“Strongest Results in Company History” – Thermal Energy International Announces Record Revenue and Profit with Latest Quarterly Figures

OTTAWA, ONTARIO – January 28, 2020 – Thermal Energy International Inc. ("Thermal Energy or the “Company”) (TSXV: TMG), an innovative cleantech company and global provider of energy efficiency and emissions reduction solutions, has announced its financial results for the second quarter ended November 30, 2019. All figures are in Canadian dollars.

Second quarter and year-to-date highlights:

- Quarterly revenue: Increased 51% ($2.6 million) from last year
- Year to date revenue: Up $820 thousand (7%) from year prior, a record level
- Year to date profit: Both Net income and EBITDA are the highest ever reported
- Order backlog: $8.2 million at quarter end, 67% ($3.3 million) higher than the same time last year

“This has been a hugely positive quarter for Thermal Energy. Not only has it delivered the highest revenue for a single quarter in the company’s history – an increase of 51% ($2.6 million) from last year – it has also fed into record revenue and profit year to date results.” said William Crossland, CEO of Thermal Energy.

“In line with quarter one, our revenue in quarter two has continued to grow, giving the Company a year-to-date revenue figure of $12.8 million – up $820 thousand (7%) compared to the first two quarters of FY2019. However, when we take into consideration that the results for the same period last year included $6.6 million in revenue from the $11 million Resolute Forest Products order, the figures from this year to date are even more impressive. To put this in perspective, if we were to exclude the Resolute project, the current year-to-date revenue has actually increased by 139% ($7.4 million).”

“In terms of profit, half year net income is $626 thousand and EBITDAS is $1.1 million; that’s $788 thousand ahead of net income and $1.3 million ahead EBITDAS from the half year point last year. These figures are three and four times the best half year EBITDAS and net income that the Company has ever recorded. In short, these are by far the strongest results in our company’s history and are a clear indication of the success of our growth strategy.”

“As we enter the second half of our financial year, continuing to diversify is key to our objective of maintaining strong revenue and margins. We are seeing increasing success with this approach as demonstrated by the growing number of heat recovery projects we are securing – especially in Europe – as well as the effective integration of BEI products in our turn key solutions.”

“Following three years of intense investment across all areas of the business including sales, engineering, operations, and marketing, we are working to maximize the return on the investments we have made. This includes taking a proactive approach in various key markets, including Germany, Poland and the US Gulf coast, in order to further propel the business forward.

“Our order backlog remains strong with $8.2 million in secured orders at the end of the quarter. This value is 67% higher than that of the same period the year prior. This is further confirmation of how
our strategy is driving revenue and profitability and delivering our unique offering in an engaging market.”

**Summary Financial Results:**

<table>
<thead>
<tr>
<th>In thousand except % data</th>
<th>Three months ended Nov 30, 2019</th>
<th>Three months ended Nov 30, 2018</th>
<th>Six months ended Nov 30, 2019</th>
<th>Six months ended Nov 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$7,848</td>
<td>$5,193</td>
<td>$12,814</td>
<td>$11,994</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$2,918</td>
<td>$1,835</td>
<td>$5,109</td>
<td>$3,781</td>
</tr>
<tr>
<td>Gross margin</td>
<td>37.2%</td>
<td>35.3%</td>
<td>39.9%</td>
<td>31.5%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$2,439</td>
<td>$1,953</td>
<td>$4,275</td>
<td>$3,985</td>
</tr>
<tr>
<td>Net profit (loss)</td>
<td>$385</td>
<td>$(112)</td>
<td>$626</td>
<td>$(162)</td>
</tr>
<tr>
<td>EBITDAS</td>
<td>$709</td>
<td>$(68)</td>
<td>$1,181</td>
<td>$(119)</td>
</tr>
<tr>
<td>Order backlog as at:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>November 30</td>
<td>$8,200</td>
<td>$4,900</td>
<td>$8,200</td>
<td>$4,900</td>
</tr>
</tbody>
</table>

(Certain figures from prior periods have been adjusted to conform to the current period presentation.)

For further details, visit Thermal Energy’s Second Quarter and Half Year Fiscal 2020 Financial Summary presentation here: [www.thermalenergy.com/presentations.html](http://www.thermalenergy.com/presentations.html)

**Second Quarter and Year to Date Fiscal 2020 Financial Review:**

Quarterly revenue was $7.8 million, delivering a gross profit of $2.9 million - up 59% compared to the same quarter last year. This resulted in a gross margin of 37.2%. Both revenue and gross profit in last year were impacted by the Resolute project. Quarterly EBITDAS is reported at $709 thousand this year compared to a negative $68 thousand last year, an increase of $777 thousand.

Net income for the six months ending November 30, 2019 was $626 thousand, to a net loss of $162 thousand for the same period the year prior. Operating Expenses for the year to date total $4.3 million.

Working capital increased by $417 thousand to $2.4 million at November 30, 2019 compared to $2.0 million at May 31, 2019. The Company’s net cash position was $5.0 million as of November 30, 2019, compared to $4.2 million at May 31, 2019, representing an increase of $857 thousand.

**Business Outlook and Order Backlog Summary**

The Company ended the quarter with an order backlog of $8.2 million compared to $4.9 million last year, 67% higher than same time last year.

The Company defines its order book or backlog as the value of projects for which purchase orders have been received, but that have not yet been fully reflected as revenue in the Company’s published quarterly financial statements. These include:
• A number of heat recovery projects within the food and beverage industry, the value of which totals over $7.7 million, announced between December 2018 and November 2019
• A $1.4 million project to improve efficiency and reducing emissions at an infant milk processing plant, announced in August 2019
• A $2.3 million order to improve energy efficiency for a leading multinational animal nutrition and agricultural products company, announced in March 2019
• A $1.8 million order to implement an extensive HeatSponge heat recovery project for a US dairy group, announced in March 2019
• A $1.3 million order to implement a water recovery system as part of an ongoing sustainability drive for a leading Fortune 500 food and beverage company, announced in October 2018

Full financial results including Management’s Discussion and Analysis and accompanying notes to the financial results, are available on www.SEDAR.com and www.thermalenergy.com/financial-reports.html.

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Notes to editors:

About Thermal Energy International Inc.

Thermal Energy International Inc., ranked as one of Canada’s Top Growing Companies in 2019, is an established global supplier of proprietary, proven energy efficiency and emissions reduction solutions to the industrial and institutional sectors. We save our customers money and improve their bottom line by reducing their fuel use and cutting their carbon emissions. Our customers include a large number of Fortune 500 and other leading multinational companies across a wide range of industry sectors.

Thermal Energy is a fully accredited professional engineering firm and by providing a unique mix of proprietary products together with process, energy, and environmental engineering expertise, Thermal Energy is able to deliver unique turnkey projects with significant financial and environmental benefits for our customers.

Thermal Energy's proprietary products include: GEM™ - Steam Traps, FLU-ACE® - Direct contact condensing heat recovery, HEATSPONGE – Indirect contact condensing heat recovery systems, and DRY-REX™ - Low temperature biomass drying systems.

Thermal Energy has engineering offices in Ottawa, Canada, Pittsburgh, USA, as well as Bristol, U.K., with sales offices in Canada, UK, USA, Germany, Poland, Italy and China. TEI’s common shares are traded on the TSX Venture Exchange (TSX-V) under the symbol TMG.
This press release contains forward-looking statements relating to, and amongst other things, based on management’s expectations, estimates and projections, the anticipated effectiveness of the Company’s products and services and the timing of revenues to be received by the Company. Information as to the amount of heat recovered, energy savings and payback period associated with Thermal Energy International’s products are based on the Company’s own testing and average customer results to date. Statements relating to the expected installation and revenue recognition for projects, statements about the anticipated effectiveness and lifespan of the Company’s products, statements about the expected environmental effects and cost savings associated with the Company’s products and statements about the Company’s ability to cross-sell its products and sell to more sites are forward looking statements. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Many factors, some of which are outside of the Company’s control, could cause events and results to differ materially from those stated. Fulfillment of orders, installation of product and activation of product could all be delayed for a number of reasons, some of which are outside of the Company’s control, which would result in anticipated revenues from such projects being delayed or in the most serious cases eliminated. Actions taken by the Company’s customers and factors inherent in the customer’s facilities but not anticipated by the Company can have a negative impact on the expected effectiveness and lifespan of the Company’s products and on the expected environmental effects and cost savings expected from the Company’s products. Any customer’s willingness to purchase additional products from the Company is dependent on many factors, some of which are outside of the Company’s control, including but not limited to the customer’s perceived needs and the continuing financial viability of the customer. The Company disclaims any obligation to publicly update or revise any such statements except as required by law.

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