

UGE Investor Newsletter

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Good morning,

Yesterday afternoon we released our 2020 Q1 financial results, which are available on SEDAR and our [website](#).

Announced just four weeks after our year-end numbers, our first quarter results show a continuation of the progress we have made since concentrating our focus on our project development business, in which we develop, build, own, and operate most of our projects.

Highlights from the quarter are as follows:

- The benefit we have seen from a refined focus on our project development business can't be overstated. Our project backlog grew more than 100% in the last quarter, exceeding US\$70 million by quarter-end, or approximately CAD\$100 million. These are secured projects within our focus markets that we are working to deploy over the next two years. You can find much greater detail on our backlog in our MD&A and we will cover this topic in detail on our webinar this coming Monday (registration details below).
- The shift to self-developed projects has seen margins grow significantly. 2019 was our best result as a public company, with gross margins at 27%. The first quarter matched that figure, marking the fifth quarter in a row in which we have exceeded our 23% target.
- While we appreciate that it is taking some time for our revenue numbers to reach levels at which we are profitable, revenue in the US and Philippines grew 212% versus the comparable quarter, while overhead expenses fell slightly, so we are quickly trending in the right direction.
- Furthermore, a fundamental characteristic of our self-financed projects is that they generate almost all of their revenue once operational, as described in our MD&A. In addition to this growth in recognized revenue, as of March 31, 2020 we had seven self-financed projects under construction, resulting in approximately \$0.90 million of construction in progress and \$0.25 million of unbilled revenue related to these projects.
- Restrictions on economic activity related to the COVID-19 pandemic slowed construction starting in early March 2020. As of late May, solar construction has resumed in most of our operational regions. We expect our last such region, New York City, to allow construction starting sometime in June.

Date: Monday, June 1, 2020

Time: 2:00pm EDT

Register: <https://attendee.gotowebinar.com/register/1635295255074346252>

Thanks as always for your thoughts and questions. We look forward to sharing our continued progress with you in the upcoming quarters.

Kind regards,

Nick



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