



**Q4 2024 Earnings Call**  
**September 19, 2024**

TSX-V: TMG | OTCQB: TMGEF

# Disclaimer

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This presentation may contain forward-looking statements within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of Thermal Energy International Inc. (the "Company" or "Thermal Energy") with respect to future business activities and operating performance. These forward-looking statements include, among others, statements with respect to our objectives, goals and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "will", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective" and "continue" (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements. Any such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected in these forward-looking statements.

Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended and such changes could be material. For a detailed discussion of such risks and uncertainties, please see the risk factors outlined in our management's discussion and analysis available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). The Company does not intend, and does not assume any obligation, to update the forward-looking statements.

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.

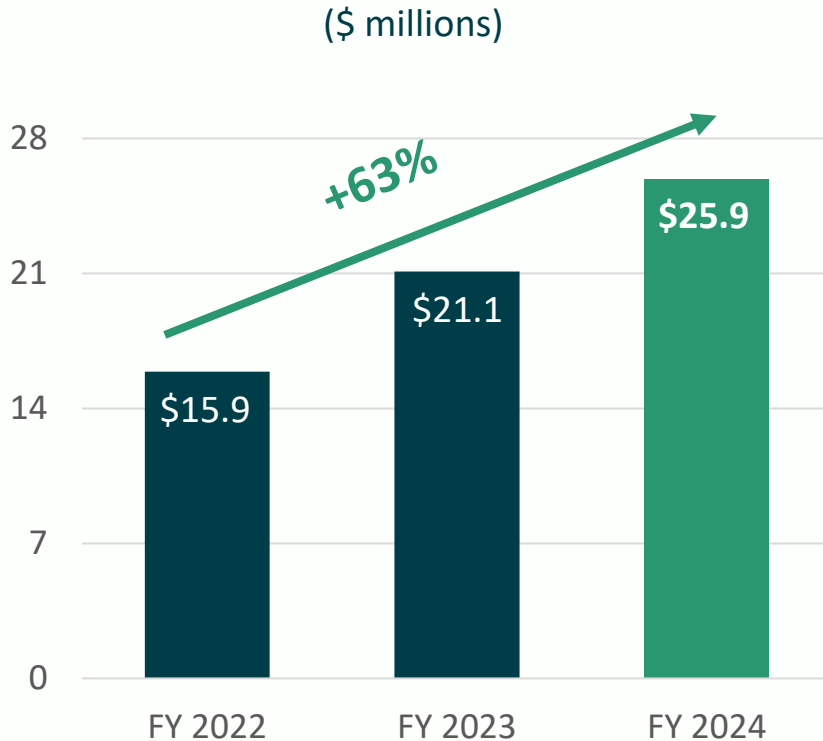
## Overview

- Record year for revenue and EBITDA<sup>1</sup>
- Solid Q4 but comparable period was a record quarter
- Well-positioned for growth
- Favourable outlook

<sup>1</sup>EBITDA is a non-IFRS financial measure that represents earnings before interest, taxation, depreciation, amortization, impairment of intangible assets, and share-based compensation expense.



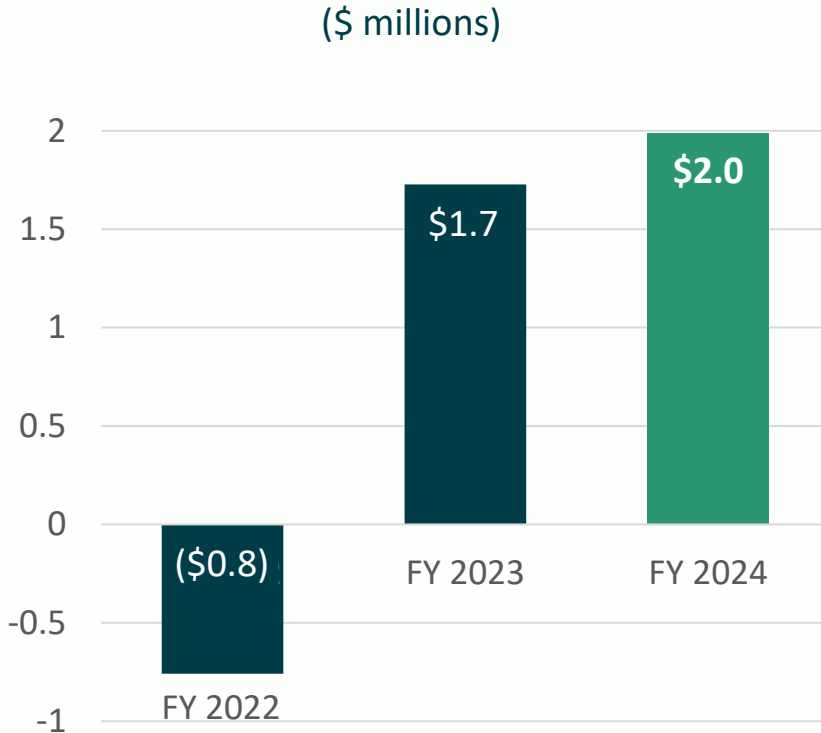
# Revenue – fiscal year<sup>1</sup>



- Record fiscal year revenue of \$25.9 million
  - Record GEM and BEI revenue
  - Highest heat recovery revenue in 4 years
- 2-year increase of 63%

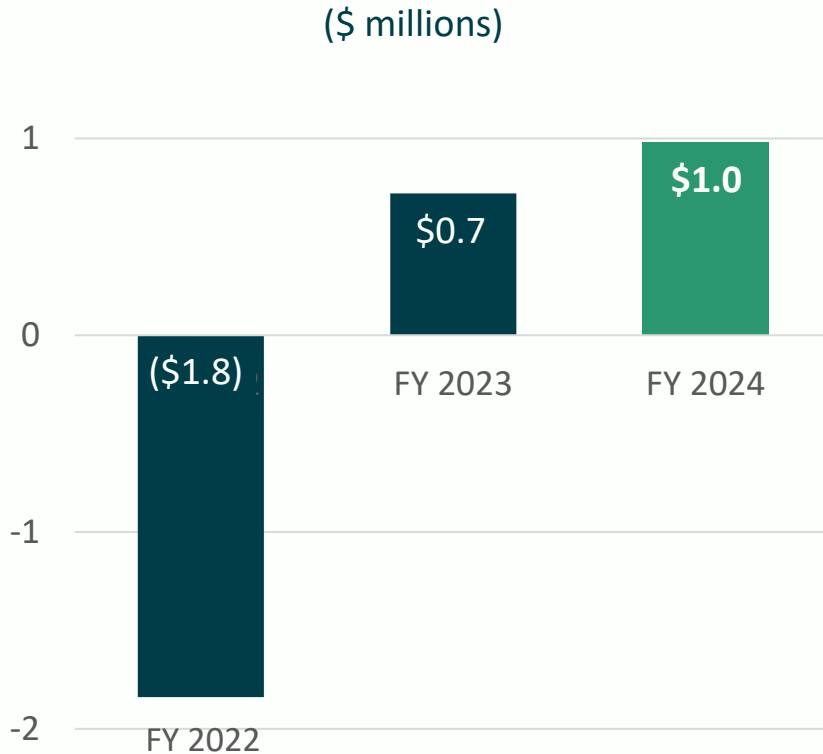
<sup>1</sup> Twelve months ending May 31.

## EBITDA – fiscal year



- Record fiscal year EBITDA of \$2.0 million
- >\$2.7M increase compared to FY 2022
- EBITDA before investments in growth = \$3.5 million in FY 2024

## Net income – fiscal year



- Net income of \$982 thousand
- >\$2.8M increase compared to FY 2022

# Fourth quarter results

(\$000's)	Q4 2024	Q4 2023	Variance
Revenue	<b>\$7,529</b>	\$8,207	(\$678)
Gross profit	<b>\$3,136</b>	\$3,832	(\$696)
Operating expenses	<b>\$2,663</b>	\$2,759	(\$96)
EBITDA	<b>\$422</b>	\$1,170	(\$748)
Net income	<b>\$290</b>	\$971	(\$681)

Challenging comparable period

- Q4 2023 was our best quarter ever for revenue and gross profit
  - Included revenues from a few extraordinary GEM orders

# Balance sheet highlights

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## Strong, improving balance sheet

	<b>May 31, 2024</b>	<b>May 31, 2023</b>
Cash & equivalents	<b>\$7.0 million</b>	\$3.0 million
Working capital	<b>\$3.5 million</b>	\$3.0 million
Debt	<b>\$2.4 million</b>	\$3.3 million



# Significant reinvestments in our business in fiscal 2024

## Plant

- Larger production facility with more than double the throughput capacity of our former U.K. plant

## People

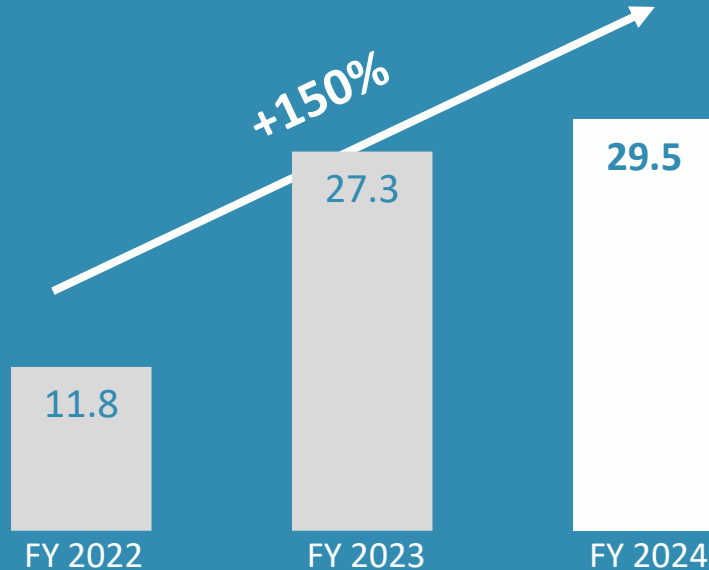
- Added 9 net new people in fiscal 2024:
  - + *5 in Sales and Marketing*
  - + *4 in Engineering and Production*

## Technology

- Carbon Reduction Scoping Tool (CREST)
  - *Quickly identifies energy saving; carbon reducing opportunities*
- New global accounting program and ERP software

# Record order intake in fiscal 2024

(\$ millions)

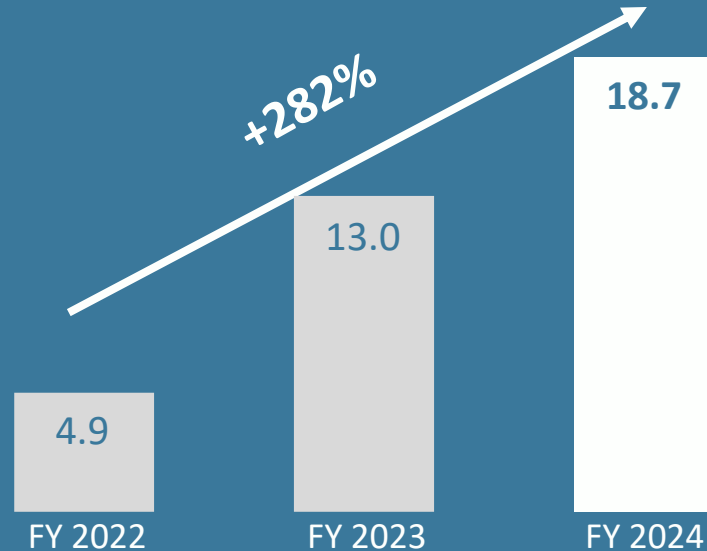


## Fiscal 2024 order intake:

- +8% vs fiscal 2023
- +150% vs fiscal 2022
- Driven by record order intake for Flu-Ace heat recovery and BEI

# Order backlog<sup>1</sup> – a record amount at year end

(\$ millions)

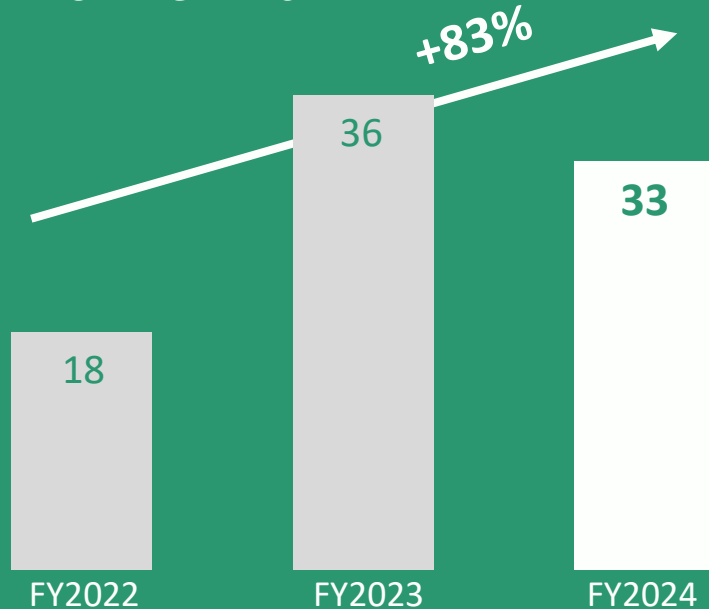


- **\$18.7 million** was our **highest backlog ever** at fiscal year-end
- Order backlog has since **grown to \$21.3 million** as at September 18, 2024

<sup>1</sup> Order backlog represents any purchase orders that have been received but have not yet been reflected as revenue in the Company's published financial statements.

# Growth in Project Development Agreements (“PDAs”)

## # of Live PDAs

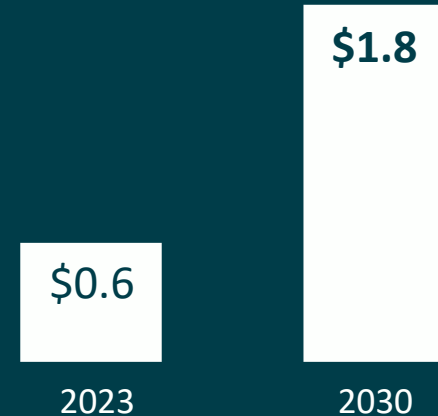


- PDAs - we are paid by the customer to complete detailed engineering to develop a Turn-key Project
- Converted a record # of PDAs into projects in fiscal 2024
- PDA pricing is being increased

# Our outlook

- Continue to grow organically and through accretive acquisitions
- ~5% penetration with our top 10 corporate accounts (*which have ~1,000 sites worldwide*)
- Global investment in energy efficiency needs to triple by 2030 to achieve net zero by 2050 (IEA)\*

## Global investment needed in energy efficiency\* (USD trillions)



\* International Energy Agency (2023), *Energy Efficiency: The Decade for Action*

# Summary

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- FY 2024 was a record year for revenue, EBITDA, and order intake
- Invested for future growth
- Really strong order backlog and PDA pipeline





## Analyst Q&A

If you are a sell-side analyst and are accessing the call directly via MS Teams, you can use the **Raise Your Hand** feature if you have a question.