

UGE Investor Newsletter

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Good Morning,

This morning we reported our fiscal year [2017 audited financial results](#), and will hold our analyst and investor conference call at 10am EDT. The highlights of our results are as follows (all amounts in \$USD):

- Throughout 2017, we gained significant market share within the commercial solar sector, through organic growth as well as the acquisition of the Carmanah Solar Power Corp business. UGE is a market leader in all three of its target markets: Canada, the US, and the Philippines, a position that is strengthening further over time.
- For 2017, our revenue grew 261%, reaching \$20.9 million, compared with \$5.8 million for 2016. We finished the year with \$35.7 million of order backlog, giving us confidence in another strong growth year ahead.
- For the fourth quarter, we recorded our highest ever adjusted EBITDA of \$238,000. We have now recorded positive adjusted EBITDA in two of the last three quarters, as the business continues to strengthen towards sustained profitability.
- The fourth quarter gross margin of 36% was well above our target, due to our continued shift towards self-developed projects, as well as a gain upon completion of a portfolio of projects. The quarter's results brought our annual gross margin to 19%, roughly in line with our current target.
- By the middle of the quarter, the delays associated with a former sub-contractor's financial challenges had been substantially resolved, allowing for affected projects to be completed throughout late 2017 and early 2018.

Looking back on 2017, we are very proud of how much we achieved, just as much in terms of our financial results as to how we have positioned the company for future success. We must not lose sight of the big picture - an industry providing countless growth opportunities, as solar PV becomes the world's most important source of energy over the next decade - in imagining

Looking forward to 2018, we see significant growth opportunities in each of our three target markets. In particular, we are very focused on increasing the ratio of projects which we self-develop to those we build for other developers. In doing so, we will continue to grow our gross margin, as well as develop stronger control of project opportunities, while increasing our operating leverage with greater scale.

Thank you as always for your interest and support. We realize that our investors did not fare well in 2017, despite all of the above. You are always on our mind as we work to continue building a profitable, high growth leader in the commercial solar sector. We are confident in the year ahead and look forward to rewarding all of you for your loyal support and patience.

UGE's Fiscal Year 2017 Financial Results Conference Call

| | |
|-----------------------------|------------------|
| Meeting Date: | 3/13/2018 |
| Meeting Time: | 10:00am |
| Canada/US Toll-Free Number: | 1 (888) 490-6954 |
| Confirmation Number: | 46525179 |

[Alternative Numbers](#)

Kind regards,



Nick Blitterswyk
CEO



Jimmy Vaiopoulos
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TSXV: UGE, OTCQB: UGEIF



[1/23/2018: UGE Signs Contracts for Two New Projects in the Philippines](#)

[12/12/2017: UGE Awarded 14 New Contracts for Ontario Schools](#)

[12/06/2017: UGE Wins Fourth Project in Minnesota and Achieves State Milestone](#)



Forward

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