



Clear Blue Technologies International Announces 2019 Financial Results

Q4 revenue of \$2,392,839 is an increase of 114% over 2018 with a gross margin of 22.4%

TORONTO, April 29, 2020 -- 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, 2019.

Key Financial Results (all figures in Canadian dollars)

- Record quarterly revenues of \$2,392,839 in Q4, a 114% increase over Q4 2018;
- Trailing Four Quarterly (TFQ) Revenue of \$3,971,301, a 5% increase over 2018;
- TFQ Gross Margin percentage decreased from 24.8% to 22.4%, a reduction resulting from a new allocation, beginning in 2019 as a result of our scale, to record direct service cost expenses to Gross Margin. Without this, TFQ Gross increased to 25.3%;
- Q4 Gross Margin percentage of 16.5%, compared to 19.6% in Q4 2018;
- TFQ Adjusted EBITDA (see Non-IFRS Measures) was \$(4,157,128) versus \$(4,565,513) in 2018;
- The Company exceeded its previous guidance on telecom pilots by selling 12 Proof of Concepts and 5 First Installs in 2019.

Subsequent Events

The period following the quarter ended on Dec 31, 2019, was notable for the Company with the following outcomes:

- On April 20, 2020, the Company announced the signing of a Large Rollout project with an initial purchase order for 50 units of a planned multi-year 500-unit sale. The contract has the potential to lead to an estimated \$3.5 million in sales in the fiscal year 2020;
- On April 14, 2020, the Company arranged additional liquidity through a \$5 million loan from BDC Capital Inc. The Company received the first \$2 million tranche with an additional \$3 million available upon meeting certain financial milestones.

Chief Executive Officer Remarks

The fiscal year 2019 was a year that had some great successes, albeit tempered by slow results impacting the bottom line. The first three quarters were slow, and while we had a great Q4, it did not fully offset our lower results from Q1 through Q3. As a result, the revenue growth in 2019 over 2018 was relatively flat, with a 5% growth year over year.

The Company's position in the market strengthened substantially and, its investments in the African and telecommunications market yielded great success with the Company exceeding its guidance on the number of pilots and first install projects. As these projects mature into large scale rollouts, significant contracts with long term multi-year sustainable growth are on the horizon. While COVID-19 will impact our business, we believe that it is a small delay and that telecommunications infrastructure will be a key area of investment and growth post-COVID-19. Subsequent to the quarter, Clear Blue announced its first large contract roll out and we see potential for additional contracts in 2020.

Revenue and Gross Margin

Revenue in the quarter increased by 114% to \$2,392,839. Full-year revenues were \$3,971,301, an increase of 5% over 2018. Telecom sales posted a 438% revenue increase to \$928,287 for the TFQ ended December 31, 2019. This illustrates the Company's traction in the telecom sector as projects moved from small Proof of Concepts to Initial Install system deployments. 2019 Gross Profit was \$891,163, a decrease from 24.8% to 22.4% over 2018. As a result of our scale, to direct service cost expenses now attributed Gross Margin. Without this, gross margin would have increased to 25.3%.

Telecom Sector Adoption & Progress

During Q4, Clear Blue exceeded its previous guidance on Telecom Sector Adoption, bringing the total at the end of 2019 to 12 Proof of Concepts and 5 First Installs.

After year-end, in April 2020, the Company announced it had won a large rollout contract. Taking into consideration our caution regarding forward-looking statements, the Company sees the potential for one or more additional First Installs transitioning to significant rollout deals in 2020 depending on the success of our bid partners.

Clear Blue Service Adoption & Recurring Revenue

In 2019, Clear Blue deployed 1,478 units for a total of 5,018 units to date. Today, Clear Blue has the most extensive data collection of production systems in the world, with 3.2 million operating days of site production data, allowing us to build ever

smarter and higher performing products and services.

Clear Blue's balance sheet item showing the amount of sold and paid for Service revenue that it will recognize over-time increased by 77% to \$514,608. This growth was primarily driven by the Company's launch of Energy as a Service in Q2 2019.

Operating Expenses

Operating expenses decreased by \$95,177 or 2% for the TFQ ended December 31, 2019, compared to the same period in 2018. This included an increase in bad debt provision to anticipate potential effects caused by COVID-19, non-cash stocked based compensation, and reduced SRED tax amounts as public companies do not get the same amounts as private companies (the Company was private for part of 2018, and thus this amount was higher). Net of these items, operating expenses have declined year over year.

Net loss and comprehensive loss

Clear Blue is a high-tech Company, and R&D investments are substantial parts of our costs. This investment will enable Clear Blue to emerge as the market leader in a new and exciting global market. For the TFQ ended December 31, 2019, the Company reported a Net Loss of \$(5,101,918), a decrease \$2,996,649 or 37% over 2018.

2019 Fiscal Year Non-IFRS Adjusted EBITDA

Beginning in the fiscal year 2019, Clear Blue began reporting non-IFRS Adjusted EBITDA. For 2019, Adjusted EBITDA was (\$4,157,728), a 9% improvement over 2018.

Outlook

Clear Blue competes in a marketplace where competitors focus on large, on-grid systems, and one-time sales of hardware products. Clear Blue focuses on the wireless off-grid market. The Company's business model is to provide "Energy as a Service" ("EaaS"), an ongoing delivery model where customers receive long term assurance of reliable power, and the Company is paid additional revenue overtime for that reliability. As a result, Clear Blue holds the first-mover advantage and leads the market, as evidenced by the deployment of our systems in 37 countries.

In 2019, the Company undertook several new product initiatives, driven by significant technology innovations, which should allow for a material improvement in gross margin in 2020.

Lighting sales continued to provide a stable base of revenues and gross margin during 2019 while the telecom market for our product matured. High margin EaaS sales did well following its launch in May 2019. We believe EaaS revenues will continue to grow as a percentage of revenues in 2020.

By the end of 2019, we had deployed 5,018 systems in 37 countries, primarily in North America, Africa, and the Middle East. They have generated approximately 3.2 million days of operating history.

Like all international businesses, Clear Blue sees some impact from the COVID-19 pandemic. We have experienced a backlog in orders with suppliers and, there are longer lead times than seen pre-COVID-19. Additionally, transportation networks are being impacted by the push to prioritize the shipment of critical medical equipment. We have benefited from the large inventory of essential components we conservatively carried through 2019 and intend to manage supply chain risk through inventory, long lead time planning, and multi-vendor sourcing in 2020. We believe that communications infrastructure is going to be a critical component of COVID-19 mitigation and anticipate telecom projects will continue to proceed in all regions on this basis, but perhaps with some COVID-19 related delays. As reported on April 20, 2020, we have secured a \$5 million credit facility from BDC to provide additional liquidity. The supply chain will continue to be a risk, and management is actively working on mitigation strategies to ensure any impact is minimal.

For guidance, we have previously provided forecasts of telecom Proof of Concept, First Installs, and Rollout orders as a measure of future opportunity. While these activities are continuing to progress, the speed and pace of these initiatives may be affected by COVID-19 related shutdowns. Given the COVID-19 pandemic, the Company cannot provide an estimate of similar projects for 2020 at this time, although it has already received orders for one new Proof of Concept and one First Install in 2020.

From a long-term perspective, management believes its market potential remains very strong. The Company has a strong sales funnel and, we have experienced continued customer interest throughout this period.

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 Thursday, April 30, 2020.

Those interested can register at:

https://zoom.us/webinar/register/WN_EMAPh4TbSQuEVB_D9FbTUA

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 37 countries, including the U.S. and Canada. Clear Blue is [publicly traded](#) on the Toronto Venture Exchange under the symbol CBLU (TSXV: CBLU) (FRANKFURT: OYA).

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, the effects of COVID-19 on the Company, expected future sales, and our competitive position in the market.

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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