

UGE Investor Newsletter

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Good Morning,

Today we are very excited to announce a series of transactions that result in a much stronger UGE.

When we released our Q2s one month ago, we let you know that we weren't happy with how they turned out. Since then, we've been hard at work making drastic improvements to our balance sheet to ensure that we are in a much stronger position to achieve the results you expect from us going forward.

These transactions convert the majority of our debt and a small portion of Accounts Payable to equity at a price per share of \$0.25, thereby decreasing liabilities by US\$5.25 million, including US\$2.6 million of current liabilities.

Summary of Changes with Q2 Financial Statements as Baseline:

Description (All Amounts in USD)	Amount on Q2 Balance Sheet	Converted to Equity	Description of Change
1. Divestment Loan	\$3,600,000	\$(3,250,000)*	Converted >90% of loan at \$0.25/share
2. Acquisition Loan	\$1,805,040	\$(1,277,100)	Converted >70% of loan at \$0.25/share
3. Operating Line	\$564,075	N/A	
4. Construction Finance Facility	\$1,200,000	N/A	
5. Surety Bond Project Loan	\$188,025	N/A	
6. Accrued Interest on 1, 2	\$554,388	\$(679,550)**	Fully converted at \$0.25/share**
7. AP that was converted	<u>\$47,306</u>	<u>\$(47,306)</u>	Select AP were converted at \$0.25/share
Totals:	\$7,958,834	\$(5,253,956)	Total decrease in liabilities of \$5.25m
<i>Of Which, Classified As Current:</i>	\$4,358,834	\$(2,584,456)	<i>Only remaining Current loans relate to short-term project facilities</i>

***\$1 million approved September 28, 2018, \$2.25 million pending final regulatory approval**

****Includes incremental interest accrued post-Q2 to transaction close date**

Pro forma summary of outstanding loans, based on amounts outstanding at June 30 and the above changes:

1. Divestment Loan (LT)	\$350,000
2. Acquisition Loan (LT)	\$580,500
3. Operating Line (ST)	\$580,500
4-5. Project-related Facilities (ST)	\$1,388,025
Total Long-term ("LT") Debt:	\$930,500
Total Short-term ("ST") Debt:	\$1,968,525

The above conversions are being completed at a share price of \$0.25, representing a 56% premium to Friday's closing price; no share purchase warrants were included in the transactions. These transactions are a strong vote of confidence from partners looking to deepen their ties with UGE moving forward. For this, we are incredibly grateful.

The reduction in debt also decreases annual interest costs by over US\$400,000, improves our working capital position by US\$2.6 million, and significantly improves our debt ratio, resulting in a balance sheet that is stronger, more bankable, and more flexible going forward.

In the past month, we also cut SG&A expenses by 15%, in addition to refinements we had made throughout the first half of the year, as we continue to adjust to the market while focusing on our goal of sustainable profitability.

Make no mistake, we weren't happy with our Q2 results; however, the bigger picture is crystal clear. This is an industry where opportunity continues to expand and where we are very well positioned. We are as excited about our prospects now as we have been at any other time, especially after completing these transactions.

We greatly value our shareholders and know this year hasn't been favorable to you. We fought hard to protect shareholder value when executing these transactions, as we always will. We are excited about the end result and look forward to discussing it further with you in the near future.

Sincerely,

Nick



Nick Blitterswyk
 CEO, UGE International
 investors@ugei.com



Past Investor News:

[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](#)

[08/01/2018: UGE Enters “Green Bond” Market to Self-Finance Projects](#)

[05/04/2018: UGE Completes Record Installations in Q1, to Release Financial Results May 15th](#)

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