

UGE Investor Newsletter

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Good morning,

Today we are pleased to release [our Q3 results](#).

After our Q2 results it was important that we made adjustments to ensure better results going forward. Our Q3 results already illustrate the progress we are making, as follows:

- **Stronger balance sheet:** Even though the [announced debt conversions](#) were only partly reflected in our Q3 statements, they already point to a much stronger, cleaner balance sheet. In addition, these conversions lower interest costs by almost half a million dollars per year. The final piece of the debt conversion has received conditional approval; we expect final approval in the near future.
- **Higher revenues:** Revenue rebounded in Q3 and was our second-highest result in the past four quarters. Furthermore, we expect revenue to grow further in Q4 and beyond. Now one month into Q4, all 15 sites for our Peterborough project are under construction, and most will be completed this year.
- **Better margins:** Our Q3 margins were more than double that of Q2, as margins for the Peterborough portfolio improved and other, higher margin projects helped boost the average. This year's gross margins have been below our goals, as that portfolio has weighed down results, but Q3 shows that the Q2 result was an anomaly and we expect higher margins in the future based on the projects in our backlog.
- **Increased backlog:** In August we confirmed our largest non-Canadian project ever, worth revenue of approximately \$8.4 million; this project drove an increase in backlog to \$37.3 million. Furthermore, the growth in our backlog is being driven by projects in which we play a developer role, wherein we expect margins to be in line with our goal of 20% or higher.
- **Lower costs:** Lastly, around the time our Q2 results were announced we identified areas where we could further lower costs as we move away

lowered overhead by approximately 30%, the full effect of which will be visible in our year-end statements.

The above changes result in a much stronger, more promising UGE - one with a strengthened ability to maintain sustained profitability through higher margins and lower costs. Going forward we expect the majority of our revenue to come from self-developed projects, some of which will be self-financed through our green bonds initiative.

This is all against the backdrop of a rapidly expanding, but often overlooked, solar market, the economics of which continue to improve, year after year.

Thank you for your interest in UGE. As always, please don't hesitate to reach out with any questions.

Best wishes,

Nick



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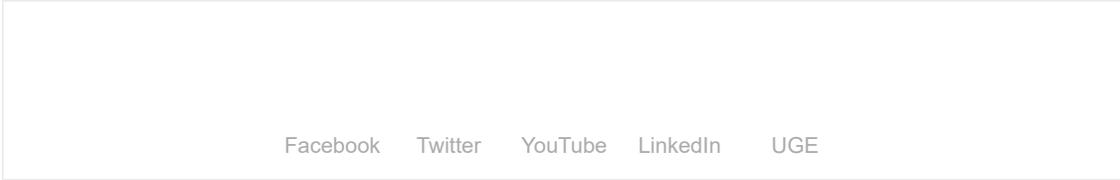
Past Investor News:

[10/26/2018: UGE Closes Inaugural Green Bond, Announces New Project with Lonbisco](#)

[10/1/2018: UGE Strengthens Balance Sheet Through Series of Transactions](#)

[08/29/2018: UGE Reports Q2 2018 Financials](#)

[08/13/2018: UGE Wins Its Biggest US Project Yet, USD \\$8.4m Portfolio With Strategic Client](#)



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