** in Q3 2021 versus Q3 2020.
- Since the company’s founding, every system sold includes ongoing Illumience management and monitoring.

Monthly Recurring Revenue



	September 30, 2021	December 31, 2020	Change
Deferred revenue	\$1,021,969	\$975,664	4.7%

# Strong Global Traction



**37**  
Countries

**25/9**  
States &  
provinces

**>400**  
Customers

**>8,000**  
Units deployed

**>7.1 million**  
Days of  
operation

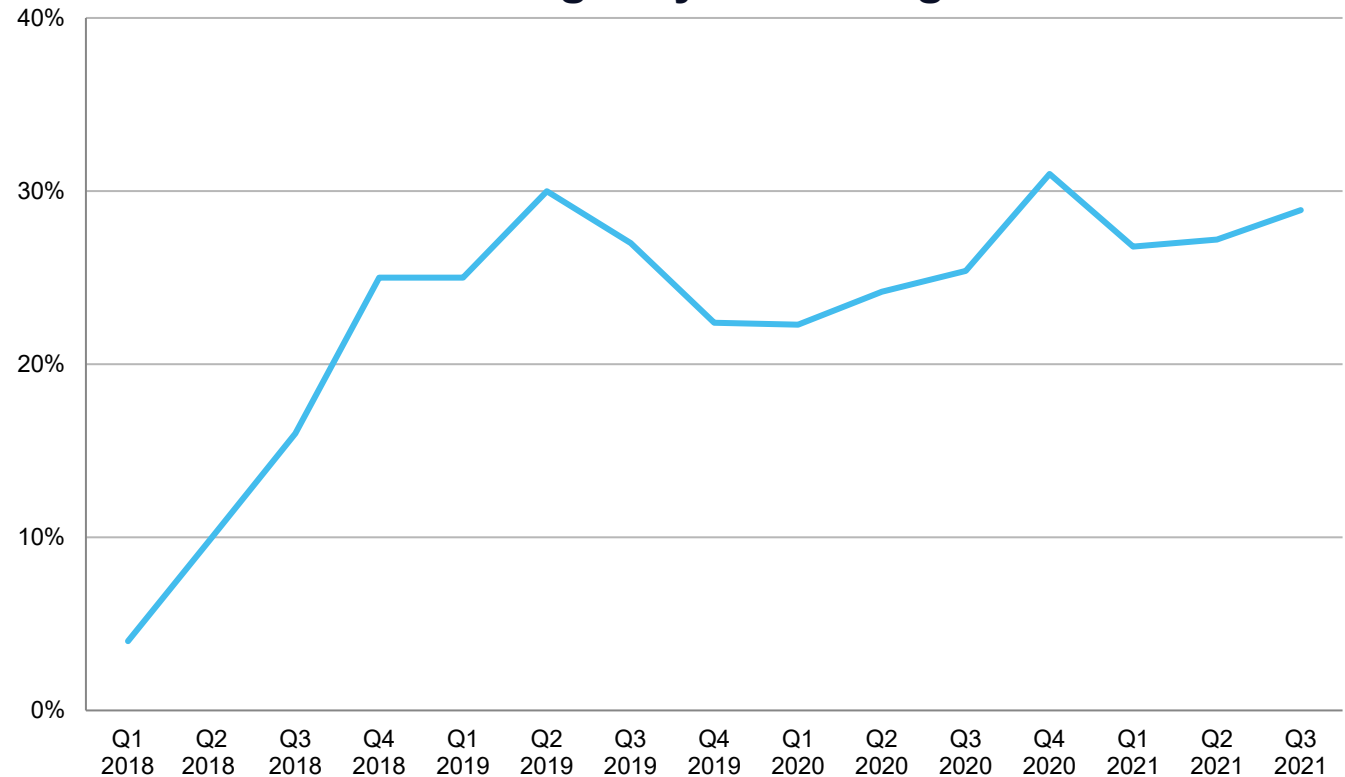
**>10 Billion**  
Cloud  
Transactions



# Gross Profit

- Gross profit for three months ended September 30, 2021 was **\$882,139** or **39%** as compared to \$375,595 or 40% in the comparable prior period.
- Gross Profit for TTM for September 30, 2021 was **\$2,607,287** or **28.9%**, up from the comparable prior TTM gross profit of \$992,485 or 25.4%\*.
- Improved Gross Margins resulted from scaling of operations and efficient supply chain management.

**TTM Gross Margin by Percentage of Revenues**



\* TTM gross margins increased to 28.9% of sales, up from a Gross Margin of 25.4% 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 year to date (YTD) was 32.9%.

# Operating Expenses

- Operating expenses for the quarter ended September 30, 2021, were **\$1,278,504** representing an increase of **\$303,034 or 31%** over the same period in 2020.
- This is mainly due to (a) lower government Covid-19 funding support, (b) increased stock-based compensation expense, and (c) no bad debts recovery for the quarter ended September 30, 2021.
- Operating expenses for the TTM ended September 30, 2021, were **\$5,320,896** an increase of **\$387,390 or 8%** compared to the same period in 2020
- For the quarter ended September 30, 2021, the operating expenses (excluding any non-recurring and unusual items) increased by approximately **9%**.
- Increase in operating expenses is in line with increased business activity and related revenue growth for the quarter and TTM ended September 30, 2021.

Operating expenses	Quarter-ended September 30	
	2021	2020
Salaries, wages and benefits	465,035	119,929
Research and development	67,272	406,024
General and administrative	246,434	74,898
Stock-based compensation	157,931	95,664
Travel	3,857	3,975
Business development and marketing	158,095	142,264
Rent	71,835	41,762
Professional fees	73,448	57,967
Depreciation of property and equipment	34,597	32,987
Total	1,278,504	975,470

# Adjusted EBITDA (\$ CAD)



Result of Operations	Three months ended September 30			TTM ended September 30		
	2021	2020	Change	2021	2020	Change
Revenue	2,247,857	940,849	139%	9,021,716	3,912,204	131%
Cost of sales	1,365,718	565,254	142%	6,414,429	2,919,719	120%
Gross profit	882,139	375,595	135%	2,607,287	992,485	163%
Gross margin %	39%	40%		29%	25%	
Non-IFRS operating expenses	1,211,759	1,171,888	3%	5,158,989	4,999,112	3%
Non-IFRS adjusted EBITDA	(329,620)	(796,293)	59%	(2,551,702)	(4,006,627)	36%

\*36% improvement in TTM adjusted EBITDA ignoring the impact of government Covid-19 subsidies.

# Summary: 2021 momentum and growth continues

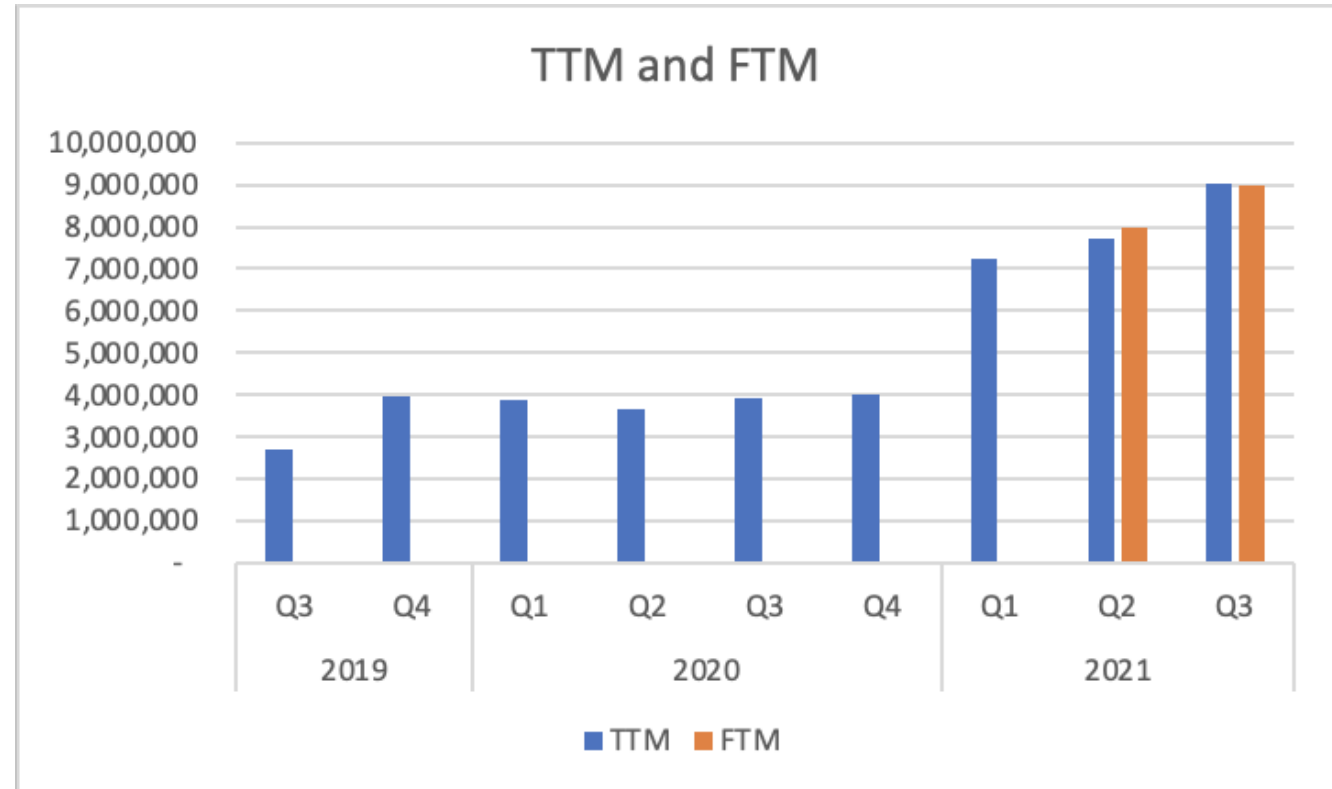
- Q3 was a strong quarter with 139% revenue in the quarter and 131% in the previous TTM bringing us to TTM of \$9.0M CAD
- Clear Blue's gross margin continues to grow, even in the current market with increasing cost pressures, with GM at 39% for the quarter and 29% for the TTM
- Volume of units and recurring revenue are moving up to the right, showing now three quarters of high trajectory growth
- While revenue has more than doubled, operating expenses have only risen by 29% clearly indicating the operating leverage potential of our business and technology
- Our non-IFRS adjusted EBITDA continues to move towards profitability with a small (\$329.6K) booked in the quarter

# Outlook & Guidance



# FTM Guidance

- Clear Blue is best viewed from a Trailing Twelve Months (TTM) period as quarterly revenues can still vary greatly.
- As a result, a Forward Twelve Months (FTM) estimate is a good way to look at Clear Blue's Prospects.
- We provide FTM guidance to the market to assist investors in having better understanding in our growth prospects.
- For Q3 2021, our FTM guidance is \$9 Million Revenue for the quarters Q3 2021 – Q2 2022.





# Outlook – Strong 2022 Indicators



- Strong indications to a very robust 2022
  - Very active customer planning for both telecom and Illumient
- Near term - large order anticipated, potentially double bookings from Q3 \$2,884,686, not fully reflected in the guidance
- Gross Margin - strong inventory position and cash position, cumulatively approaching double 2020 revenue
- Early orders from new satellite Wi-Pico-Grid line, expect meaningful revenue contributions beginning in 2023
- EBITDA break-even at short term GM target with \$15,000,000-20,000,000 annual revenue

# Summary

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

- We have multiple multi-year telecom rollouts underway and more coming;
- 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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