



## Clear Blue Technologies International Announces Q3 2019 Financial Results

TORONTO, Nov. 26, 2019 -- Clear Blue Technologies International Inc. ("Clear Blue" or the "Company") (TSXV: CBLU) (FRANKFURT: 0YA), the Smart Off-Grid™ company, today reported its financial results for the fiscal quarter ended September 30, 2019.

### Key Financial Results (all figures in Canadian dollars)

- Revenue for the three months (Q3) ended Sept. 30, 2019 was \$670,159, an increase of 5% over Q3 2018 revenue of \$636,944.
- Gross profit was \$264,334 for the three-month period ended Sept. 30, 2019, a decline of 24% compared to gross profit of \$346,984 during the same period in 2018. Gross margin percentage declined to 39% in the quarter as compared to 54% in Q3 2018.
- Trailing Four Quarter revenue for the period ended Sept. 30, 2019 was \$2,699,182, a decrease of 39% over revenue of \$4,435,330 in the TFQ period ended Sept. 30, 2018.
- On a TFQ basis, gross margin was \$715,912, a decrease of 1% from \$721,678 during the previous equivalent TFQ period. TFQ gross margin percentage was 27%, compared to 16% in the previous equivalent TFQ period.
- Net loss of \$(6,513) for the three months ended September 30, 2019 compared to a net loss of \$(1,391,783) for the comparable quarter of 2018. This represents the first near-breakeven quarter in the Company's history and reflects both positive SRED accruals booked in the quarter and reduced business development and marketing expense.
- Net loss of \$(7,826,361) for the TFQ ended September 30, 2019 compared to \$(4,390,742) for the previous equivalent TFQ period. \$3,550,997 of the September 30, 2019 loss relates to one-time RTO costs.
- Energy as a Service recurring revenue increased by 25% to \$39,022 for the three months ended Sept. 30, 2018 compared to \$31,330 in the comparable period in 2018.

### Subsequent Events

The period following the quarter end on Sept. 30, 2019 was notable for the Company with the following outcomes:

- Subsequent to quarter end, on November 12, 2019, one major global telecom operator announced the award of large Rollout contracts to multiple Clear Blue partners. Clear Blue is currently in the late stages of the sales process for the power portion of this project.
- Closing on streetlighting order with a purchase price of approximately \$1.2 million. This is the first million-dollar order in the Company's history.
- During Q3/Q4, four new POCs and two new First Install telecom order was closed bringing the totals to 12 POCs and 5 FIs in progress exceeding prior guidance.
- Subsequent to quarter end, the Company's auditor resigned. The Company is currently interviewing new auditors that will meet Clear Blue's long-term needs.

### Chief Executive Officer Remarks

Clear Blue CEO Miriam Tuerk commented: "Our third quarter combined with subsequent events demonstrate a stronger second half of the year, with the potential for improvement on both gross margin percentage and net loss. We are seeing strong customer response in our telecom business segment. Management believes that these are signals that our technology has growing customer support, and the accompanying financials are evidence the Company can be scaled with modest incremental operating expense and capital.

"As detailed in our Management's Discussion and Analysis, typical telecom projects consist of three phases; an initial Proof of Concept or POC, larger First Installs or FIs and finally Rollouts. As in Q2, because Rollouts are large, visible public projects where we bid with multiple partners and have potentially transformative impact on our revenues, we have provided guidance on the scale and timing of potential opportunities. While there can be no certainty we will win one of these Rollout projects we are encouraged by solid progress on all twelve POC and five FI projects and our first million dollar order. These projects already exceed our previous guidance on year end telecom project totals."

### Q3 2019 Revenue and Gross Margin

Revenue for the three months ended Sept. 30, 2019 was \$670,159, an increase of 5% over Q3 2018 revenue of \$636,944. TFQ revenue for the period ended Sept. 30, 2019 was \$2,699,182, a decrease of 39% over revenue of \$4,435,330 in the TFQ period ended Sept. 30, 2018. These results are on trend with the historical record of increased sales in the second half of the year relative to the first half.

Gross profit was \$264,334 for the period ended Sept. 30, 2019, a decline of 24% compared to the same period in 2018. Gross margin percentage decreased from 54% in Q3 2018 to 39% in Q3 2019. On a TFQ basis, gross margin was \$715,912, a decrease of 1% over TFQ gross margin of \$721,678 for the previous equivalent TFQ period. Gross margin percentage increased from 16% in the TFQ ended September 30, 2018 to 27% in the TFQ period ended September 30, 2019.

### **Q3 2019 Operating Expenses**

Operating expenses decreased \$1,423,322 for the three-month period ended September 30, 2019 compared to the same period in 2018. Differences relate to the final costs of the RTO concluded in Q3 2018, accrual of SRED grants for 2018 and the first nine months of 2019 of \$792,476 and reduced operating expenses.

### **Q3 2019 Net loss and comprehensive loss**

Net loss of (\$6,513) in Q3 2019 compares to a net loss of (\$1,391,783) in Q3 2018. TFQ net loss of the period ended Sept. 30, 2019 was \$(7,826,361) compared to \$(4,390,742) for the TFQ ended September 30, 2018. Net loss for the TFQ ended September 30, 2019 consisted of \$(4,275,364) operating losses and \$(3,550,997) of one time mostly non-cash RTO related expenses.

### **Convertible Debenture Financing**

On October 22, 2019, the Company completed a convertible debenture financing for aggregate gross proceeds of \$811,000. Each debenture entitles the holder to acquire one unit of the Company at price of \$0.20 per unit, with each unit being comprised of one common share and one-half of one common share purchase warrant of the Company (with each whole warrant exercisable at a price of \$0.35 per common share). The debentures have a 36-month maturity date and carry a 10% coupon paid semi-annually.

### **Outlook**

Clear Blue competes in a marketplace where most competitors focus on large, on-grid systems or on one-time sales of hardware products. The Company's focus is on the wireless off-grid market and the Company's business model incorporates an ongoing Energy as a Service where customers receive long term assurance of reliable power and the Company is paid additional revenue over time for that reliability. As a result, Clear Blue maintains its first mover advantage through the experience generated from more than 4,000 units deployed in 37 countries and more than 2 million days of operating data generated by managing these facilities from our Toronto headquarters. This data and our operational track record are significant competitive advantages in every potential sale.

We believe that improving gross margin percentages and operating expense results are positive signs the business is maturing and that the business can be scaled. Further improvements in both gross margin percentage and net loss are expected to scale with increased revenue. Within this trend, quarter on quarter revenue variability is expected to be a continuing characteristic of our business. Management continues to mitigate this variability through geographic and market segment diversification.

We are encouraged by the largest single order achieved to date of \$1.2 million to provide solar off-grid lighting to an area of key infrastructure to a customer in the Middle East and Africa region. This will ship in Q419 and reflects growing adoption of this technology.

While our Lighting segment continues to show strong growth, the largest opportunities for transformative revenue expansion lie in the telecom segment of our business, in emerging markets, where the growing trend to wireless off-grid telecom development is set to bring connectivity to an estimated billion people. The addition of four POC projects and two more FI projects, in Q3/Q4, along with the closing of our first million-dollar order are indicative that our product is winning additional customers throughout global markets. While there can be no assurance of a successful Rollout project in 2020, we believe that the positive results in all active telecom projects is progress toward a successful Rollout project win in 2020.

Pursuant to the omnibus equity incentive plan of the Company, Clear Blue has granted in the aggregate 24,000 restricted share units to Steven Parry, a director of the Company. 12,000 of the restricted share units will vest on November 29, 2019 and 12,000 restricted share units will vest on January 2, 2020.

### **Conference Call**

The Company will host a conference call to discuss its latest financial results at 11:00 AM Eastern Time (Canada/U.S.) on Tuesday, 26<sup>th</sup> November, 2019. Those interested can register at [https://zoom.us/webinar/register/WN\\_2kumupP4SBG6mQLI0uJGeA](https://zoom.us/webinar/register/WN_2kumupP4SBG6mQLI0uJGeA)

### **About Clear Blue Technologies International**

Clear Blue Technologies International, the Smart Off-Grid™ company, was founded on a vision of delivering clean, managed, "wireless power" to meet the global need for reliable, low-cost, solar and hybrid power for lighting, telecom, security, Internet of Things devices, and other mission-critical systems. Today, Clear Blue has thousands of systems under management across 35 countries, including the U.S. and Canada. Clear Blue is [publicly traded](#) on the TSX Venture Exchange under the symbol CBLU.

### **Legal Disclaimer**

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

### **Forward-Looking Statement**

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Resulting Issuer's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of Clear Blue's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information contained herein may include, but is not limited to, information concerning the prospective operating results and performance of the Company, including the potential for a successful Rollout project win in 2020.

By identifying such information and statements in this manner, the Resulting Issuer is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Resulting Issuer to be materially different from those expressed or implied by such information and statements.

An investment in securities of the Resulting Issuer is speculative and subject to several risks including, without limitation, the risks discussed under the heading "Risk Factors" in the Resulting Issuer's listing application dated July 12, 2018. Although the Resulting Issuer has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

In connection with the forward-looking information and forward-looking statements contained in this press release, the Resulting Issuer has made certain assumptions. Although the Resulting Issuer believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and the Resulting Issuer does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Resulting Issuer or persons acting on its behalf is expressly qualified in its entirety by this notice.

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