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UGE Investor Newsletter

[View this email in your browser](#)The logo for UGE Investor News, featuring the letters 'UGE' in a bold, sans-serif font, followed by 'INVESTOR NEWS' in a smaller, all-caps, sans-serif font. The text is white and set against a green background that has a slight gradient and a shadow effect.

Good morning,

This morning we released our [2020 audited financial statements](#) and management's discussion and analysis.

The past year was our most exciting to date, as our business evolved and matured to capitalize on the significant opportunity around us. But before discussing our results, we want to address our late filing. UGE has experienced incredible growth and evolution since the start of 2020, and it took tremendous effort on behalf of our new finance team to modernize our processes and walk our auditors through the changes to our business. These changes included our first self-financed projects and tax equity transactions.

This process has helped us grow and set a solid foundation for our business, ensuring that we have the team and procedures in place to support our growth going forward. Our promise to you is a narrow focus on value creation and building a long-term successful business. We sincerely appreciate your interest, support, and understanding through this process, and we are committed to providing timely and accurate disclosure moving forward.

Now about those financials.

2020 was unlike any year in memory as we all navigated through the unprecedented COVID-19 pandemic. Despite that challenge, UGE grew substantially and achieved several key operational and financial milestones, positioning us to capitalize on the growing solar sector.

Most significantly, in 2020 we introduced our develop/build/own business model. Our first self-financed solar facilities were energized in the final months of the year and have now begun to generate recurring revenues which will continue for decades to come. In parallel, our project development backlog grew four-fold, ending the year at over 60MW. Going forward, we plan to own most solar facilities we develop, providing us with long term recurring revenue and cash flows, allowing us to capture far more value from our project development efforts. This model sets us apart from our competitors and is the optimal path to scale in the nascent commercial and community solar sector.

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experience to support our project development business. This was completed in 2020, leaving us with a clear, company-wide focus on the develop/build/own model which is set to produce higher profit margins, long-term recurring revenue, and stronger competitive positioning as we build the business for long term success.

In addition, throughout 2020 and in the first quarter of 2021, we substantially improved our balance sheet position by raising equity capital, exiting the EPC business, and retiring debt. Now with cash reserves and a positive working capital position, we have a clear focus on executing our growth strategy and the resources to do so.

2020 also saw important advances on the policy front. We began the development of our first community solar facility in late 2017 as this project type was first emerging. Since then, enabling policy has either been passed or is on the pathway to passage in almost all Northeastern US states, as well as several other states across the country. Community (or “shared”) solar significantly expands the addressable mid-scale distributed solar market, and we expect most of our solar facilities going forward to take this form. Of course, U.S. leadership also transitioned in 2020 which has reshaped expectations for policy support over at least the next four years.

Looking towards the future

We have much work to do as we build on 2020’s momentum and execute our growth strategy. In 2021, our primary focus is accelerating our origination and project development efforts with a goal this year of doubling our project backlog with quality solar facility development rights. We are well on our way to doing so with the addition of key new origination and development team members and focused attention on entering at least three new states, having already secured our first commitment in Maryland. At the same time, we are making enhancements to our systems and support staff, to ensure we are working together as one to achieve long term success.

While we expect certain solar facilities to reach operational status in 2021, a larger proportion of the project pipeline will commence construction and/or operation in 2022. The currency of our industry is solar facility development rights, combined with effective project development and quality cash flow positive operating solar facilities.

We are also focused on building the team and processes that consistently move profitable solar facilities forward from origination through to operational status. In this respect, since December 2020 we have materially enhanced our finance team with the addition of Marissa Lauder, our CFO, and a senior controller in support.

As more of our solar facilities mature towards operational status, enhanced focus will turn to scaling

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- (1) 100MW of operational assets
- (2) 100MW of annual project development

Make no mistake, the energy transition is well underway. We see a robust sector for many years to come, and our CAD\$1.6 million private placement in December, combined with January's oversubscribed CAD\$7 million bought deal, give UGE a solid foundation to become market leaders as the energy transition accelerates.

I would also like to thank our dedicated staff for their commitment and hard work in continuing to reach new heights. It is a wonderful feeling each morning knowing I will get to spend the day working with such talented and enthusiastic individuals.

Finally, I want to thank you - our investors - from those who have supported us since our inception to those who participated in our recent financings and everyone in between. On behalf of the entire UGE team, we would like to thank you, and we look forward to sharing our progress going forward.

Kind regards,



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