

UGE Investor Newsletter

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Good morning,

Yesterday afternoon we released our audited 2019 financial report which is available on SEDAR as well as on our [website](#).

For those of you who have closely followed the UGE story, you will remember that in 2019 we wound down our EPC business to fully concentrate on our turnkey develop/build/finance business model. In the past year, we have successfully shifted our focus and are pleased to share our accomplishments, as highlighted in our financial statements:

- With our shift to self-developed projects, gross margins almost tripled, from 10% in 2018 to 27% in 2019.
- Without new revenue from the EPC business, revenues fell significantly, but were again increasing by year end with Q4 revenue more than triple Q3 revenue.
- Financing our own projects is a key part of our story going forward, and at year-end our first six self-financed projects were under construction. In addition to Q4 revenue, at year-end we had \$0.7 million of work in progress and unbilled revenue related to self-financed projects which will convert to recurring revenue as the projects reach commercial operation.
- Further revenue growth is expected thanks to our large and growing backlog, which was \$30.3 million as of December 31, 2019 and has since grown to over \$45 million, a new record for the Company.
- As we wound down the EPC business, overhead decreased 39% in 2019; we expect overhead expenses to stay roughly constant this year, even with expected year-over-year revenue growth. The steps we took also saw our net loss decrease 59% as we work towards nearterm profitability.

Later today, our CFO, Paul Kania, and I will host a webinar to provide a summary of the financial results and to answer your questions. You can register for the webinar, below:

Date: Wednesday, May 6, 2020

Time: 2:00pm EDT

Register: <https://attendee.gotowebinar.com/register/5475333016834667020>

Kind regards,

Nick



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