

Q2 FY2021 Review and Update

January 2021



An Innovative Technology Company Providing Custom Energy and Emission Reduction Solutions

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Forward-looking statements

This presentation includes “forward-looking information”. For example, statements about the opportunities for repeat business; the possibility or expectation of additional orders; growth in existing markets; entry into new markets; order backlog; introduction of new products and services; establishment and growth of new distribution channels; growth opportunities and strategies; conversion of existing orders into revenues; are all forward looking information. Such forward looking information reflects Thermal Energy International’s (“TEI”) current expectations with respect to future events and are based on information currently available to management. Forward-looking information involves significant known and unknown risks, uncertainties and assumptions. For example, existing and new customers may not place orders for any number of reasons; fulfilment of orders, installation of product and activation of product could all be delayed for a number of reasons, some of which are outside of TEI’s control, which would result in anticipated revenues from such projects being delayed or in the most serious cases eliminated; TEI may not be successful in identifying and developing new products and our new or existing products may not result in new orders or gain acceptance in new geographical or industrial markets; we may not be successful in establishing new distribution channels or such new channels may not be successful; our growth strategies may not be successful or result in the anticipated growth and orders received by TEI may not turn into revenue in the time frame anticipated, or at all, due to many factors, some of which are outside of TEI’s control, including but not limited to TEI’s ability to deliver products on time and in accordance with specifications and the continuing financial viability of the customer. Readers are also referred to the risk factors outlined in our management’s discussion and analysis available at www.SEDAR.com. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking information contained in this presentation.

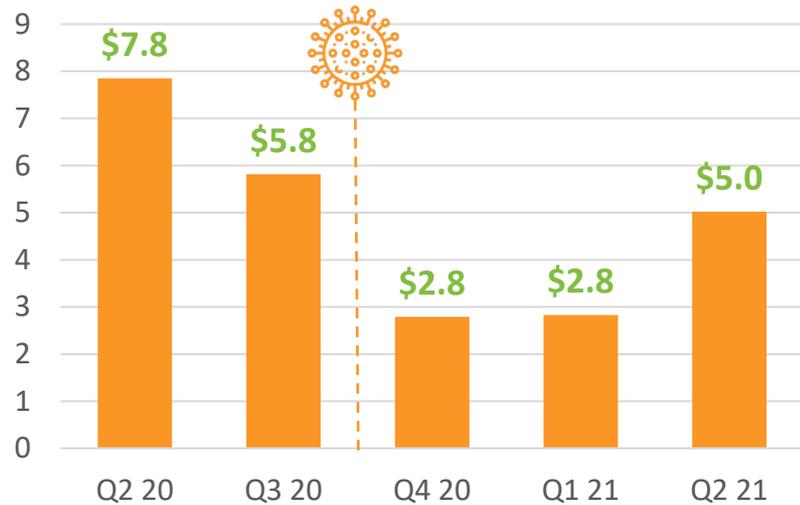
Readers should not place undue reliance on forward-looking information. The forward-looking information is made as of the date of this presentation and TEI does not assume any obligation to update or revise it to reflect new events or circumstances, except as required by law.

The term “EBITDA” as used in this presentation is not a recognized measure under IFRS, does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. This measure is provided as additional information to complement IFRS measures by providing further understanding of the Company’s results of operations from management’s perspective and should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. Please refer to our management’s discussion and analysis for the applicable period for a reconciliation of EBITDA to Net income (loss), the closest IFRS measure.

Revenue

Q2 FY2021 Nov 30, 2020

(\$ millions)

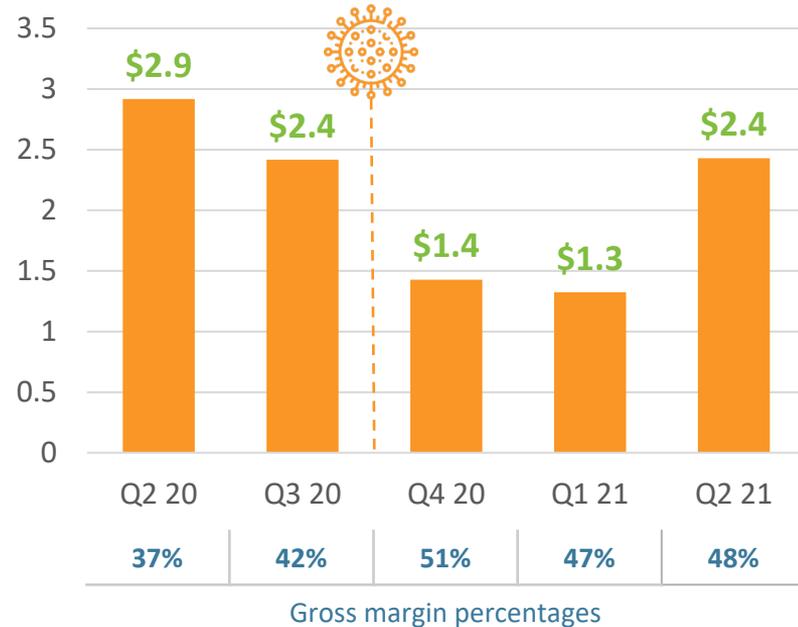


- Revenue up 78% (\$2.2M) compared to Q1

Gross profit

Q2 FY2021 Nov 30, 2020

(\$ millions)



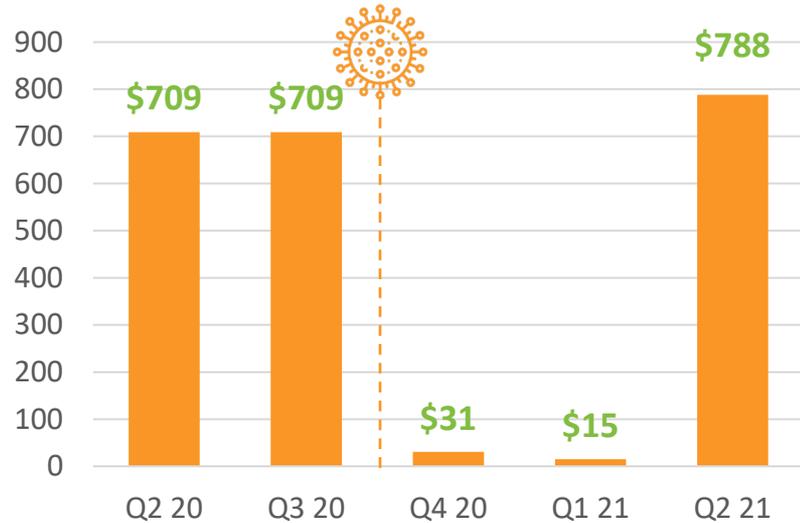
- Gross profit UP 84% (\$1.1M) compared to Q1 2021
- Gross margin remains strong
 - up one percentage point compared to Q1 2021
 - up 11 percentage points compared to Q2 2021

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

EBITDA

Q2 FY2021 Nov 30, 2020

(\$ thousands)

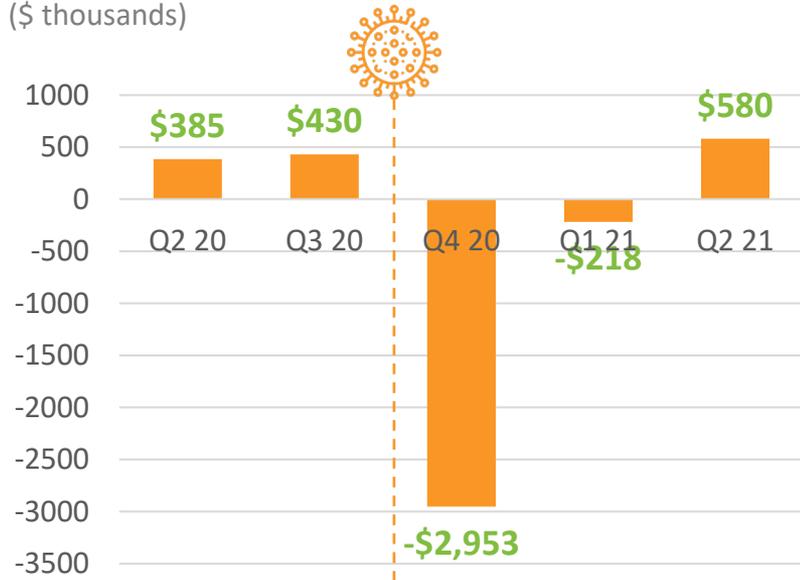


- EBITDA up \$733K (5,153%) compared to Q1 2021

Net income

Q2 FY2021 Nov 30, 2020

(\$ thousands)

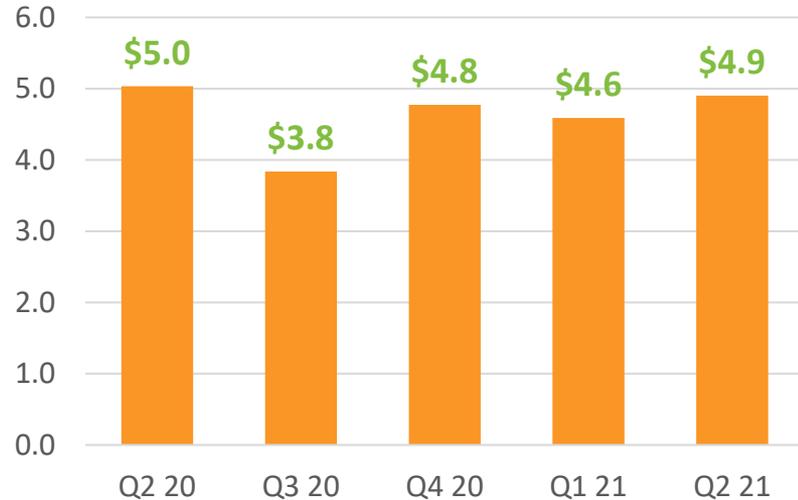


- Net income up 366% (\$798K) compared to Q1 2021

Cash position

Q2 FY2021 Nov 30, 2020

(\$ millions)



- Cash position remains strong, up 7% (\$314K) since Q1 2021

Working capital

Q2 FY2021 Nov 30, 2020

(\$ millions)

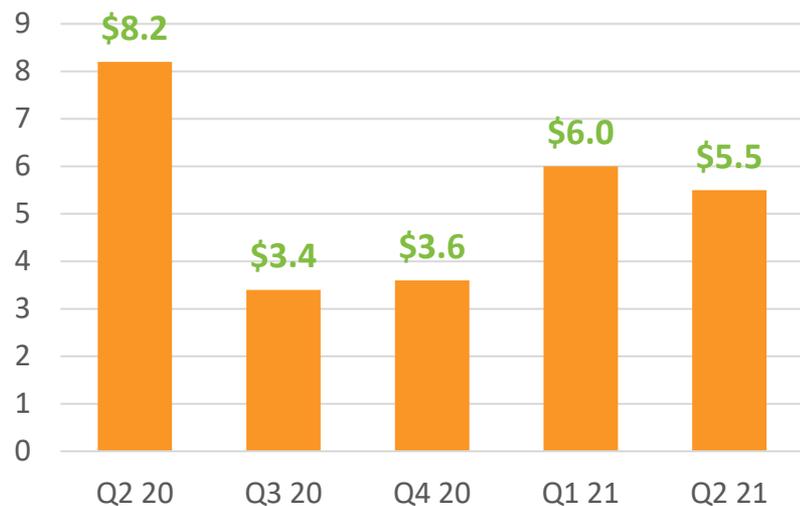


- Continued growth in working capital, up 13% (\$488K) compared to Q1 2021

Order book

Q2 FY2021 Nov 30, 2020

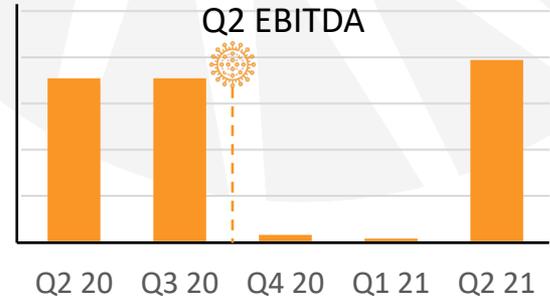
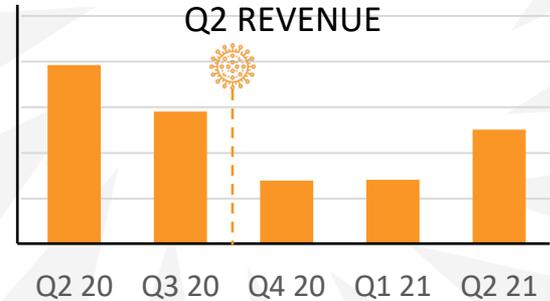
(\$ millions)



- Order remains strong (\$5.5M) compared to Q2 2021
- Since quarter end received additional \$1.7M in new orders
- Fiscal year orders total \$9.4M, 66% more than the same period last year

Q2 financial summary

- Revenue up 78% (\$2.2M) compared to Q1, denoting recovery from COVID-19 impact
- Gross profit UP 84% (\$1.1M) compared to Q1
- EBITDA up 5,153% (\$733K) compared to Q1
- Net income up 366% (\$798K) compared to Q1
- Cash position remains strong, up 7% (\$314K) since Q1
- Continued growth in working capital, up 13% (\$488K) compared to Q1
- Fiscal year orders total \$9.4M, 66% more than the same period last year



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