



Clear Blue Technologies International Announces 2018 Financial Results

65% TFQ revenue increase for 2018

TORONTO, June 03, 2019 -- Clear Blue Technologies International Inc. (Clear Blue or "the Company") (TSXV: CBLU) (FRANKFURT: OYA), the Smart Off-Grid™ company, today reported its financial results for the year ended December 31, 2018.

Key Financial Results (all figures in Canadian dollars)

- Trailing four quarters (TFQ) revenue ended December 31, 2018 was \$3,780,176, a 65% increase compared to revenue of \$2,295,811* in the TFQ ended December 31, 2017.
- Gross profit for TFQ ended December 31, 2018 was \$939,242, a gross margin of 25%, up from \$64,766* or a gross margin of 3%* for the TFQ ended December 31, 2017.
- Record segment revenues were recorded in the lighting vertical; and in Canada, the United States (U.S.), and the Middle East and Africa (MEA).

2018 Revenue and Gross Margin

Trailing four quarters (TFQ) revenue for the period ended December 31, 2018 was \$3,780,176, a 65% increase year over year, compared to \$2,295,811* for the TFQ ended December 31, 2017.

"2018 was a significant year for Clear Blue in terms of both revenue growth and the milestones we achieved," said Miriam Tuerk, Chief Executive Officer and Co-founder, Clear Blue. "We've demonstrated the ability to scale topline growth and drive gross margin expansion. We also developed existing and new strategic partnerships with key market players and completed a number of potentially high-impact first deployments."

"Our 2018 revenue saw strong growth in the solar off-grid lighting sector and our North American market, in addition to a number of first deployments in the telecommunications sector, all combined with steady expansion in international markets. In 2019, we're confident we'll see even greater growth as many of our strategic initiatives, projects and partnerships reach fruition," said Tuerk.

Clear Blue increased its revenue in the lighting vertical by 88% to \$3,573,878 in the TFQ ended December 31, 2018, compared to \$1,897,441* in the prior year TFQ. Same period revenue from sales in the telecommunications vertical, which is a new market for Clear Blue, decreased by 55% in 2018 to \$172,574, compared to \$383,675* in the prior year TFQ. Both 2018 and 2017 telecom revenue was from first deployment projects that the Company believes will result in significant future growth in this opportune vertical in 2019 and beyond as these projects scale.

Clear Blue increased its TFQ revenue for the period ended December 31, 2018 from its Illumient lighting products by 121% to \$2,230,522, compared to \$1,011,195* in the same period in 2017. Revenue from smart off-grid controllers and systems increased by 18% to \$1,418,749, compared to \$1,205,164* in the same period in 2017. Recurring revenue, which is an area of focus for Clear Blue as it seeks to decrease the impact of quarterly variability, rose by 65% to \$130,905 in the TFQ ended December 31, 2018, compared to \$79,452* in the same period in 2017.

Clear Blue's gross profit for the TFQ ended December 31, 2018 was \$939,242 or a gross margin of 25%, compared to gross profit of \$64,766* or a gross margin of 3%* for the TFQ ended December 31, 2017. The Company increased its gross margin through higher prices, efficiencies in supply chain management and procurement, better inventory management, value-add services and cost reductions.

Added Tuerk: "We are seeing solar off-grid infrastructure gain momentum in the U.S. and Canada, as our revenue in 2018 clearly shows. Clear Blue is uniquely poised to take advantage of this market opportunity as we see the roll-out of Smart City infrastructure, solar off-grid street lighting and 5G over the next 5 years. At the same time, we are expanding our sales across verticals and geographies to diversify, strengthen and accelerate our revenue streams."

2018 Operating Expenses and Net Loss

Operating expenses increased by \$2,303,460 or 67% to \$5,746,142 for the TFQ ended December 31, 2018, compared to operating expenses of \$3,442,682* in TFQ 2017. Of this amount, \$356,589 were costs related to non-recurring reporting issuer costs. The Company also made key business development and R&D investments to support increased sales in the telecommunications sector.

In addition, there were a number of one-time expenses in 2018, which the Company does not expect to reoccur going forward:

- Listing expense, which is a non-cash item (\$2,771,817).
- Loss on the extinguishment of the warrant derivative liability (\$422,591).
- Non-recurring reporting issuer costs, as mentioned above (\$356,589).

For the TFQ ended December 31, 2018, net loss increased \$4,640,640 or 134%, compared to \$3,457,927* in the TFQ ended December 31, 2017. Without the above going public related items and listing expenses, all totaling \$3,550,997, Clear Blue's net loss would have increased only \$1,089,643 or 32%.

"There is fast-growing demand in emerging markets to wirelessly power Internet infrastructure, and as such we expect this revenue stream for Clear Blue to grow significantly over the next 5 years," said Lawrence Tjan, Chief Financial Officer, Clear Blue. "In 2018, we proved our viability in this market by delivering telecom infrastructure projects in partnership with Telefónica, Mayu, BRCK and Vanu."

Q4 2018 Revenue, Gross Margin, Operating Expenses and Net Loss

As Clear Blue has previously noted, project-based quarterly revenue is variable at this stage for the Company. To that end, comparing Q4 2018 against Q4 2017, the Company generated revenue of \$1,120,720 a decrease of 37%, compared to revenue in Q4 2017 of \$1,775,874*. Gross profit for Q4 2018 was \$208,573 or a gross margin of 19%, an increase of \$206,200, over \$2,373* in Q4 2017.

Operating expenses increased to \$1,610,438, a 77% increase from \$910,427* in Q4 2017. As noted above, due to going public related costs, net loss and comprehensive loss for Q4 2018 was \$4,676,028, a 383% increase from \$968,205* in Q4 2017.

Outlook

Clear Blue has a first-mover advantage, patented technology, and proven performance of its smart off-grid products and services in 35 countries worldwide. In the near term, the Company is focused on attaining positive cash flows and profitability. The growing demand for solar off-grid street lighting and wirelessly powered Internet infrastructure creates an opportune market environment to drive its next stage of growth.

In line with this, Clear Blue expects to see continued robust revenue growth in 2019 as it expands exclusive partnerships in the telecommunications sector and builds on its entry into South American markets. The Company also expanded its sales teams in Q3 2018 and expects to see greater sales in the lighting and IoT sectors as a result.

On a historical basis, in 2018, the Company's Q3 and Q4 revenue accounted for 46% of total revenue for the TFQ ended December 31, 2018, due to very strong sales in the second quarter from a number of large orders. By comparison, the Company expects revenue distribution in 2019 to be more in line with 2017 and 2016, when the second-half of the year accounted for 86% and 83% of total revenue accordingly.

Quarterly revenue varies due to differences in the size and timing of new contracts and market expansion rates. The Company's long-term strategy is to mitigate revenue variability through continued diversification of its revenue stream, including an increase in its recurring revenue from subscription services. Clear Blue has already undertaken a number of steps toward achieving this, including [the launch of its Energy-as-a-Service product in Q2 2019](#).

Table of 2018 Results

Result of Operations	Three months ended**			TFQ ended		
	Dec 31, 2018	Dec 31, 2017*	Change	Dec 31, 2018	Dec 31, 2017*	Change
Revenue	\$ 1,120,720	\$1,775,874	-37%	\$ 3,780,176	\$ 2,295,811	65%
Cost of sales	912,147	1,773,501	-49%	2,840,934	2,231,045	27%
Gross profit	208,573	2,373	8689%	939,242	64,766	1350%
Gross margin	19%	0%		25%	3%	
Operating expenses	1,610,438	910,427	77%	5,746,142	3,442,682	67%
Operating loss	(1,401,865)	(908,054)	54%	(4,806,900)	(3,377,916)	42%
Other expenses	(3,274,163)	(60,151)	5343%	(3,291,667)	(80,011)	4014%
Net loss and comprehensive loss	\$(4,676,028)	\$(968,205)	383%	\$(8,098,567)	\$(3,457,927)	134%

* 2017 results have been restated.

**Three months ended results are unaudited.

Conference Call

The Company will host a conference call to discuss its latest financial results at 1:30 PM Eastern Time (Canada/U.S.) on Tuesday, 4th June 2019. Those interested can register at https://zoom.us/webinar/register/WN_Ao5CfJlbRYGZmcF8Ykv_nQ

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 Toronto Venture Exchange under the symbol CBLU.

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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.

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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