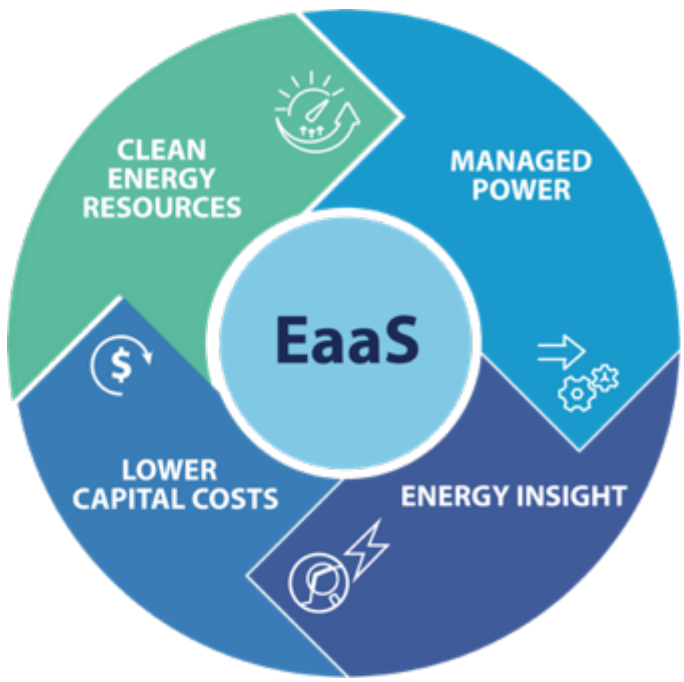
CLEARBLUE
TECHNOLOGIES

The Smart Off-Grid Company™



Delivering Smart Off-Grid Power Solutions and Energy-as-a-Service In 37 Countries

Clear Blue Technologies International Inc.
Management's Discussion & Analysis

For the Three and Nine Months Ended September 30, 2021, and 2020

Dated: November 15, 2021

MANAGEMENT'S DISCUSSION & ANALYSIS
IN CONNECTION WITH THE FINANCIAL STATEMENTS OF
CLEAR BLUE TECHNOLOGIES INTERNATIONAL INC.
FOR THE QUARTERS ENDED SEPTEMBER 30, 2021 AND 2020

This management's discussion and analysis of the results of operations and financial condition (the "MD&A") of Clear Blue Technologies International Inc. ("Clear Blue" or "Company") should be read in conjunction with the condensed interim consolidated financial statements of Clear Blue and the related notes thereto for the interim period ended September 30, 2021, and the audited consolidated financial statements for the year ended December 31, 2020. This MD&A is presented as of November 15, 2021 and is current to that date unless otherwise stated.

The financial information presented in this MD&A is derived from Clear Blue's condensed interim consolidated financial statements for the period ended September 30, 2021, prepared in accordance with IFRS. All information, except for Non-IFRS measures, has been prepared in accordance with IFRS and, unless otherwise stated, is in Canadian Dollars. Additional information relating to the Company, including the annual and quarterly financial statements and MD&A, is available on SEDAR at www.sedar.com and on our website at www.clearbluetechnologies.com.

This MD&A addresses matters we consider essential for an understanding of the Company's business, financial condition and results of operations as at and for the three and nine-month periods ended September 30, 2021, along with any subsequent material information.

Covid-19 Pandemic

On March 11, 2020, the World Health Organization declared that the outbreak of Covid-19 was a pandemic. Since that time, the Company has focused its efforts on safeguarding the health and well-being of its employees, consultants, customers, and community members. Most of the Company's employees have been working remotely and abiding by local and national guidance put in place, related to social distancing and restrictions on travel outside home. Since the inception of the pandemic, the Company has additionally been abiding by the protocols recommended by the health officials within Canada. As the pandemic progresses and the public gets vaccinated, the Company has begun to bring some employees back to the office in a hybrid model and continues to monitor and adhere to applicable guidance regarding the performance of activities within the workplace.

With an everchanging pandemic landscape, the duration and the eventual impact of the Covid-19 pandemic remains unknown. In particular, it is not possible to reliably estimate the length and severity of these developments and therefore the impact on the financial results and condition of the Company is subject to considerable risk uncertainty. Over the course of the pandemic, a number of businesses have suspended or scaled back their operations multiple times, and as new variants of Covid-19 have been confirmed, for precautionary purposes, governments have declared a states of emergency or taken other actions. In the event that the operations or development of the Company are suspended or scaled back, or if the Company's customer's operations are disrupted, such events may have a material adverse effect on the Company. The Company may also experience delays in operation of its slower administrative processes and response times for claims caused by the Covid-19 pandemic and the related restrictions. The breadth of the impact of the Covid-19 pandemic on investors, businesses, the global economy and financial and commodity markets may also have a material adverse effect on the Company.

Caution Regarding Forward-Looking Information

This MD&A contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of Clear Blue's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". By identifying such information and statements in this manner, Clear Blue is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Clear Blue to be materially different from those expressed or implied by such information and statements.

The forward-looking information contained herein may include, but is not limited to, information relating to:

- *the expansion of the Company's business to new geographic areas;*
- *the performance of the Company's business and operations;*
- *expectations with respect to the advancement of the Company's products and services;*
- *expectations relating to market adoption of the Company's technologies and solutions;*
- *expectations with respect to the advancement and adoption of new products, including the adoption of new products by the Company's existing customer base;*
- *the anticipated trends and challenges in the Company's business and the markets and jurisdictions in which the Company operates;*
- *the ability to obtain capital;*
- *sufficiency of capital;*
- *general economic, financial market, regulatory and political conditions in which the Company operates; and*
- *estimations and anticipated effects of the Covid-19 pandemic including supply chain and shipping logistics.*

By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements.

An investment in securities of the Company is speculative and subject to several risks including, without limitation, the risks discussed under the heading "Risk Factors" in the Company's listing application dated July 12, 2018. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

In connection with the forward-looking information and forward-looking statements contained in this MD&A, the Company has made certain assumptions, including, but not limited to:

- the Company's anticipated cash needs and its needs for additional financing;
- the Company will continue to be in compliance with regulatory requirements;
- the Company will have sufficient working capital and will, if necessary, be able to secure additional funding necessary for the continued operation and development of its business;
- key personnel will continue their employment with the Company, and the Company will be able to obtain and retain additional qualified personnel, as needed, in a timely and cost-efficient manner; and
- the effects of Covid-19 and assumptions related to local and global economics.

Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this MD&A are made as of the date of this press release. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.

Clear Blue's Business

Clear Blue Technologies, the Smart Off-Grid Company, was founded on the vision of delivering clean, managed, "wireless power".

The Company creates and manages innovative products and solutions to meet the growing global demand for reliable, low-cost off-grid energy; to power lighting, telecom, and other internet-of-things devices – digital infrastructure that's mission-critical to today's modern world.

Our patented Smart Off-Grid technology operates and remotely manages solar, hybrid, and wind-powered devices and connects them to a cloud-based management system. Together with Clear Blue's ongoing management service, this technology improves the reliability of these systems and reduces maintenance and operational costs by up to 80%.

Clear Blue generates revenue in two ways. First, it generates revenue through sales of hardware including its Smart Off-Grid Controllers, Nano-Grid Power Pack systems and its Illumient solar-powered street lighting. Second, it generates recurring revenue through the provision of its Energy-as-a-Service (EaaS) management and service offering using the Company's industry leading cloud-based management software and service, Illumience.

Clear Blue manages and operates all of its Smart Off-Grid systems, which have been sold in 37 countries around the world to date, generating a recurring revenue stream. Each new system is sold with three years of pre-paid ongoing management & operations service. Renewal of services after this initial three-year period is a growth area for Clear Blue. In North America, Clear Blue has customers in at least 26 U.S. states and 9 Canadian provinces. Globally, Clear Blue's systems power and control lighting, security, and telecom applications, including sites in Europe, the Middle East, Africa, and South-east Asia.

Clear Blue's business strategy is to provide Smart Off-Grid Power to support mission-critical infrastructure across industrial, commercial, and government markets. In these market segments, our solutions provide a cost-effective means to power and optimally manage power demand and consumption by critical technology infrastructure in locations, which are remote, or prohibitively expensive to power via conventional wired power delivery. Our technology and service models focus on delivering on a brand promise of:

- Maximum uptime
- Longest life
- Ease of installation and maintenance

Clear Blue's key differentiators are:

- Energy forecasting and management
- Troubleshooting and remediation

These key differentiators are critically enabled through the data accumulated from all customers that improves the smart analytics and tools of our cloud-based management service.

Clear Blue's solutions are designed with 100% light-out remote management in mind and have a key focus on delivering power at the lowest cost for its customers. Our systems help reduce power costs in a few important ways. First, our energy systems use predictive analytics and smart data to help manage peak power demand, for example, by power systems needing fewer solar panels and smaller battery storage, resulting in a direct upfront cost saving. Secondly, maximizing the operational performance of these systems also leads to superior performance and longer replacement cycles.

Financial & Operational Highlights

How We Analyze and Report Our Results

Because sales activities involve discrete projects with a wide range of order sizes, the Company experiences some variability of financial results over the course of a year. A trailing twelve months ("TTM") analysis, therefore, provides the most relevant perspective on the progress and the potential growth of the Company. The information below presents the Company's TTM financial results periods ending September 30, 2021, and 2020.

On a Trailing Twelve Months (TTM) basis:

- Revenue was a record $9,021,716 representing a 131% increase from $3,912,204 in the corresponding previous period, which is mainly attributed to our deployments with telecom infrastructure operators in Africa. Recurring revenue comprised roughly $488,135 of this revenue, representing a 73% increase over $280,543 in the prior period.
- Beginning Q2 2020, the Company began reporting bookings, which represent orders/commitments for which some cash has been received by Clear Blue and we expect to recognize as revenue in future periods. A portion of bookings represents recurring revenue, which is discussed later in this MD&A. As at September 30, 2021, bookings were $2,884,686 as compared to $4,158,916 as at December 31, 2020 with delivery anticipated over the next three years.
- Gross profit was $2,607,287, a 163% increase from $992,485 in the previous period. The increase is directly attributed to the higher revenue for the period compared to the comparative period of 2020. This represents a gross margin of 28.9%, an improvement from 25.4% compared to the prior period.
- Non-IFRS Adjusted EBITDA for the period was $(2,551,702) as compared to $(4,006,627) for the previous period—a 36% improvement from the comparative period of 2020.

For the quarter ended September 30, 2021 (Q3 2021):

- Revenues were $2,247,857, a 139% increase over $940,849 for quarter ended September 30, 2020 (Q3 2020) due to telecom sales attributed to contracts with telecom infrastructure operators in Africa. Recurring revenue comprised $125,612 of this revenue compared to $96,624 in the prior period.
- Gross profit for Q3 2021 was $882,139 compared to $375,595 for Q3 2020, a significant increase resulting from higher revenue for the quarter. This represents a gross margin of 39% for Q3 2021 versus 40% for Q3 2020. Gross Margin in Q3 benefited from the previous R&D the Company undertook in 2020 to enhance the product functionality and reduce component costs.
- Quarterly Non-IFRS Adjusted EBITDA was $(329,620) versus $(796,293) in Q3 2020, a 59% improvement resulting from a higher revenue, partially offset by higher adjusted

operating expenses for the current quarter owing to scaling of sales, service and operations teams to capitalize on the growth opportunities in front of the Company.

- July 15 - the Company announced its partnership with Avanti Communications, a leading Satellite service operator across Africa.
- July 29 - the Company announced a signed agreement with NuRAN Wireless to provide more than 1,333 Smart Off-Grid power systems for their Orange Democratic Republic of the Congo (DRC) service. The contract has an estimated value of $8,000,000 to- $10,000,000 over the next three years, with a minimum of $750,000 to ship this year in 2021, of which $786,000 had shipped as of Q3 2021, exceeding the 2021 minimum commitment.
- August 19 - the Company announced its joint project with Facebook Research and Mayu Telecomunicaciones to create an independent study to validate and quantify the benefits of Smart Power. The findings of this study will be jointly used by Facebook and Clear Blue to educate and promote the use of clean solar wireless power by other global telco operators.

Subsequent to the quarter end, the Company completed a private placement offering of convertible unsecured subordinated debentures of the Company in two tranches, for total gross proceeds of $4,434,000, exceeding the Company's previously communicated target of $4,000,000. The net proceeds shall be used to fund working capital requirements and for scaling of the business. Please refer to the Fundraising section in this MD&A for additional details.

Outlook and Management Commentary

Beginning Q2 2021, the Company began providing forward revenue guidance for the Forward Twelve Months or FTM based on experience factors calculated from forecasts and actual results compared over the past three years. FTM revenue for the period Q4 2021 to Q3 2022 is expected to be $9,000,000 versus TTM revenue of $9,000,000 as of September 30, 2021, compared to TTM revenue of $3,900.000 as of September 30, 2020.

New orders for Q3 2021 totaled $1,325,248 vs. $230,917 in Q3 2020, resulting in a total bookings value of $2,884,686 as at September 30, 2021 compared to $4,158,916 as at December 31, 2020 with delivery anticipated over the next three years. On a TTM basis, new orders were $8,966,702 versus $5,749,642 in the previous period. Customer planning for Telecom system rollouts and Illumient construction planning for 2022 is very active at this time providing indications to a very strong start to 2022 and resulting in upgrades to our internal volume forecasting for the first two quarters of 2022. For Q4 2021, we see accelerating sales activity in our core Africa cellular tower power market. In H1 2022, we expect early orders from our new Pico-grid line, pertaining to satellite / Wi-Fi connectivity. We expect this new line of business to be a meaningful revenue contributor beginning in 2023.

While our Q3 Gross Margin was relatively strong at 39%, for the next few quarters we would expect Gross Margin to be in the 30% to 35% range, owing to ongoing and well documented global supply chain constraints, leading to higher raw materials and shipping costs. With our Q3 2021 inventory of $3,058,480 and our recently completed private placement, which added significant cash to our balance sheet, we believe we are well positioned to navigate our supply chain. In the medium to long term, we expect Gross Margin to be higher in the 33% to 38% range. Overall, with our short-term Gross Margin profile, and all else equal, we anticipate the Company could be Adjusted EBITDA break-even at an annual revenue in the $15,000,000 to $20,000,000 range.

Financial Results

From an IFRS perspective:

	Three months ended Sept 30			TTM ended Sept 30		
Result of Operations	2021	2020	Change	2021	2020	Change
Revenue	2,247,857	940,849	139%	9,021,716	3,912,204	131%
Cost of sales	1,365,718	565,254	142%	6,414,429	2,919,719	120%
Gross profit	882,139	375,595	135%	2,607,287	992,485	163%
Gross margin %	39%	40%		29%	25%	
Operating expenses	1,278,504	975,470	31%	5,320,896	4,933,506	8%
Operating loss	(396,365)	(599,875)	-34%	(2,713,609)	(3,941,021)	-31%
Other items	(200,046)	(170,377)	17%	(688,160)	(442,811)	55%
Net loss and comprehensive loss	(596,411)	(770,252)	-23%	(3,401,769)	(4,383,832)	-22%

From a non-IFRS Adjusted EBITDA perspective:

	Three months ended Sept 30			TTM ended Sept 30		
Result of Operations	2021	2020	Change	2021	2020	Change
Revenue	2,247,857	940,849	139%	9,021,716	3,912,204	131%
Cost of sales	1,365,718	565,254	142%	6,414,429	2,919,719	120%
Gross profit	882,139	375,595	135%	2,607,287	992,485	163%
Gross margin %	39%	40%		29%	25%	
Non-IFRS Operating expenses	1,211,759	1,171,888	3%	5,158,989	4,999,112	3%
Non-IFRS Adjusted EBITDA	(329,620)	(796,293)	-59%	(2,551,702)	(4,006,627)	-36%

Please refer to our later section on Adjusted EBITDA for more information regarding how this metric is calculated.

From a balance sheet perspective:

Balance Sheet	September 30, 2021	December 31, 2020	Change
Total current assets	$5,902,850	$7,756,513	-24%
Total assets	8,251,363	8,398,174	-2%
Current liabilities	3,213,489	3,199,564	0%
Total liabilities	8,105,397	7,152,947	13%
Total shareholders' equity	145,967	1,245,227	-88%
Working capital (current assets exceed current liabilities)	2,689,361	4,556,949	-41%

Bookings

As Clear Blue's recurring revenue begins to grow, particularly through the launch of its EaaS offering, fewer sales will be recognized as near-term one-time revenue. With EaaS for Illumient in North America, Clear Blue has seen that approximately 40% of our sales in that segment are now prepaid deferred revenue that is recognized rateably over time, typically over three years. As a result, Clear Blue reports on bookings, which represent the current dollar value for future products and services, for which some cash has been received from customers, but will be recognized as revenue in future periods.

The Company defines bookings as:

- Future Illumience and EaaS deferred revenue that has been pre-purchased by customers; and
- Projects where Clear Blue has begun production on and has purchase orders and/or deposits.

As of September 30, 2021, Clear Blue's bookings are $2,884,686, versus $4,158,916 as at December 31, 2020, which will be delivered over the next three years in the case of Illumience/EaaS and typically in the next four months in the case of production orders. The table below provides a breakdown of our bookings:

		Revenue	
Bookings as of September 30, 2021	**Total**	**Year 1**	**Year 2 and Beyond**
Illumience / EaaS Deferred Revenue	1,026,188	423,436	602,752
Purchase Orders	1,858,498	1,740,484	118,014
Total Bookings	2,884,686	2,163,920	720,766

Revenue

Clear Blue develops and sells integrated Smart Off-Grid power solutions and ongoing remote power management services designed to provide low-cost, centrally managed, reliable off-grid power systems for lighting, telecommunications, voice and data, security, and IoT devices.

Clear Blue generates product revenue through the sale of its core Smart Off-Grid controllers, nano-grid power-packs, and Illumient-branded solar streetlights. Also, the Company generates recurring revenue through the provision of its ongoing remote (cloud-based) power and energy management services (Illumience and EaaS). Revenue received at the time of sale related to these services is deferred and recognized pro-rata over the contract term.

Revenue by Product

Clear Blue's revenue by product category, for the three months and TTM ended September 30, 2021 and 2021, was:

Revenue by Category	Three months ended September 30 2021	2020	% Change	TTM ended September 30 2021	2020	% Change
Product revenue						
Smart off-grid controllers and systems	1,960,998	191,404	925%	7,861,267	724,085	986%
Illumient smart off-grid lighting	161,246	652,821	-75%	672,313	2,907,577	-77%
Illumience & EaaS Ongoing Services	125,613	96,624	30%	488,136	280,542	74%
Total revenue	2,247,857	940,849	139%	9,021,716	3,912,204	131%
Cumulative units deployed	8,079	5,296		8,079	5,068	
Average order size	107,234	59,919		112,150	46,803	

On a TTM basis, revenue increased from $3,912,204 to $9,021,716, a 131% increase for the period ended September 30, 2021 compared to the period ended September 30, 2020. Revenue in the quarter ending September 30, 2021 increased by 139% to $2,247,857 versus the comparative period revenue of $940,849 in 2020.

By category, product revenue from Smart Off-grid controllers and systems increased 986% for TTM ended September 30, 2021 compared to the same period in 2020. For the three-months ended September 30, 2021, revenue increased 925% to $1,960,998 from $191,404 in the comparative quarter of 2020. The increase for the Quarter and TTM is attributed to revenue from a number of previously announced contracts with major telecom infrastructure operators in Africa.

Total Illumient revenue declined by 77% from $2,907,577 to $672,313. This represents the cannibalization of one-time revenue by the launch of Clear Blue's Energy-as-a-Service (EaaS) offering which transforms the one-time revenue to recurring revenue over a typical three-year contract. For the three-months ended September 30, 2021, non-recurring smart off-grid lighting revenue decreased 75% from $652,821 to $161,246, resulting from lower one-time revenue from sales to Illumient customers in the U.S.

Clear Blue operates and manages every system it sells to its customers. As a result, recurring services revenue growth is a key focus of the Company. Recurring services revenue from Illumience and EaaS increased 30% for the quarter and 74% for the trailing twelve months ended September 30, 2021 compared to the same periods in 2020. The absolute increase in Illumience and EaaS does not offset the drop in revenue from Illumient because the new stream of revenue is spread over an average contract life of three years. Our ongoing services is a key differentiator, enabling the Company to deliver significant value to its customers in relationships that should last over 10 years. This results in significant long-term value of each customer contract the Company signs.

Revenue by Vertical

Clear Blue's revenue distribution by industry vertical for the periods ended September 30, 2021, and 2020, was:

	Three months ended September 30		TTM Ended September 30		
Revenue by Vertical	**2021**	**2020**	**2021**	**2020**	**% Change**
Lighting	309,690	908,790	1,152,609	3,494,279	-67%
Telecommunications	1,938,541	25,247	7,850,419	472,431	1562%
Security/IoT/Other	(375)	6,812	18,688	(54,506)	-134%
Total revenue	2,247,857	940,849	9,021,716	3,912,204	131%

Large system rollouts of projects in our Telecommunications vertical began in Q4 2020, thereby showing a strong growth for the Quarter and TTM ended September 31, 2021. The Company sees continued progress in the larger full-scale implementations in several African markets, increasing revenue accordingly.

On a TTM basis, the Lighting vertical posted a 67% decline for the period ended September 30, 2021, compared year-over-year to the previous period, partially as a result of the launch of our EaaS business offering which reduces one-time revenue but significantly increases our recurring service revenue.

Revenue by Region

Clear Blue's revenue distribution by geography for the quarter and TTM ended September 30, 2021, and 2020 was:

	Three months ended September 30		TTM Ended September 30		
Revenue by Geography	**2021**	**2020**	**2021**	**2020**	**% Change**
Canada	75,207	347,754	142,023	513,643	-72%
USA	179,757	541,092	895,919	1,576,693	-43%
MEA (Middle East & Africa)	1,991,258	50,394	7,951,825	1,769,775	349%
Other	1,635	1,609	31,949	52,094	-39%
Total revenue	2,247,857	940,849	9,021,716	3,912,204	131%

Geographically, the Middle East and African market grew 349% in the twelve months ended September 30, 2021, mainly driven by various telecom projects. The Canadian and U.S. markets primarily represent the Company's lightning vertical, and therefore the decline in revenue for the TTM in 2021 over 2020 is directly attributable to the launch of the EaaS business offering and resulting revenue being spread out over an average contract life of three years.

Cost of Sales and Gross Margin

TTM Gross Margin increased to 29% of sales, up from a Gross Margin of 25% in 2020. This achievement is a result of significant preparation efforts by the Company to scale its manufacturing and supply-chain and to increase its gross margins. This increase was partially off-set by a lower margin strategic one-time deal to support a major customer in their roll-out in Africa. Clear Blue provided certain towers and fences, along with its core product in TTM 2021. Excluding this one-time margin headwind from of towers and fences, the Gross Margin was 33% YTD. Gross Margin was 39% of sales for the quarter, down slightly from a Gross Margin of 40% in Q3 2020.

While the Company believes the long-term trajectory of our gross margins will continue to increase, there are a number of short-term risks due to global supply chain issues triggered by Covid-19 which may put pressure on the Company's margins over the next few quarters.

Clear Blue Service Adoption & Recurring Revenue

Clear Blue is unique in the market in that it provides an ongoing management service for all of the systems it sells. This service model enables the Company to deliver on its brand promise in a way that no other company in the world can do today. To monitor its progress in this area, Clear Blue tracks two key metrics:

- Number of units deployed
    - YTD 2021, Clear Blue deployed 1,917 units for a total number of units of 8,079 to date. Every system sold includes our ongoing Illumience and EaaS management service. Today Clear Blue has the most extensive data collection of production systems in the world, with over 7.1 million operating days of site production data and more than 10 billion cloud transactions, allowing the Company to build smarter and higher performing products and services.

- Amount of Committed Ongoing Service Revenue
    - Every unit sold by Clear Blue comes with an initial EaaS/Illumience service contract, typically for three years. At the end of the initial term, customers renew the service contract. As a result, Clear Blue carries a balance sheet item showing the amount of sold and paid for service revenue that it will recognize over time. Tracking the growth of this item is a crucial metric for the Company's progress.

	Three months ended September 30			Nine months ended September 30		
	2021	2020	Change	2021	2020	Change
Deferred Revenue - Opening	994,709	422,764	135%	975,664	514,608	90%
New Deferred Revenue bookings	149,045	672,639	-78%	414,085	725,405	-43%
Recurring Revenue delivered	(121,785)	(69,215)	76%	(367,780)	(213,825)	72%
Deferred Revenue - Closing	1,021,969	1,026,188	0%	1,021,969	1,026,188	0%

Operating Expenses

Operating expenses under IFRS consist of salaries, wages and benefits, research and development, general and administrative, bad debt expense (recovery), travel, business development and marketing, rent, stock-based compensation, and professional fees.

	Three months ended September 30		**TTM Ended September 30**	
	2021	**2020**	**2021**	**2020**
Operating expenses	$ 1,278,504	$ 975,470	$ 5,320,896	$ 4,933,506

For the three months ended September 30, 2021 (Q3 2021), operating expenses increased by $303,034 compared to the same period in 2020 (Q3 2020). However, in Q3 2020 there was a Covid CERB credit of $301,876 compared to $79,339 in Q3 2021 which has offset the salaries, wages, and benefits expense. Furthermore, starting Q1 2021 the Company met the IFRS guidance on capitalizing R&D expenditure, and therefore capitalized R&D expenses of $623,788 in Q3 2021. After adjusting for these items, operating expenses increased by approximately 55%, quarter over quarter. For the trailing twelve months (TTM) ended September 30, 2021, operating expenses increased $387,389 or 8% as compared to TTM for same period in 2020. However, adjusting for capitalized R&D of $1,770,245 for the TTM, operating expenses increased by approximately 29% when compared to the TTM ended Q3 2020. Increase in operating expenses for the Quarter and TTM ended September 30, 2021 is directly attributable to increased growth in operations, R&D expenditure and higher revenue.

The Company continues to spend on various R&D projects. The Company analyzed its various R&D activities and concluded that certain projects meet the IFRS's 'IAS 38 *Intangible Assets*' capitalization requirements. Beginning Q1 2021, the Company has started capitalizing those Smart Off-Grid technology development costs that meet IAS 38 capitalization requirements as intangible assets.

The Company regularly applies for and is given R&D grants through a variety of government programs. However, consistent with 2019 SRED, public companies receive lower cash refunds and greater future tax credits for SRED as compared to private companies, which was the case for Clear Blue for much of 2018 prior to the RTO. For the TTM ended September 30, 2021, the Company's R&D expenses decreased as a result capitalization of R&D expenses of $1,770,245 compared to $nil for the prior year comparative period. The decrease was partially offset by a lower IRAP grant of $85,000 compared to $343,436 and SRED tax credits receivable in cash of $174,833 compared to $387,190 for the comparative periods of 2020.

On TTM basis, travel expenses decreased significantly by $154,221 or 91% as a direct result of Covid-19 restrictions and resulting decreased global travel. As the Covid-19 vaccine rollout begins, and international travel restrictions are lifted, travel to international markets for marketing, pursuing sales opportunities, and investor roadshows will recommence.

Over the trailing twelve months, development and marketing expenses decreased by $38,053 or 7% as a result of slowdown in business activities due to Covid-19.

For the TTM ended September 30, 2021 rent expense decreased by $43,026 or 23% over 2020, primarily due to warehousing requirements and decreased variable occupancy expenses, along with rent subsidy of $18,310 received from the government as part of their Covid-19 relief program for businesses.

Professional fees, including legal, tax, and audit expenses increased by $200,482 or 83% predominantly as a result of audit fees.

Stock-based compensation expense results from applying the fair value method of accounting to issued stock options and warrants unless issued with the issuance of shares. The fair value at the grant date is estimated using the Black-Scholes option-pricing model, and the compensation cost is recognized on a straight-line basis over the expected vesting period of the associated stock options. During the three months period ended September 30, 2021, the stock-based compensation expense increased by $65,348 or 20%.

Other Expenses

Other expenses include interest expenses, foreign exchange, depreciation, and amortization which are more determined by market factors and/or accounting choices rather than management actions.

Net Loss

	Three months ended September 30		TTM Ended September 30		
	2021	2020	2021	2020	
Net loss and comprehensive loss	$ (596,411)	(770,252)	$ (3,401,769)	$ (4,383,832)	-22%

For the TTM ended September 30, 2021, the Company reported a net loss of $(3,401,769), an improvement of $982,063 or 22% over 2020. As revenue grows, we anticipate strong growth in both top line revenues and in Gross Margin. Management believes costs can be managed such that profitability improves over time, leading to our objective of profitability.

Non-IFRS Measures

In addition to the financial information presented in accordance with IFRS, Clear Blue uses certain non-IFRS financial measures to clarify and enhance the understanding of past performance and prospects. Generally, a non-IFRS financial measure is a numerical measure of a Company's operating performance, financial position or cash flow that includes or excludes amounts that are included or excluded from the most directly comparable measure calculated and presented in accordance with IFRS. The Company monitors the non-IFRS financial measures described below, and believe they are helpful to investors.

The Company's non-IFRS financial measures may not provide information that is directly comparable to that offered by other companies because they may calculate non-IFRS financial results differently. Also, there are limitations in using non-IFRS financial measures because they are not prepared under IFRS and exclude expenses that may have a material impact on reported financial results. The presentation of non-IFRS financial information should not be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with IFRS. Reconciliations of the Company's non-IFRS financial measures to the equivalent IFRS financial measures are included within this MD&A, and management urges the reader not to rely on any single financial measure to evaluate Clear Blue's business.

Clear Blue's Adjusted EBITDA is calculated on the basis of Earnings before Interest, Depreciation, Amortization expenses, and various non-cash items (including inventory write-off, translation, and Stock-Based Compensation) and from time-to-time certain one-time costs considered appropriate by management.

	Three months ended Sept 30			**TTM ended Sept 30**		
Result of Operations	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Revenue	2,247,857	940,849	139%	9,021,716	3,912,204	131%
Cost of sales	1,365,718	565,254	142%	6,414,429	2,919,719	120%
Gross profit	882,139	375,595	135%	2,607,287	992,485	163%
Gross margin %	39%	40%		29%	25%	
Operating expenses	1,278,504	975,470	31%	5,320,896	4,933,506	8%
Operating loss	(396,365)	(599,875)	-34%	(2,713,609)	(3,941,021)	-31%
Other items	(200,046)	(170,377)	17%	(688,160)	(442,811)	55%
Net loss and comprehensive loss	(596,411)	(770,252)	-23%	(3,401,769)	(4,383,832)	-22%
Interest, taxes and depreciations	(184,478)	180,171		740,746	513,890	
EBITDA	(411,933)	(590,081)	-30%	(2,661,023)	(3,869,941)	-31%
Stock based compensation	157,931	95,664		391,461	326,113	
Government funding due to COVID	(79,339)	(301,876)		(573,543)	(610,960)	
Bad debt allowance	-	-		266,321	21,577	
Inventory writeoff	3,721	-		25,081	126,584	
Non-IFRS Adjusted EBITDA	(329,620)	(796,293)	-59%	(2,551,702)	(4,006,627)	-36%

Adjusted EBITDA loss decreased by 59% for the quarter, and 36% on TTM-basis representing significant improvement over the same periods in 2020.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Q3 2021	Q2 2021	Q1 2021	Q4 2020 *	Q3 2020 *	Q2 2020 *	Q1 2020 *	Q4 2019
Revenue	2,247,857	810,406	3,459,007	2,504,446	940,849	340,345	238,171	2,392,839
Recurring revenue	124,720	132,293	110,767	117,746	96,624	63,057	76,200	44,662
Gross margin	39.24%	37.55%	21.72%	26.74%	39.92%	42.48%	32.39%	16.52%
Adjusted EBITDA	(329,620)	(833,495)	(416,969)	(971,618)	(796,293)	(918,951)	(903,424)	(1,387,959)
Debt	3,546,605	2,522,240	2,504,954	2,489,358	2,460,029	2,420,452	501,644	522,500
Cash**	538,049	656,966	597,359	3,507,249	463,415	1,239,354	384,739	61,720
Total assets	8,251,363	7,405,432	7,175,078	8,398,173	5,023,229	5,233,057	4,287,904	5,308,496
Common shares outstanding	65,766,064	65,742,064	63,898,684	62,876,662	45,742,806	45,742,806	45,742,806	45,742,806
Cumulative units deployed	8,079	7,628	7,025	6,162	5,296	5,128	5,068	5,018
Days of cumulative operating data collected	7,110,659	6,414,604	5,773,573	5,211,290	4,728,030	4,260,100	3,797,645	3,339,753

* Impacted by COVID-19
** Please see note on subsequent event of $4.434M raise

Disclosure of Outstanding Share Data

Clear Blue Technologies International Inc. common shares trade on the TSX Venture Exchange under the symbol "CBLU", the on the Frankfurt Stock Exchange under the symbol "0YA", and on the OTC Venture Exchange (OTCQB) under the symbol "CBUTF". The Company is authorized to issue an unlimited number of common shares without par value. On September 30, 2021, there were 65,766,064 common shares issued and outstanding, 4,334,884 stock options outstanding with a weighted average exercise price of $0.32 expiring between 2024 and 2027, and 17,894,323 warrants outstanding with a weighted average exercise price of $0.51 expiring between 2022 and 2025 and 375,000 RSUs outstanding.

Fundraising & Other Share Activities

On November 1, 2019, the Company issued 10% convertible notes in the principal amount of $811,000. The convertible notes mature on November 1, 2022. They are convertible at any point before maturity, at the option of the noteholders, into units comprised of: (i) one common share of the Company (each, a "Common Share"); and (ii) one-half of one Common Share purchase warrant (each whole warrant being a "Warrant"). Each Convertible Debenture is convertible into that number of units computed based on the principal amount of the Convertible Debentures divided by the conversion price of $0.20 per unit. Each Warrant entitles the holder thereof to purchase one Common Share of the Company (each a "Warrant Share") for a period of three (3) years after the Closing Date for $0.35 per Warrant Share (subject to adjustment in certain circumstances). Interest on the Principal Amount outstanding is calculated and payable semi-annually, not in advance, on the last day of June and December each year, accrued from and including the Closing Date.

The Company has the right to require the Convertible Debenture holder to convert the principal outstanding on these debentures into units at the conversion price if, for any 10 consecutive VWAP days, the VWAP of the Common Shares on TSXV is greater than $0.70.

On December 22, 2020, the Company closed a private placement equity raise for a total of $4,999,964 representing 13,157,800 units. Under the terms of the offering, each unit is comprised of one common share of the Company and one-half common share purchase warrant of the Company. Each Warrant will be exercisable at a price of $0.55 per share for a period of 36 months following the closing and will be subject to early expiration if the closing trading price of the common shares of the Company remains greater than $0.85 for 20 consecutive trading days.

During the nine months ended September 30, 2021, the Company issued:

i. 1,240,880 common shares as a result of the maturity of shares of Restricted Share Units ("RSU");
ii. 43,468 common shares for cash consideration of $3,970 and the transfer of $1,623 from contributed surplus to share capital in respect of stock option exercises.
iii. 375,000 units pursuant to the conversion of convertible debenture amounting to $75,000 and the equity portion of convertible debenture amounting to $10,446 was reclassified to share capital.
iv. 1,230,054 common shares for cash consideration of $574,268 and the transfer of $95,659 from contributed surplus to share capital in respect of stock purchase warrants exercises.

During the nine months ended September 30, 2021, Clear Blue received an additional tranche of $1,000,000 from BDC resulting in total utilization of $3,000,000 under the $5,000,000 loan facility. The loan has a 5-year term and consists of an initial period of interest-only payments through August 15, 2022, and a subsequent period commencing on September 15, 2022, of principal and interest payments, culminating in a balloon payment at the end of the term. Subject to meeting certain financial milestones, the Company has the option to draw down an additional $2,000,000 in $1,000,000 tranches. The loan is secured against the assets of Clear Blue and each of Clear Blue's subsidiaries and carries a variable base interest rate per annum of 7.5%. In addition to the cash interest, a non-compounding payment in kind ("PIK") interest of up to 9.5% per annum will accrue, depending upon various factors.

In connection with the BDC loan facility, the Company agreed to issue an aggregate of 72,100 common share purchase warrants ("Warrants") of the Company to certain existing debenture holders of the Company as compensation to enter into postponement agreements in favor of BDC.

Each Warrant will be exercisable for one common share of the Company for a period of 18 months following the date of issuance at an exercise price of $0.50 per common share. All Warrants proposed to be issued by the Company will be subject to a statutory four-month hold period per applicable securities legislation. The issuance of the Warrants is subject to approval from the TSX Venture Exchange.

On October 27, 2021, i.e. subsequent to the period ended September 30, 2021, the Company completed a private placement offering of convertible unsecured subordinated debentures of the Company at a conversion price of $0.40 per unit, for gross proceeds of $1,535,000 followed by an additional issue of $2,899,000 on November 15, 2021. The net proceeds shall be used to fund working capital requirements and for general corporate purposes. In consideration for introducing certain subscribers to the Offering, the Company paid finders' fees in cash, totaling $228,130, and in broker warrants, totaling 547,575 warrants, with each broker warrant entitling the holder to acquire one Common Share for a period of 48 months at a price per share of $0.40.

The debentures shall pay interest semi-annually at 10% per annum and shall mature at a date which is the earlier of: (i) 48 months of the Closing Date and (ii) the date specified in any Debenture Acceleration Notice. After twelve months following the initial Closing Date, the Company will have the right to extinguish the Debentures if the daily volume weighted average trading price of the Common Shares be greater than $1.20 for any 10 consecutive trading days on the TSX Venture Exchange (the "TSXV").

The principal amount of the Debentures will be convertible into units of the Company (the "Units") at the option of the holder at any time preceding the Maturity Date, at a conversion price of $0.40 per Unit (the "Conversion Price"). A Unit comprises of (i) one common share of the Company (each, a "Common Share"); and (ii) one-half of one Common Share purchase warrant (each whole warrant, a "Warrant") carrying exercise price of $0.60.

Certain directors, officers, and other insiders of the Company will acquire direction and control over a total of 18,200 Warrants in connection with the Warrant issuance to existing debenture holders of the Company. The issuance of securities to those persons constitutes a related party transaction as defined under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The issuance of securities to the related parties is exempt from the formal valuation requirements of Section 5.4 of MI 61-101 pursuant to Subsection 5.5(a) of MI 61-101 and exempt from the minority shareholder approval requirements of Section 5.6 of MI 61-101 pursuant to Subsection 5.7(1)(a) of MI 61-101.

Given the unique nature of the Covid-19 pandemic, there are certain uncertainties related to the short- and long-term impacts of the Covid-19 pandemic on the Company's liquidity and capital resources; however, we continue to closely monitor the rapidly evolving situation and we are looking into all possible actions that could minimize the impact of the Covid-19 pandemic.

During the three months ended September 30, 2021, the Company received government grants in response to the Covid-19 pandemic. For the Company's subsidiaries, the Canada Emergency Wage

Subsidy (CEWS) became available for eligible businesses as of March 15, 2020. This program provides a salary subsidy to allow employers to retain employees during the Covid-19 pandemic. It provides employers with wage subsidies up to $847/ week/ employee. Clear Blue Technologies Inc. has applied for this program for consecutive periods since its release.

Summary of amounts recognized for the nine months ended September 30, 2021 are as follows:

January 17 – February 13	121,188
February 14 – March 13	123,743
April 11 – May 08	52,398
May 09 – June 05	56,951
July 04 – July 31	46,099
August 01 – August 28	33,241
Total	$ 433,620

Liquidity and Capital Resources

During the quarter, the Company cash balance decreased from $656,966 to $538,049 as at the end of Q3 2021. However, the cash balance remains healthy. Furthermore, subsequent to the quarter end, the Company completed a private placement offering of convertible unsecured subordinated debentures of the Company in two tranches, for total gross proceeds $4,434,000, increasing the cash balance accordingly.

The Company's objectives when managing capital are:

- to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
- to provide sustained growth and value by increasing equity; and
- to maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk.

The Company has financed its operations to date through the issuance of common shares, convertible debentures and government loan and grant programs, a $1,000,000 revolving credit facility, and a loan from BDC with a total utilization of $3,000,0000 out of the $5,000,000 facility available. The Company continues to seek capital through various means including the issuance of securities. Additionally, reduction in expenses, increase in gross margin, and increases in revenue are key aspects that will contribute to meet the Company’s liquidity needs.

The decrease in cash balances for the quarter ended September 30, 2021, is mainly due to higher inventory, and timing of sales to the major telecom infrastructure operator in Africa. These sales are supported by significant deposits and the Company anticipates accounts receivables to be converted to cash in short time.

As of September 30, 2021, the Company had working capital of $2,689,361 as compared to $4,556,948 as at December 31, 2020. The Company anticipates receiving cash proceeds from the realization of accounts receivable, revenue growth, the exercise of options and warrants, private placements of shares and debentures and additional disbursements from the unutilized facility of $2,000,000 from BDC; however, the Company cannot predict the timing or amount of additional options and warrants that may be exercised, if any.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and the success of Clear Blue's Smart Off-Grid. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating new revenues, cash flows or earnings.

Related Party Transactions

The Company transacts with key individuals from management who have authority and responsibility to plan, direct, and control the activities of the Company. Key management personnel are defined as the executive officers of the Company and certain other key employees, including the Chief Executive Officer, Chief Power Officer, Chief Technology Officer, and Chief Financial Officer.

Remuneration to key management was as follows:

	September 30, 2021	September 30, 2020
Salaries and benefits, including bonuses	$ 443,030	$ 308,250
Stock-based compensation	178,792	152,005
Total	$ 621,822	$ 460,255

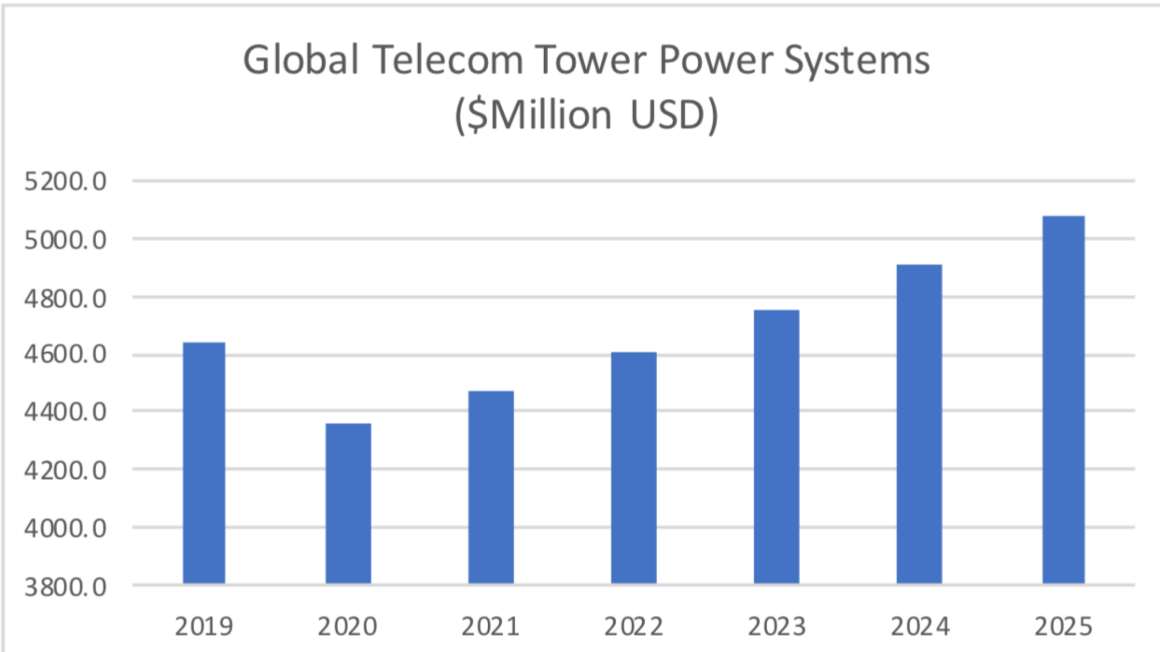
The remuneration related to stock-based compensation in the table above represents the entire fair value of the stock options issued to key management during each year which will be recognized as expense over the related vesting periods.

Accounts payable and accrued liabilities as of September 30, 2021, includes short-term amounts owing to shareholders of the Company for reimbursement of business expenses totaling $29,798 (December 31, 2020 – $86,019).

Clear Blue's Addressable Market

We have previously, with our Q2 2021 filings, highlighted that there are 3.8 billion persons in the world currently who do not have access to the internet. We have presented below additional data on quantifying the addressable market for Clear Blue's products in the telecom vertical. We will endeavor to update this data annually going forward.

Recall that Clear Blue is currently focused in three markets, the solar off-grid streetlight market, the wireless cell phone market, and the satellite Wi-Fi market. The wireless cellphone market is currently the Company's largest growth opportunity. The Global market for Telecom Tower Power systems will grow at a 3.25% CAGR to US$5.25 billion in 2026 (source: Mordor Intelligence).



Source: Mordor Intelligence Market Research 2021

In 2020 alone, the world installed 250,000 new telecom towers. Telecom tower growth is driven by:

- Increased demand through growing populations;
- Increased adoption of cell phones;
- Greater Geographical cellular coverage;
- Evolving Technologies – as technology progresses from 2G to 3G to 4G LTE and then ultimately to 5G, each technology provides increased bandwidth to the customer. This increased bandwidth forces the towers to be closer together, in order provide the appropriate tower density, which is needed to deliver higher bandwidth. Thus, with every incremental evolution in cellular technology, there is a direct increase in the number of towers installed as a result.

Africa presents the largest market opportunity

Our core tower focus market in Africa, leads globally for every demand driver for telecom power.

Growth Driver	Africa	Comment
Growing Population	✓	The working-age population of Sub-Saharan Africa is set to increase more than twofold by 2050 to become the largest in the world.
Young & Ageing Population	✓	Median age of 18, youngest in the world.
Adoption of Cell Phones	✓	Over the next five year, the number of smartphone connections in Sub-Saharan Africa will almost double to reach 678 million by the end of 2025 – an adoption rate of 65%.
Geographical Expansion	✓	Sub-Saharan Africa is home to 67% of the worlds population that are not covered by mobile broadband.
Evolving Technologies	✓	Africa has high demand for 2G, just at the beginning of the tech evolution – will go through 2G, 3G, 4G LTE, and then 5G.
Leader in Adoption of Renewables for Power in Telecom	✓	Due to cost and the lack of available grid power, African telco operators are specifying 100% solar only systems to power their telecom infrastructure.

The total global market size for power supporting telecom tower rollouts currently represents US$4.47 billion in 2021 and is expected to grow to US$5.25 billion in 2026, a CAGR of 3.25% (source: Mordor Intelligence).

Telecom Power Systems Market, Revenue in USD Million, Global, Base Year : 2020, Forecast Period : 2021-2026									
Global	2019	2020	2021	2022	2023	2024	2025	2026	CAGR % (2021-2026)
Telecom Power Systems Market	4637.3	4357.7	4477.1	4610.0	4752.9	4907.0	5073.2	5252.8	**3.25%**

On a regional basis, the Middle East and Africa represents the fastest growing market for telecom power systems between 2021-2026 at a CAGR of 4.06%, projected to grow to US$395.5 million by 2026.

Telecom Power Systems Market, Revenue in USD Million, Segmemtation by Geography, Global, Base Year : 2020, Forecast Period : 2021-2026									
Geography	2019	2020	2021	2022	2023	2024	2025	2026	CAGR % (2021-2026)
North America	277.8	258.6	263.2	268.5	274.3	280.6	287.4	294.8	**2.29%**
Europe	598.8	556.3	565.2	575.4	586.6	598.8	612.2	626.7	**2.09%**
Asia Pacific, incl. China & India	3147.2	2961.7	3047.3	3142.2	3244.4	3354.3	3473.0	3601.1	**3.40%**
Latin America	283.9	268.3	277.2	287.1	297.7	309.1	321.5	334.8	**3.84%**
Middle East and Africa	329.6	312.7	324.2	336.7	350.0	364.1	379.3	395.5	**4.06%**

Of these markets, Clear Blue focuses on the following sub-markets, as they are the most aggressive in adopting solar off-grid power for telecom systems AND have the best overlap with our product advantages:

Clear Blue Addresable Market - HIGH SOLAR ADOPTION AREAS (USD$ MILLIONS)									
Geography	2019	2020	2021	2022	2023	2024	2025	2026	CAGR % (2021-2026)
Middle East and Africa	329.6	312.7	324.2	336.7	350.0	364.1	379.3	395.5	4.06%
Latin America	283.9	268.3	277.2	287.1	297.7	309.1	321.5	334.8	3.84%
Asia Pacific, NOT incl China & India*	314.7	296.2	304.7	314.2	324.4	335.4	347.3	360.1	3.40%
Total	928.2	877.2	906.1	938.0	972.1	1008.7	1048.0	1090.3	3.77%

Translating this to Clear Blue's current addressable market in its target geographies, there were approximately 60,726 new telecom towers in 2021, projected to grow at 3.72% CAGR to 72,883 towers in 2026. The addressable market for Clear Blue related to these new towers in our Current Addressable market (assumes per site power price of $10,000) is $607 million in 2021, projected to grow at 3.72% CAGR to $729 million in 2026.

Estimted Number of NEW Telecom Towers in Clear Blue's current addressable market*	62,280	58,818	60,726	62,827	65,077	67,492	70,088	72,883	3.72%
Addressable Market for Clear Blue related to new towers in our Current Addressable market (assumes per site power price of $10K CAD) In Million $CAD	$ 623	$ 588	$ 607	$ 628	$ 651	$ 675	$ 701	$ 729	3.72%
Clear Blue's Current % Market Share	0.1%	0.4%	0.93% YTD						

With a current market share in its target geographies of under 1%, this addressable market offers very attractive growth prospects for the Company. Add to this our solar streetlight vertical, the satellite Wi-Fi market, and other IoT applications, and Management believes that Clear Blue has ample markets for our growth to continue at historical rates over the next several years.

Management's Report on Environmental, Social and Governance (ESG)

Clear Blue Technologies is committed to being a leader in Environmental, Social and Governance factors. ESG is embedded within our culture, starting with three co-founders, of which one is female. The Company has female representation at all levels, including its Board and C-suite. As a cleantech company, we deliver emission reductions to the world on a daily basis. Since inception, the Company has recorded 300,000 pounds of carbon offsets through the Smart Off-Grid solar and wind-based systems and services it delivers for its customers. It has made significant efforts towards integrating ESG into business operations. Sustainability metrics have been organized into four pillars – the Principles of Governance, Planet, People and Prosperity.

- Principles of Governance is the 'G' of ESG, covering a Company's commitment to ethics and societal benefit;
- Planet is the 'E', looking at themes of climate sustainability and environmental responsibility;
- People is the 'S', focusing on the roles that human and social capital play in business;

- Prosperity meanwhile brings a financial lens, but one that is concerned with business contributions to equitable, innovative growth — economic prosperity on a wider basis than simply a Company's own profit generation, including community investment and tax.

Governance

Clear Blue understands good governance is critical for the Company's success. In recent years the Company has dedicated key resources to proper Corporate Governance and established codes of Business Conduct. With the Company's expansion towards a global market, Clear Blue is dedicating resources to develop strategies to identify and manage risks associated with global expansion, including risks associated with operations in countries with weak anti-corruption laws, and exposure to reputational and legal risks.

Clear Blue is reviewing its Risk Identification and Crisis Management procedures, including for Cyber-Risk, including the independence of risk management from business lines as well as the identification of long-term risks, their potential impact, and the Company's mitigation efforts.

Environment

Clear Blue Technologies, the Smart Off-Grid Company, was founded on a vision of delivering clean, managed, "wireless power" to meet the global need for reliable, low-cost, off-grid power for lighting, telecom, security, Internet of Things devices, and other critical systems. Our Smart Off-Grid system includes our solar or solar-hybrid controller, a built-in communications network, and Illumience. Illumience is Clear Blue's Smart Off-Grid cloud application and management service, delivering remote control, management, and proactive servicing of off-grid systems. It ensures unmatched reliability and long-lasting system performance, while reducing installation and ongoing maintenance costs by up to 80 percent. Our products assist in reducing the environmental footprint of hardware infrastructure, moving grid connected hardware to renewable energy through our Smart Off-Grid technology.

Social

Like many Canadian companies, Clear Blue is committed towards the Government of Canada's 50 – 30 Challenge. This initiative is geared towards increasing representation and inclusion of diverse groups within their workplace, while highlighting the benefits of giving all Canadians a seat at the table.

The 50 – 30 Challenge asks that organizations aspire to two goals:

1. Gender parity ("50%") on Canadian board(s) and senior management; and
2. Significant representation ("30%") on Canadian board(s) and senior management of other under-represented groups, including racialized persons, people living with disabilities (including invisible and episodic disabilities) and members of the LGBTQ2 community. The program and participants recognize that First Nations, Inuit and Métis

peoples as founding peoples of Canada are under-represented in positions of economic influence and leadership

Clear Blue is proud to have a female Chief Executive Officer (CEO), a 40% female representation on our Board and 37% female representation across the Company. Clear Blue has a 60% diverse board and a 70% diverse Company, with representations from female, visible minorities and LGBTQT2 community.

Community Engagement

Clear Blue has three offices located in Canada, United States of America, and Kenya. Clear Blue systems are operational in 37 countries, 26 U.S. states, and 9 Canadian provinces. The Company works with local vendors and is committed to recruiting and managing a global, diverse and skilled workforce. Clear Blue recently expanded to Africa, establishing an office in Nairobi, Kenya, and pursuant to its commitment to provide local prosperity by hiring locally, hired four of the five team members in Kenya from the local community.

Health and Safety Measures/Protocols

Clear Blue Technologies is committed to protecting and promoting the health and safety of our employees, customers and all visitors. Our objective is to eliminate or reduce workplace related injury and illness by anticipating, recognizing and controlling hazards. Management will continue to ensure that employees are competent, knowledgeable of the hazards and risks associated with their tasks and are provided with the resources and training to complete their work in a safe manner.

Managers and Supervisors must provide direction and, demonstrate effective leadership in the pursuit of injury free workplaces. They are responsible for ensuring the health and safety of their employees by making health and safety an integral part of doing our business and practicing a proactive approach. Managers and Supervisors have a duty to promote and enforce safety policies and best practices.

Employees at all levels, are responsible and will be held accountable for protecting their health and safety, and that of their co-workers, by following Company's safety rules, reporting all unsafe conditions to their supervisor or a member of the Joint Health and Safety Committee and adhering to the Company safety standards. Employees are encouraged to assist management in anticipating potential risks before an accident can happen and to aid management in implementing safe work practices.

The Joint Health and Safety Committee members, along with other employees, are responsible for recognizing, assessing and controlling all health and safety hazards arising from our business activities and recommending improvements. We believe a healthy and safe working environment is an essential value and our primary responsibility towards our employees and any other individuals working at our site. As a result, we haven't had any Lost Time accidents over the past three years, with no lost time due to injury and a Lost Time Injury Frequency (LTIF) of zero.

Covid-19 measures

We have been extremely fortunate to be able to remain operational during the pandemic, which has allowed us to continue employing all our staff. This has meant that we have been able to continue testing, developing and manufacturing our products. We are committed to creating a safe working environment, which has been the focus of our Covid-19 policies and procedures. Wherever possible, employees are asked to work from home, coming into the office only if it is essential. As a part of Covid-19 policies, Clear Blue recognizes two major items that all employees must abide by – our Self Reporting Mechanism for employees coming into the office and Immediate Reporting to Managers/Supervisors in case of any symptoms. The office layout has been revised to maximize the ability for employees to be in the office while maintain safe social distance. Proper measures are being taken to sanitize surfaces and workstations. Safety kits comprising Personal Protective Equipment (PPE) kits, masks, sanitizers, gloves, visors and aprons are being provided to people inside the workplace. Precautions are being taken to establish improved ventilation and to ensure minimal contact while receiving packages. Clear Blue has issued various protocols pertaining to coughing and sneezing in the office and handwashing for the safety of employees.

Clear Blue has ensured that ALL employees, no matter the country or whether full-time or hourly paid, were given paid time off for Covid-19-related events, including:

- Time needed for Covid-19 tests or vaccines;
- Time needed for potential exposures;
- Working from home for as many employees as possible to provide the safest environment for those that do need to be in the office;
- Time off during Covid-19 positive diagnoses for employees and/or immediate family members.

These policies and procedures are reviewed weekly and updated as needed based on the changing nature of the evolving government policy related to the current Covid-19 pandemic.

Changes in Accounting Policies

IFRS 16, Leases (“IFRS 16”)

On January 1, 2019, the Company adopted IFRS 16, which was issued in January 2016 and it replaces IAS 17 “Leases”, IFRIC 4 “Determining Whether an Arrangement Contains a Lease”, SIC-15 “Operating Leases-Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

IFRIC 23, Uncertainty Over Income Tax Treatments ("IFRIC 23")

IFRIC 23 was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistent with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates.
The Company's Financial Statements were not affected by the adoption of IFRIC 23. The Company applied the requirements of the standard with full retrospective application with no restatement of comparative periods.

Risks and Uncertainties

Liquidity risk

As at September 30, 2021, the Company had a working capital of $2,689,361. The Company plans to realize its assets, increase revenues and gross profit margins, and raise further capital as necessary, to maintain sufficient liquidity. If the Company is unable to achieve some or all of these plans within a reasonable timeframe, the Company may not be able to continue as a going concern.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. Cash is held at reputable financial institutions, from which management believes the risk of loss to be remote.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and the majority of its debt has fixed interest rates, therefore is not significantly exposed to fluctuating interest rates. The Company's current policy is to invest some of the excess cash in investment-grade highly liquid demand deposit certificates issued by its banking institutions.

(b) Foreign currency risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. A significant portion of the Company's revenues and a portion of its purchases are denominated in United States dollars ("USD"). To the extent possible, the Company uses cash received from sales to finance its USD purchases, thereby limiting its exposure to foreign currency risk. If a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets would change by approximately $106,000 as at September 30, 2021.

Going concern risk

These consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred losses as the Company continues to invest in research and development while expanding operations. Currently, revenues have not been enough to cover all costs, and may not be sufficient in the foreseeable future. The Company has been able to raise sufficient funds to finance its operations through issue of shares, debt financing and government funding.

The Company's ability to continue as a going concern is dependent upon achieving sustained profitability through its business plan and the ability to raise additional debt or equity financing to fund its operations. Various risks and uncertainties affecting the Company's operations including, but not limited to, the rate of commercialization of the Company's offerings, the Company's ability to raise sufficient equity and/or debt financing, the ability of the Company to work with its bank to resolve any defaults of its loan agreement as they may arise, and general global economic conditions. There are no guarantees that the funds raised will be sufficient to sustain the Company's ongoing operations beyond twelve months or that additional debt or equity financing will be available to the Company or available at acceptable terms. Failure to implement the Company's business plan or the ability for the Company to raise sufficient funds could have a material adverse effect on the Company's financial condition and/or financial performance. Accordingly, some material risks and uncertainties cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments or disclosures that may result from the Company's inability to continue as a going concern. If the going concern assumption were not found to be appropriate for these consolidated financial statements, adjustments might be necessary in the carrying amounts of assets and liabilities and the reported expenses and consolidated balance sheet classifications; such adjustments could be material.

Sales risk

Clear Blue's sales efforts target medium and large organizations, and the Company spends significant time and resources educating prospective customers about the features and benefits of its solutions. The Company balances this risk by continuously assessing the condition of its backlog and pipeline and making the appropriate adjustments as far in advance as possible. This strategy also includes a comprehensive program to build and improve relationships with customers to better understand their needs and proactively manage incoming business levels effectively.

Ability to Hire and Retain Key Personnel and Dependence on Management

The business and technical expertise of its management is heavily relied on by the Company for it to succeed. The contributions of the existing management team to the operations of the Company are vital.

The Company's success depends in large part on key personnel. The loss of such key personnel may have a material adverse effect on the Company's operations. Identifying and recruiting qualified personnel and training them requires significant time, expense and attention. It can take several months before a new salesperson is fully trained and productive. If the Company is unable to hire, develop and retain talented sales personnel or if new sales personnel are unable to achieve desired productivity levels in a reasonable period of time, the Company may not be able to grow its business.

Additional Financing

To date, the Company has funded losses by issuing additional equity and loans, and through government R&D grants. To the extent that the Company does not achieve or maintain positive cash flows from operations in the future, or financing is not available or not available on reasonable terms, reductions in expenditures will be required or the Company may not be able to continue as a going concern. These conditions raise significant doubt about the ability of the Company to continue as a going concern. If the Company is unable to continue as a going concern, then the carrying value of certain assets and liabilities would require revaluation to a liquidation basis, which could differ materially from the values presented in the Company's financial statements.

To achieve profitability, make further investments, or take advantage of future opportunities, the Company will require additional financing. The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares or other forms of convertible securities from treasury, control of the Company may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Negative Cash Flows and Profitability

During the nine months ended September 30, 2021 the Company had negative cash flow, mainly resulting from the repayment of short-term loan and addition to intangible assets. The Company has not been profitable since its inception. There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

Significant Competition

There are companies in competition with us in each of the markets that the Company or its subsidiaries operate in. There can be no guarantee that the Company will be able to effectively compete in the marketplace with such competition.

The renewable energy industry is competitive and continually evolving as participants strive to distinguish themselves within their markets. The Company's competitors can be expected to continue to develop competitive advantages and could cause a decline in market acceptance of the Company's services. In addition, the Company's competitors could cause a reduction in the prices for some services as a result of intensified price competition.

Also, the Company may be unable to effectively anticipate and react to new entrants in the marketplace competing with the Company's services.

Third-Party Suppliers

The Company relies on subcontractors and may run into funding, supply chain, technical, and/or other difficulties. As a result, they could be unable to deliver essential services or components in time and could cause significant delays in the delivery of the Company's projects. Any significant delivery delays could negatively impact the Company's future revenue and may have a material adverse effect on the business, financial position, or results of operations of the Company. In addition, it is possible that certain vendors may face high demand for their services or products and not be able to supply the Company with what it needs, and/or when it needs it. Trade barriers, such as tariffs imposed by governments on import, also have the potential to disrupt the Company's supply chain, necessitating the Company to find other suppliers, sometimes on short notice. Such tariffs could also impose additional costs on the Company, negatively impacting its profitability.

The declining cost of solar panels has been a driver in the pricing of the Company's projects and customer adoption of this form of renewable energy. If solar panel prices increase or do not continue to decline, the Company's growth could slow, and the Company's financial results could suffer. Such events could harm the Company's financial results by requiring it to pay higher prices.

Components

The Company uses different components in the manufacturing of its products and relies on a steady supply of these components to be able to meet is production and revenue targets. Companies managing electronic components have been facing challenging times with successive waves of part shortages, price hikes and lengthening lead times increasingly due to the COVID-19 pandemic and the accompanying global supply chain stresses. A major surge in demand on one side and a critical materials and parts shortage on the other strained capabilities to meet demand, especially for more standard passive components, such as multilayer ceramic capacitors (MLCC), resistors, transistors, diodes and even memory. Any significant delivery delays could negatively impact the Company's future revenue and may have a material adverse effect on the business, financial position, or results of operations of the Company.

Warranty

The Company's business exposes it to potential liability risks. The Company sometimes provides a warranty for its services, often for one year or more after the service is completed. If the Company experiences a greater number of warranty claims than budgeted in the normal course, the Company's gross margins could be negatively affected.

Commercial and Industrial Customers

Projects with commercial and industrial customers may create concentrated operating and financial risks. The effect of recognizing revenue or other financial measures on the sale of a larger project, or the failure to recognize revenue or other financial measures as anticipated in a given reporting period because a project is not yet completed under applicable accounting rules by period end, may materially impact the Company's quarterly or annual financial results. In addition, if operational issues arise on a larger project, or if the timing of such projects unexpectedly shifts for other reasons, such issues could have a material impact on the Company's financial results. If the Company is unable to successfully manage these significant projects in multiple markets, including related internal processes and external construction management, or if the Company is unable to continue to attract such significant customers and projects in the future, the Company's financial results would be harmed.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive to the existing shareholders.

Damage to Reputation

The Company depends significantly on its reputation for high-quality products, services, engineering abilities, and exceptional customer service to attract new customers and grow its business. If the Company fails to continue to deliver its solutions within planned timelines, if products and services do not perform as anticipated, or if the Company damages any of its customers' properties or cancels projects, its brand and reputation could be significantly impaired. In addition, if the Company fails to deliver, or fails to continue to deliver, high-quality services to customers through long-term relationships, the Company's customers will be less likely to purchase future products and services from the Company, which is a key strategy to achieve desired growth. The Company also depends on referrals from existing customers for growth, in addition to other marketing efforts. Therefore, the Company's inability to meet or exceed current customers' expectations would harm the Company's reputation and growth through referrals.

Fluctuating Results of Operations

The Company's quarterly operating results are difficult to predict and may fluctuate significantly in the future. Given that the Company is early-stage and operates in a rapidly growing industry, fluctuations may be masked by recent growth rates and thus may not be readily apparent from historical operating results. As such, past quarterly operating results of the Company may not be good indicators of future performance.

In addition to the other risks described in this "Risk Factors" section, the following factors could cause the Company's operating results to fluctuate:

- significant fluctuations in customer demand for the Company's offerings;
- market acceptance of the Company's new or existing offerings;
- the Company's ability to complete installations in a timely manner;
- the Company's ability to continue to expand operations, and the amount and timing of expenditures related to this expansion;
- announcements by the Company or its competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- changes in the Company's pricing policies or terms, or those of its competitors, including electric utilities; and
- actual or anticipated developments in the competitive landscape.

For these or other reasons, the results of any prior quarterly or annual periods of the Company should not be relied upon as indications of the Company's future performance. In addition, actual revenue, key operating metrics, and other operating results in future quarters may fall short of the expectations of investors and financial analysts, which could have a severe adverse effect on the trading price of the Company's shares.

International Operations

The Company has a customer base internationally. Risks inherent to international operations include the following:

- inability to work successfully with third parties with local expertise to co-develop or build international projects;

- multiple, conflicting and changing laws and regulations, including export and import restrictions, tax laws and regulations, labor laws and other government requirements, approvals, permits and licenses;
- changes in general economic and political conditions in the countries where the Company operates, including changes in government incentives relating to power generation;
- political and economic instability, including wars, acts of terrorism, political unrest, boycotts, curtailments of trade and other business restrictions;
- difficulties and costs in recruiting and retaining individuals skilled in international business operations;
- financial risks, such as longer sales and payment cycles and greater difficulty collecting accounts receivable; and
- inability to obtain, maintain or enforce intellectual property rights, including inability to apply for or register material trademarks in foreign countries.

Doing business in foreign markets requires the Company to be able to respond to rapid changes in market, legal, and political conditions in these countries. The success of the Company's business depends, in part, on its ability to succeed in differing legal, regulatory, economic, social and political environments.

The Company will continually and selectively consider new international markets. In other instances, the Company may rely on the efforts and abilities of foreign business partners in such markets. Certain international markets may be slower than domestic markets in adopting the Company's products and services, and operations in international markets may not develop at a rate that supports the Company's level of investment.

Existing Industry Regulations

Federal, state, provincial, and local government regulations and policies concerning the electric utility industry, and internal policies and regulations promulgated by electric utilities, heavily influence the market for electricity generation products and services. These regulations and policies often relate to electricity pricing and the interconnection of customer-owned electricity generation. Governments and utilities continuously modify these regulations and policies. These regulations and policies could deter customers from purchasing solar solutions.
In addition, any changes to government or internal utility regulations and policies that favor electric utilities could reduce the Company's competitiveness and cause a significant reduction in demand for its products and services.

Drop-in Retail Price of Utility-Generated Electricity and Improved Infrastructure

The Company believes that a customer's decision to implement a renewable energy solution is driven largely by its desire to reduce its cost of electricity. A customer's decision may also be affected by the cost of other renewable energy sources. Decreases in the retail prices of electricity from the utilities or other renewable energy sources or improved distribution of electricity would harm the Company's ability to offer competitive pricing and could harm its business. The price of electricity from utilities could decrease as a result of:

- the construction of a significant number of new power generation plants, particularly in emerging markets, including nuclear, coal, natural gas or renewable energy;
- the construction of additional electric transmission and distribution lines which improve access, reliability and/or cost of electricity;
- a reduction in the price of natural gas or other fossil fuels; and
- development of new renewable energy technologies that provide less expensive energy.

If the retail price of energy available from utilities were to decrease due to any of these reasons, or others, or the distribution of electricity is improved as a result of improved infrastructure, the Company may be at a competitive disadvantage, limiting growth.

Conflicts of Interest

Certain directors of the Company are also directors of other companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or the shares of other organizations or seek to obtain additional working capital. These transactions may be financed in whole or in part with debt, which may increase the Company's debt levels above industry standards for companies of similar size. Depending on plans, the Company may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms to the Company. Neither the Company's articles nor its by-laws limit the amount of indebtedness that the Company may incur. As a result, the level of the Company's indebtedness from time to time could impair its ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

No Guarantee of Active Liquid Market

There may not be an active, liquid market for the Common Shares. There is no guarantee that an active trading market for the Common Shares will be maintained on the TSX Venture Exchange ("TSXV"). Investors may not be able to sell their Common Shares quickly, on satisfactory terms, or at the latest market price if trading in the Common Shares is not active.

Issues Related to Acquisitions

With acquisitions there is a risk that integration will result in challenges that were not anticipated, such as key staff departures, diversion of management time and resources, or projected revenues that do not materialize. Should the future projected revenue attributed to any acquisition not materialize, the Company's overall revenues will be negatively impacted, which may have a material adverse effect on the Company's revenues going forward. The Company may not be able to successfully overcome these risks and this may adversely affect the Company's financial condition, and ability to execute its business plan.

Government Policies

The Company is subject to policies, laws, and regulations established by various levels of government and government agencies. These are subject to change by the government or their agencies or the courts and are administered by agencies that may have discretion in their interpretation. Future legal and regulatory changes or interpretations may have a material adverse effect on the Company.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

Management's Report on Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management is committed to delivering timely and accurate disclosure of all material information.

Disclosure controls and procedures ensure that reporting requirements are satisfied, and that material information is disclosed in a timely manner. Due to the limitation on the ability of the officers to design and implement cost-effective policies for disclosure controls and procedures and internal control over financial reporting, the officers are not making representations that such controls and procedures would identify and allow for reporting material information on a timely basis, nor are they representing that such procedures are in place that provide reasonable assurance regarding the reliability of financial reporting.

Additional information and other publicly filed documents relating to the Company are available through the internet on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed at www.sedar.com.