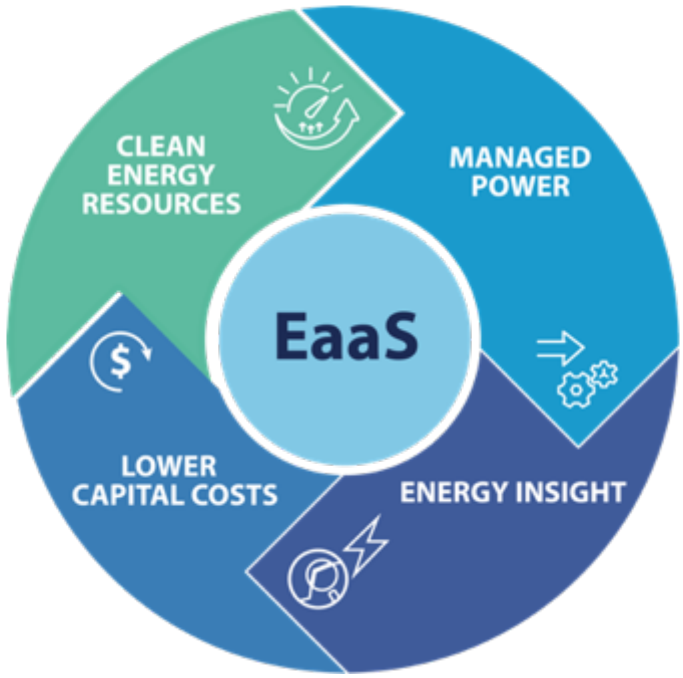
CLEARBLUE
TECHNOLOGIES

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 Quarters Ended September 30, 2022, and 2021

Dated: November 28, 2022

MANAGEMENT'S DISCUSSION & ANALYSIS
IN CONNECTION WITH THE FINANCIAL STATEMENTS OF
CLEAR BLUE TECHNOLOGIES INTERNATIONAL INC.
FOR THE QUARTERS ENDED SEPTEMBER 30, 2022 AND 2021

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 "the 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, 2022 and the audited consolidated financial statements for the year ended December 31, 2021. This MD&A is presented as of November 28, 2022 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, 2022. 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 Clear Blue's website at www.clearbluetechnologies.com.

This MD&A addresses matters considered 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, 2022, along with any subsequent material information.

Impact of Recent Armed Conflicts

On 24 February 2022, Russia launched a military invasion of Ukraine. As a result, entities, regardless of whether they have direct operations in Russia or Ukraine, are likely to experience additional supply-chain disruptions, including shortages of materials, higher costs of freight, and increased transportation delays. Given these challenges, entities are reviewing their costs associated with accounting for inventory as well as revenue recognition practices. Clear Blue Technologies does not directly trade with either Ukraine or Russia; however, being part of the global economy, the Company is experiencing indirect impacts to its supply chain. The Company is actively managing any impacts of these events on its operations. In the event that the global economic situation worsens, and operations of the Company are further affected, or if the Company's customer's operations are disrupted, such events may have a material adverse effect on the Company.

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 the 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;*
- *estimations and anticipated effects of the Covid-19 pandemic, including supply chain and shipping logistics; and*
- *impact of recent military conflicts.*

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.

Clear Blue's 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 reduces the upfront costs of off-grid power systems by over 40%, and it simultaneously improves the reliability of these systems.

Clear Blue generates revenue in two ways. First, it generates revenue through sales of power and energy systems, including its Smart Nano-Grid systems, its Illumient solar-powered street lighting and soon its Smart Pico-Grid system. Second, it generates recurring revenue by providing 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 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. The growth and expansion of these services, both during the initial term and after this initial three-year period, is a growth area for Clear Blue. In North America, Clear Blue has customers in at least 27 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 Southeast 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, the Company's solutions provide the lowest cost power systems and energy services. Clear Blue's 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 improve the smart analytics and tools of Clear Blue's cloud-based management service.

Clear Blue's solutions are designed with 100% 'lights-out' remote management in mind and have a key focus on delivering power at the lowest cost for its customers. Clear Blue's systems help reduce power costs in a few important ways. First, its energy systems use predictive analytics and smart data to manage energy generation and consumption, resulting in fewer solar panels and smaller battery storage, in turn resulting in a direct upfront cost saving of 40%. Secondly, maximizing the operational performance of these systems also leads to superior performance and longer replacement cycles.

Financial & Operational Highlights

How Results are Analyzed and Reported

Because sales activities involve discrete projects with a wide range of order sizes, the Company experiences some variability in financial results over the course of a year. A trailing four quarters ("TFQ") analysis, therefore, provides the most relevant perspective on the progress and the potential growth of the Company. The information below presents the Company's TFQ financial results for the periods ending September 30, 2022, and 2021.

On a TFQ basis:

- TFQ revenue was $4,090,017, a 55% decrease from $9,021,716 in the corresponding previous period. This was attributed:
    - A delay in some customer rollouts and deployments due to the global macro-economic environment. Clear Blue has seen customer financing and Capex plans take a pause, thereby impacting Clear Blue's most recent quarters. Specifically, two customers have delayed projects due to telecom equipment shortages and delays in financing which together impacted Clear Blue's revenue by more than $2 million in its 2022 YTD revenue.
- TFQ recurring revenue was $736,969, a 51% increase from $488,136 in the corresponding previous period, reflecting the Company's continued emphasis on recurring revenue contracts.
- Bookings represent orders/commitments that have been received by Clear Blue and for which the Company expects to recognize revenue in future periods. A portion of bookings represents recurring revenue, which is discussed later in this MD&A. As of September 30, 2022, bookings were increased to $1,814,037, an increase of 18%, when compared to $1,536,118 as of December 31, 2021, with delivery anticipated over the next three years.
- Gross profit decreased to $1,238,245, compared to $2,607,287 in the previous period in line with the overall decrease in TFQ revenue. Gross margin percentage increased to 30.3% compared to 28.9% for the comparative TFQ period of 2021. Global supply chain challenges have resulted in higher costs; however, Clear Blue's demonstrated

value to customers allowed it to improve on margins when compared to the comparative TFQ.

- Non-IFRS Adjusted EBITDA for the period was $(3,792,410) as compared to $(2,558,365) for the previous period — a 48% decrease from the comparative period of 2021. This decrease is mainly attributable to lower sales partially offset by a higher gross margin percentage when compared to the comparative TFQ of 2021.

For the quarter ended September 30, 2022 ("Q3 2022"):

- Q3 2022 revenue was $451,421, an 80% decrease from $2,247,857 in the corresponding previous quarter of Q3 2021. The decrease is mainly due to delays in some customer rollouts and deployments resulting from a negative global macro-economic environment. Q3 revenue was adversely impacted by $1.1M (Q3 order and reversal of previously recognized Q1 revenue) due to a customer's delayed financing. Additionally, a key telecom customer delayed a $1M project due to a supply chain issue with their telecom equipment component availability, which we now expect in the first half of 2023.
- Recurring revenue comprised $142,940 of the quarter's revenue compared to $125,612 in Q3 2021, a 14% increase. Recurring revenue is expected to increase each year as Clear Blue sells more units with a subscription model and as the Company's base of telecom installations grows. Telecom systems have a tendency to grow their capacity and power consumption, which also increases the recurring revenue for Clear Blue.
- Gross profit for Q3 2022 was $135,575 compared to $882,139 for Q3 2021, a decrease resulting from lower revenue for the quarter. Gross Margin percentage for the quarter was 30.03%, down from 39% in the comparative quarter of 2021. Included in the current Quarter is a sales return from a Telecom customer, sold at a margin of 43%; excluding the impact of this return, margins are relatively consistent at 36% for the quarter.
- Quarterly Non-IFRS Adjusted EBITDA was $(987,427) versus $(336,282) in Q3 2021. a 194% decrease from the comparative period of 2021. This decrease is mainly attributable to lower sales.

Notable developments and announcements for the quarter ending September 30, 2022:

- On September 16, 2022, the company received from the Board of Directors of Sustainable Development Technology Canada ("SDTC"), an approval for funding on the Company's product development, subject to meeting established contracting requirements. The maximum approved SDTC contribution for your Project is (a) 33.5% of the Eligible Project Costs, and (b) $5,000,000 the "SDTC Funding Limit". The company expects to finalize the Project Funding Agreement (PFA) with SDTC, by December 15, 2022;
- The Company received the first monthly payment from the $4-million interest-free non-dilutive financing agreement that it was awarded from the Government of Canada

through the Federal Economic Development Agency for Southern Ontario. The funds from this financing will provide monthly cash payments to the Company until March 2024;

- The above two non-dilutive financings will provide coverage for approximately 60% of the Company's monthly net cash costs. As a result, the Company expects to get to net zero cash burn in 2023 even taking into consideration a very conservative budget for the year. Moreover, with recent cost cutting initiatives in place, the Company expects to reach positive adjusted EBITDA at approximately $8 million in annual revenue, down from a previous estimate of $12-$14M revenue needed for positive adjusted EBITDA;
- Management has the ability to manage costs and add capital to the business in order to achieve a net zero cash burn for 2023.

Subsequent to the quarter end, Clear Blue had additional notable developments:

- On November 14th, the Company announced an expansion to its partnership with Parallel Wireless with three additional orders bringing the total contract value of the partnership to $4 million, of which a large portion is expected to ship in the first half of 2023;
- On November 16th, Clear Blue received the Clean Technology award as part of Deloitte's Technology Fast 50 program. The Company's CEO, Miriam Tuerk, also received the Women in Tech award.

Outlook and Management Commentary

Top Line Revenue

While Clear Blue was able to deliver strong growth in 2020 and 2021, the cumulative effects of three years of Covid-19, supply chain issues, the war in Ukraine and the current global economy has impacted the Company's 2022 results. The YTD results reflect the impact of this and were specifically impacted by over $2.1M in lost revenue from two customers – one who was unable to secure their financing to date and another who is experiencing a delay in the shipping of the telecommunications equipment that we power.

Clear Blue anticipates that Q4 too will continue to be a soft quarter. From a guidance perspective, the Company now believes that many customers are now also deferring much of the remainder of their 2022 plans to 2023 - the inverse to what has typically occurred in the fourth quarter of prior years. As a result of this increased level of revenue volatility, the Company is not going to provide forward guidance until the global economic climate again allows for predictable forecasting of results.

Management believes this is a short-term result. From a medium- and long-term perspective, Clear Blue's market potential is significant and has grown greatly through the year based on the many customer conversations now underway. Using solar to power telecom infrastructure has now become the top priority of many of our customers. As examples:

- In October, the CIO of a major global telecommunications firm began discussions with us around major conversion of their current non-solar power infrastructure to solar. The driver: the cost of diesel. The customer stated that diesel costs had doubled in the last six months and that their number one priority was now to invest Capex in order to power their infrastructure with solar;
- In October, IHS Towers announced its Carbon Reduction roadmap, which includes emissions intensity reduction of 50% by 2030. They have announced a planned $214 million capex spending plan to 2024 to go Green AND to improve their operating expense.

These discrete examples are part of the robust project pipeline the Company has developed over the past three years. The total pipeline of discussions with customers has consistently been in the range of $350 to $400 million. The Company's confidence in the prospects for revenue growth are largely driven by this strong level of customer response

As an outcome of the improved visibility on customer interest based on the nearly 10,000-unit deployments to date and 10 million operating days, it is apparent that there are underserved subsectors in the telecom and lighting markets where the Company's expertise would have competitive advantage with modest additions to the product line. Based on the general market conditions it is likely a "buy versus build" approach would accelerate the Company's ability to capture revenues from these subsectors. As a result, the Company has begun a targeted M&A review seeking technologies that are complementary to the current list of products.

In North America, 2023 also looks to be a strong growth year for Clear Blue. Following a few years of slow Illumient results, Clear Blue's sales funnel for 2023 is quite strong and growing. Additionally, the Company has brought significant performance enhancements to its product line and will soon be announcing an exciting new product for this market. Together with the Canada & U.S. announcements around 30% tax credits for capital investments, the opportunity for strong growth in solar and Smart City infrastructure is building in our sales funnel.

In summary, it is clear that using solar to power telecom sites is moving into the mainstream. Clear Blue is very well positioned to capitalize on this opportunity as well as the established lighting market and is actively working with numerous customers both existing and new on projects both large and small.

Gross Margin & Positive EBITDA

Clear Blue has undertaken a very aggressive plan around cost reduction and targeting results in 2023. Already in 2022 YTD, the Company's gross margins have improved to 37%, a significant improvement over previous periods.

But the more exciting news is our improvement around operating expenses and EBITDA. The Company now expects to be positive EBITDA at $8 million in annual revenues. This is a material improvement in our previous EBITDA breakeven of $12-14 million.

Cashflow

Once we get to the end of 2022, the Company will have significantly strengthened its balance sheet. Thru the Fedev and SDTC non-dilutive funding, approximately 60% of the Company's net cash burn monthly expenses are covered. As a result, the Company expects to get to net zero cash burn in 2023 even taking into consideration a very conservative budget for the year.

Financial Results

From an IFRS perspective:

	Three months ended Sep 30			TFQ ended Sep 30		
Result of Operations	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Revenue	451,421	2,247,857	-80%	4,090,017	9,021,716	-55%
Cost of sales	315,846	1,365,718	-77%	2,851,772	6,414,429	-56%
Gross profit	135,575	882,139	-85%	1,238,245	2,607,287	-53%
Gross margin %	30%	39%		30%	29%	
Operating expenses	1,389,236	1,278,504	9%	5,921,380	5,320,896	11%
Operating loss	(1,253,661)	(396,365)	216%	(4,683,135)	(2,713,609)	73%
Other items	385,390	(200,046)	-293%	(645,044)	(688,160)	-6%
Net loss and comprehensive loss	(868,271)	(596,411)	46%	(5,328,179)	(3,401,769)	57%

From a non-IFRS Adjusted EBITDA perspective:

Result of Operations	Three months ended Sep 30			TFQ ended Sep 30		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
Revenue	451,421	2,247,857	-80%	4,090,017	9,021,716	-55%
Cost of sales	315,846	1,365,718	-77%	2,851,772	6,414,429	-56%
Gross profit	135,575	882,139	-85%	1,238,245	2,607,287	-53%
Gross margin %	30%	39%		30%	29%	
Non-IFRS Operating expenses	1,123,002	1,218,421	-8%	5,030,655	5,165,652	-3%
Non-IFRS Adjusted EBITDA	(987,427)	(336,282)	194%	(3,792,410)	(2,558,365)	48%

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

From a balance sheet perspective:

Balance Sheet	September 30, 2022	December 31, 2021	Change
Total current assets	$5,692,839	$7,769,382	-27%
Total assets	10,507,416	11,167,755	-6%
Current liabilities	4,644,055	4,342,660	14%
Total liabilities	12,736,921	11,382,996	15%
Total shareholders' equity (deficiency)	(2,229,505)	(215,241)	1086%
Working capital (current assets exceed current liabilities) *	1,048,784	3,426,722	-79%

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. As a result, Clear Blue reports on bookings, which represent the current dollar value for future products and services that 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;
- Projects where Clear Blue has begun production and has purchase orders and/or deposits.

As of September 30, 2022, Clear Blue's bookings increased by 18% to $1,814,037 versus $1,536,118 as of December 31, 2021, which will be delivered over the next three years in the case of Illumience/EaaS and typically in the next four to six months in the case of production orders. The table below provides a breakdown of Clear Blue's bookings:

		Revenue	
Bookings as of September 30, 2022	**Total**	**Year 1**	**Year 2 and Beyond**
Illumience / EaaS Deferred Revenue	792,237	494,703	297,534
Purchase Orders	1,021,800	991,362	30,438
Total Bookings	1,814,037	1,486,065	327,972

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, 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 TFQ ended September 30, 2022, and 2021 was:

Revenue by Category	Three months ended September 30 2022	Three months ended September 30 2021	% Change	TFQ ended September 30 2022	TFQ ended September 30 2021	% Change
Product revenue						
Nano-Grid incl Telecom Cell Towers	81,663	1,960,998	-96%	2,713,075	7,861,267	-65%
Illumient Smart Off-Grid Lighting	226,818	161,246	41%	639,973	672,313	-5%
Illumience & EaaS Recurring	142,940	125,613	14%	736,969	488,136	51%
Total Revenue	451,421	2,247,857	-80%	4,090,017	9,021,716	-55%
Cumulative Units Deployed	9,854	8,079		9,854	8,079	

On a TFQ basis, revenue decreased from $9,021,716 to $4,090,017, a 55% decrease for the period ended September 30, 2022, compared to the period ended September 30, 2021.

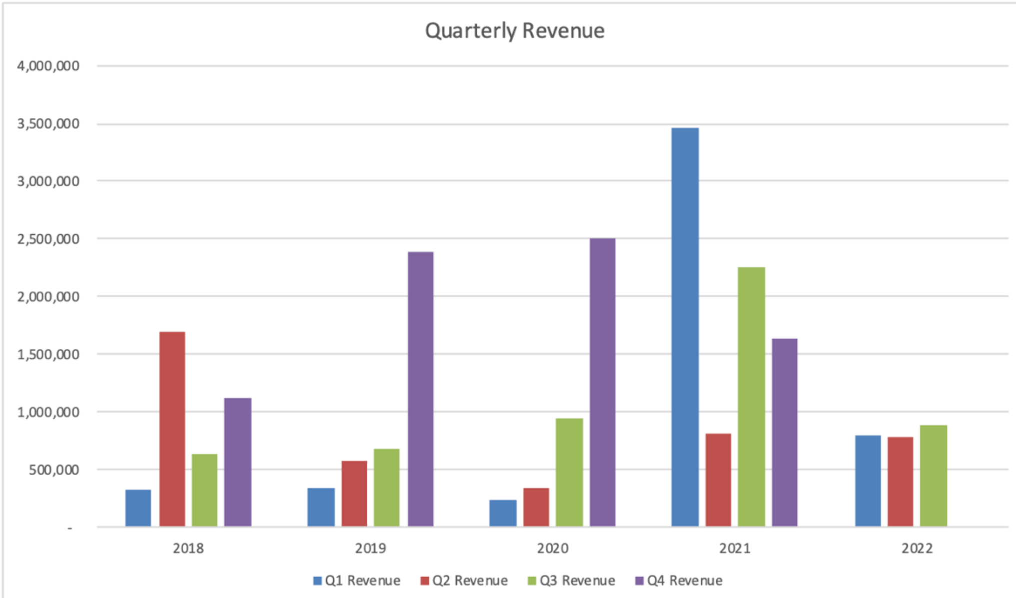
The Russia-Ukraine conflict, wider geopolitical implications and renewed COVID-19 lockdowns in China have compounded an already bleak global supply chain situation. Due to these global supply chain challenges, the Company has noted a delay in some customer rollouts and deployments. While no projects have been cancelled, Clear Blue has seen customer financing, and Capex plans take a pause, thereby impacting Clear Blue's most recent quarters. This had a significant impact on Clear Blue's TFQ revenue.

Below, we can see the impact of the delay in rollouts on 2022 revenue quarter by quarter, and refer to "Outlook and Management Commentary", for management's assessment on when management expects these delayed rollouts to restart and impact on revenue going forward.

Quarterly distribution of adjusted* revenue is as follows:

	2018	2019	2020	2021	2022	
Q1 Revenue	324,816	340,266	238,171	3,459,007	794,506	*
Q2 Revenue	1,697,696	568,037	340,344	810,406	782,101	
Q3 Revenue	636,944	670,159	940,849	2,247,856	882,021	*
Q4 Revenue	1,120,720	2,392,839	2,504,446	1,631,390		
Full Year Revenue	3,780,176	3,971,301	4,023,810	8,148,659		

* Q3 Adjusted Reduction of Q1 Revenue reflected in Q1 above.



As Q3's revenue was impacted by a reduction in Q1 sales, in order to look at the quarterly trends, the above chart reflects what the revenue by quarter is with this adjustment done in Q1.

By category, product revenue from Nano-Grid systems:

- decreased 65% from $7,861,267 to $2,713,075 for TFQ ended September 30, 2022, compared to the same period in 2021;
- decreased 96% to $1,960,998 from $81,663 in the comparative quarter of 2021.

As mentioned above, the decrease for the quarter and TFQ is mainly attributed a delay in some customer rollouts and deployments.

Total Illumient systems:

- decreased by 5% from $672,313 to $639,313 for the TFQ ended September 30, 2022, compared to the same period in 2021;
- increased 41% to $226,818 from $161,246 in the comparative quarter of 2021.

As mentioned previously, macro-economic events caused delays in approvals to capital budgets and expenditures, impacting the quarter's North American Illumient sales.

Clear Blue operates and manages every system it sells to its customers. As a result, recurring revenue growth is a key focus of the Company. Recurring revenue from Illumience and EaaS:

- increased 51% from $488,136 to $736,969 for the trailing four quarters ended September 30, 2022 from the same period in 2021;
- increased 14% from $125,613 to $142,940 for the three months ended September 30, 2022.

Clear Blue's recurring revenues are a key differentiator, enabling the Company to deliver significant value to its customers in relationships that should last over ten years. This results in the 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, 2022, and 2021 was:

	Three months ended Sep 30		TFQ Ended Sep 30		
Revenue by Vertical	**2022**	**2021**	**2022**	**2021**	**% Change**
Lighting	198,814	309,690	945,140	1,152,609	-18%
Telecommunications	252,418	1,938,541	3,143,308	7,850,419	-60%
Security/IoT/Other	190	(375)	1,569	18,688	-92%
Total revenue	451,421	2,247,857	4,090,017	9,021,716	-55%

On a TFQ basis, the Lighting vertical posted an 18% decline for the period ended September 30, 2022, compared year-over-year to the previous period.

The Company's Telecommunications vertical has grown significantly over the past few years. Large system rollouts of projects in Clear Blue's Telecommunications vertical began in Q4 2020 and Q1 2021, thereby showing strong growth in the comparative periods during 2021. However to due global supply chain issues, rollouts have been delayed and pushed to 2023, resulting in a decrease in revenue for the quarter and TFQ of 2022.

Revenue by Region

Clear Blue's revenue distribution by geography for the quarter and TFQ ended September 30, 2022, and 2021 was:

Revenue by Geography	Three months ended September 30 2022	2021	TFQ ended September 30 2022	2021	% Change
Canada	102,801	75,207	489,285	142,023	245%
USA	89,691	179,757	441,835	895,919	-51%
MEA (Middle East & Africa)	(108,976)	1,991,258	2,526,984	7,951,825	-68%
Other	367,906	1,634	631,915	31,949	1878%
Total revenue	451,422	2,247,856	4,090,019	9,021,716	-55%

Geographically, the Middle East and African market decreased 68% for TFQ and 105% for the quarter ended September 30, 2022. The decrease for the TFQ revenue in MEA is mainly due to the delay in rollouts and deployment of telecom project in Africa from 2022 into 2023. For the quarter a 105% decrease is due delay in rollouts and deployment of telecom project in addition to to a sales return by a telecom customer. In the current quarter, one of the Company's telecom customers experienced delays in obtaining financing for their project, resulting in a delay in its deployment. In light of this delay in the project and keeping in mind the global supply chain and logistics crisis, the Company has allowed this customer to return goods to the Company. The Company intends to resell these finished goods to other customers. This sales return has negatively impacted the revenue for the quarter by $430,601.

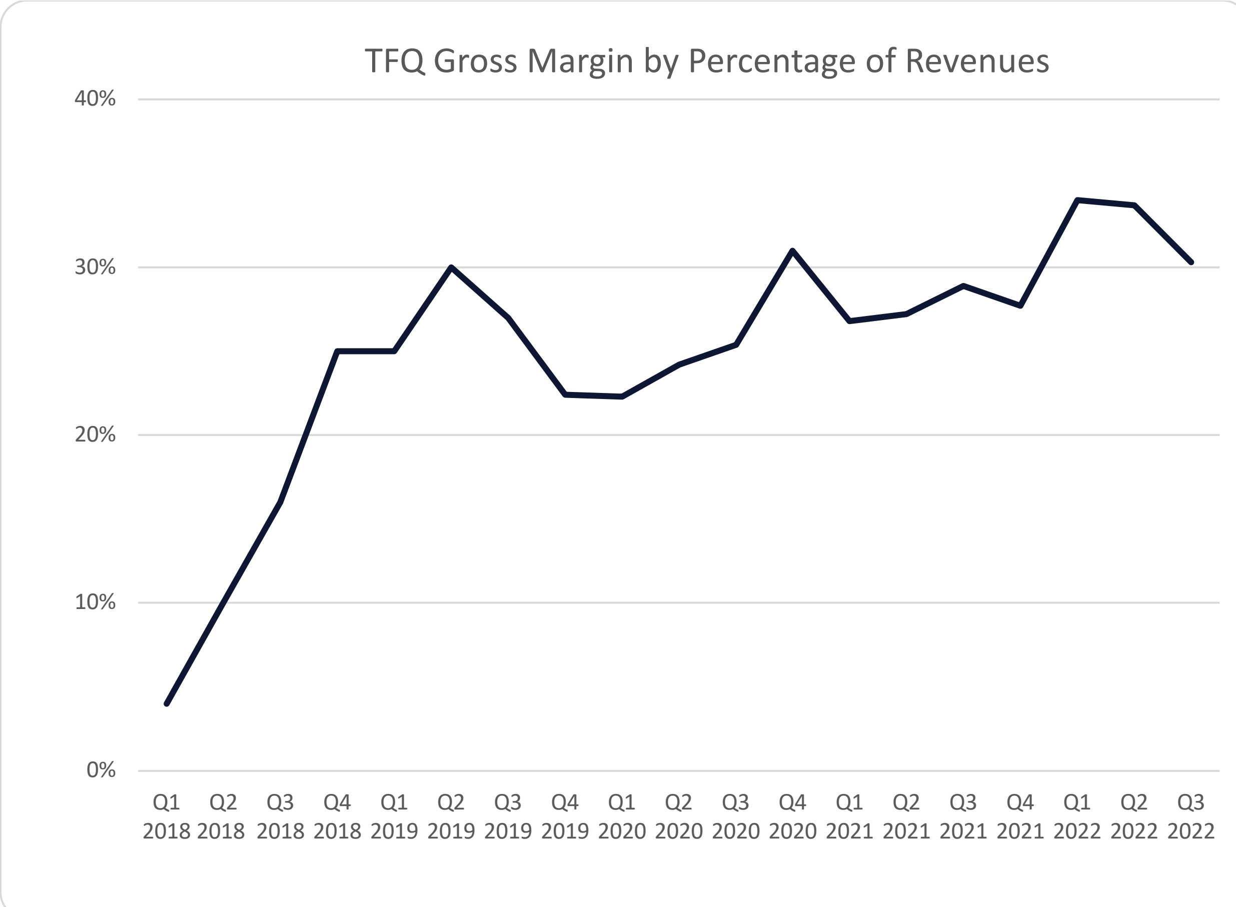
Clear Blue made its first large shipments to the LATAM market in 2022. Clear Blue sees significant interest and market opportunity in the LATAM market and is excited to see its first deployments there take shape.

Cost of Sales and Gross Margin

Gross margin in Q3 2022 was 30% of sales down from a gross margin of 39% in Q2 2021. Included in the current Quarter is an adjustment for sales return from a Telecom customer, sold at a margin of 43%, excluding the impact of this return, margins are relatively consistent at 36.4% for the quarter.

TFQ gross margin increased to 30.3%, up from a gross margin of 28.9% in 2021. Included in TFQ 2022 was a one-time low margin deal in Q4 2021. Excluding Q4 2021 from the calculation, the YTD gross margin is 37.4%, compared to 29.7% in the comparative YTD of 2021.

To more easily see the ongoing improvement in Gross Margin of the Company, below is a chart showing the historical results on a TFQ basis:



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:
  - In Q3 2022, Clear Blue deployed a net of 22 units for a total number of units of 9,854 to date. Every system sold includes ongoing Illumience and EaaS management services. Today Clear Blue has the most extensive data collection of production systems in the world, with over 10.48 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 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 Sep 30			Nine month ended Sep 30		
	2022	2021	Change	2022	2021	Change
Deferred Revenue - Opening	794,945	994,709	-20%	950,566	975,664	-3%
New Deferred Revenue bookings	140,232	149,045	-6%	275,595	414,085	-33%
Recurring Revenue delivered	(142,940)	(121,785)	17%	(433,924)	(367,780)	18%
Deferred Revenue - Closing	792,237	1,021,969	-22%	792,237	1,021,969	-22%

Operating Expenses

Operating expenses under IFRS consisted 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 and included any offsets such as Covid subsidies that the Company may have received.

	Three months ended September 30		TFQ Ended September 30	
	2022	2021	2022	2021
Operating expenses	$ 1,389,236	$ 1,278,504	$ 5,921,380	$ 5,320,896

For the three months ended September 30, 2022, operating expenses increased by $110,732 compared to the same period in 2021. The Company continues to spend on R&D as it works on new enhancements and improvements to its products, resulting in an increase of $220,676 in R&D expenditure for the quarter, Furthermore, the Company has started amortizing intangibles related to completed R&D projects, amortizing $88,928 for the quarter, compared to nil in the comparative quarter of 2021. Travel-related expenses were higher compared to the comparative quarter by $34,435, due to the Company's participation in various customer meetings. The increase was partially offset by lower Salaries, wages, and benefits by $137,529, compared to the comparative quarter of 2021, whereby the management team is providing the Company salary relief of $323,440 in 2022, by agreeing to forgo a portion of their remuneration owed as at September 30, 2022.

On a TFQ basis, operating expenses increased by $600,484 to $5,921,380, compared to $5,320,896 in the previous period. The increase was mainly attributed to no Covid-19-related subsidies in the current TFQ, compared to $580,206 in the comparative period of 2021.

Travel-related expenses were higher compared to the comparative quarter by $34,435 and higher by $254,849 for the TFQ ended September 30, 2022, when compared to the comparative TFQ of 2021, due to the Company's participation in various customer meetings, marketing and investor-related events, whereas travel was restricted in the comparative periods of 2021.

Over the trailing four quarters, development and marketing expenses reduced at $392,905, compared to $514,915 for the comparative period of 2021. For the TFQ ended September 30, 2022, rent is higher by $25,954, primarily due to renewing warehouse lease in Lesmill Road, Toronto Canada, a new warehouse in Nigeria and renting of office space in Kenya. These operations in

Eastern and Western Africa positively impact Clear Blue's sales and customer outlook for that key market for Clear Blue.

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 TFQ ended September 30, 2022, the Company issued 1,847,590 new RSUs, which had an impact on stock-based compensation.

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		TFQ Ended September 30		
		2022	2021	2022	2021	
Net loss and comprehensive loss	$	(868,271)	(596,411)	$ (5,328,179)	$ (3,401,769)	57%

For the TFQ ended September 30, 2022, the Company reported a net loss of $(5,651,619), an increase of $2,249,850 or 57% over 2021. An increase in operating loss is a combination of lower revenue, and higher operating expenses, partially offset by higher margins.

The Company has undertaken an expense management right-sizing exercise to reduce its operating expenses. As part of this program, employee headcount has been reduced both through natural attrition and some restructuring. Additionally, management and a number of employees have accepted reduced cash compensation in exchange for equity.

As revenue grows, Clear Blue anticipates 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 its objective of profitability.

Inventory

As of September 30, 2022, the Company's inventory mix has changed significantly, with 42% of its inventory being finished goods, as opposed to 36% at the end of December 31, 2021. Management believes that this shift is a sign of maturing inventory, and an increased finished goods percentage provides the Company with a strategic advantage. With the armed conflict in Ukraine, the lingering effects of the Covid-19 pandemic, and the resulting difficult supply chain environment, the Company is now in a position to commit to timely delivery to its customers. Furthermore, the Company's strategic investment in long lead time raw materials and components has provided the company with a competitive advantage, where the company has secured raw materials at a comparatively reasonable cost and guaranteed its onward supply to customers. Inventory write-off for this quarter was $112,022, which was $3,721 in the comparative period.

	September 30, 2022	December 31, 2021
Raw materials	$ 1,708,510	$ 2,128,682
Finished goods	1,257,337	1,214,923
Total	$ 2,965,847	$ 3,343,605

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 believes 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.

Result of Operations	Three months ended Sep 30 2022	2021	Change	TFQ ended Sep 30 2022	2021	Change
Revenue	451,421	2,247,857	-80%	4,090,017	9,021,716	-55%
Cost of sales	315,846	1,365,718	-77%	2,851,772	6,414,429	-56%
Gross profit	135,575	882,139	-85%	1,238,245	2,607,287	-53%
Gross margin %	30%	39%		30%	29%	
Operating expenses	1,389,236	1,278,504	9%	5,921,380	5,320,896	11%
Operating loss	(1,253,661)	(396,365)	216%	(4,683,135)	(2,713,609)	73%
Other items	385,390	(200,046)	-293%	(645,044)	(688,160)	-6%
Net loss and comprehensive loss	(868,271)	(596,411)	46%	(5,328,179)	(3,401,769)	57%
Interest, taxes and depreciations	480,956	184,479		1,710,714	740,747	
EBITDA	(387,315)	(411,932)	-6%	(3,617,465)	(2,661,022)	36%
Stock based compensation	99,069	157,931		613,265	391,461	
Government funding	(811,203)	(86,003)		(811,203)	(580,206)	
Bad debt allowance	-	-		(55,511)	266,320	
Inventory writeoff	112,022	3,721		78,504	25,082	
Non-IFRS Adjusted EBITDA	(987,427)	(336,282)	194%	(3,792,410)	(2,558,365)	48%

Adjusted EBITDA loss increased by 194% for the quarter and 48% on a TFQ-basis. The delta in Non-IFRS Adjusted EBITDA between Q3 2022 and Q3 2021 can be attributed to reduced margin due to reduced revenue and the return of travel and marketing expenses as Q3 2022 saw the return of customer meetings, conferences and in-person investor meetings.

Summary of Quarterly Results

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

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020 *
Revenue	451,421	782,101	1,225,106	1,631,389	2,247,857	810,406	3,459,007	2,504,446
Recurring revenue	142,940	358,250	150,976	84,805	124,720	132,293	110,767	117,746
Gross margin	30.0%	35.5%	41.4%	19.5%	39.2%	37.6%	21.7%	26.7%
Adjusted EBITDA	(987,427)	(989,498)	(851,890)	(976,587)	(336,282)	(833,495)	(416,969)	(971,618)
Debt	10,269,039	8,762,482	8,820,971	7,264,701	4,134,053	3,081,042	3,121,143	3,073,470
Cash	647,899	364,001	443,568	2,116,612	538,049	656,966	597,359	3,507,249
Total assets	10,507,416	10,009,702	10,008,694	11,167,755	8,251,363	7,405,432	7,175,078	8,398,173
Common shares outstanding	77,247,595	76,695,578	67,014,242	66,954,241	65,766,064	65,742,064	63,898,684	62,876,662
Cumulative units deployed	9,854	9,832	9,648	9,352	8,079	7,628	7,025	6,162
Days of cumulative operating data collected	11,036,274	10,478,788	9,581,618	8,701,238	7,110,659	6,414,604	5,773,573	5,211,290

* Impacted by Covid-19

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, 2022, there were:

- 77,247,595 common shares issued and outstanding,
- 3,927,915 stock options outstanding with a weighted average exercise price of $0.35 expiring between 2024 and 2027,
- 17,912,276 warrants outstanding with a weighted average exercise price of $0.51 expiring between 2022 and 2025, and
- 2,225,082 RSUs outstanding.

Fundraising & Other Share Activities

During the nine months ended September 30, 2022, the Company issued:

- On January 4, 2022, the Company issued 60,000 common shares valued at $12,825 pursuant to the maturity of RSUs. 15,000 common shares valued at $4,275 were withheld by the Company for settlement of payroll taxes on behalf of the RSU holders.
- On April 29, 2022, the Company completed a private placement through issuance of 5,822,554 units at $0.17 per unit for gross proceeds of $989,834. Each unit is comprised of one common share and one share purchase warrant, with each full share purchase warrant exercisable for one common share at $0.22 per share until April 28, 2024. The common shares and share purchase warrants were valued at $495,047 and $494,787, respectively, using the relative fair value method. In connection with the private placement, the Company incurred share issuance costs of $70,038 and issued 407,579 broker warrants valued at $37,835.
- On May 20, 2022, the Company completed a private placement through issuance of 3,843,782 units at $0.17 per unit for gross proceeds of $653,443. Each unit is comprised of one common share and one share purchase warrant. The common shares and share purchase warrants were valued at $297,457 and $355,986, respectively, using the relative fair value method. In connection with the private placement, the Company incurred share issuance costs of $17,052 and issued 100,303 broker warrants valued at $10,110.
- On June 1, 2022, the Company issued 15,000 common shares valued at $2,100 pursuant to the maturity of RSUs. 3,750 common shares valued at $525 were withheld by the Company for settlement of payroll taxes on behalf of the RSU holders.

- On June 22, 2022, Clear Blue received $4 million in Government of Canada support through the FedDev Ontario. The financing will be drawn upon over a 21-month period until March 2024. Repayment begins in 2025, continues to 2031, and carries 0% interest. The Company intends to use the proceeds for sales and business development, to expand its production capacity, and to support the commercialization of its new Pico-Grid technology. Pico-Grid, announced earlier in 2022 is expected to launch by the mid 2023.

- On September 16, 2022, the company received, from the Board of Directors of Sustainable Development Technology Canada (“SDTC”), approval for funding on the Company’s project, subject to meeting established contracting requirements. The maximum approved SDTC contribution for your Project is (a) 33.5% of the Eligible Project Costs, and (b) $5,000,000 the “SDTC Funding Limit”. The company expects to finalize the Project Funding Agreement (PFA) with SDTC, by December 15, 2022.

- On October 12, 2022, the Company reached an agreement with holders of its 10% unsecured convertible debentures (the "Debentures"), with a principal amount outstanding of $641,000 to extend the maturity date of the Debentures from November 1, 2022 to November 1, 2024 and is pending TSXV approval. The agreement also adjusted the applicable interest rate from 10% to 12% per annum. Furthermore, for non-insiders the exercise price of the common share purchase warrants forming part of the units issuable on conversion of the Debentures from $0.35 per common share to $0.32 per common share.

During 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 (the "TSXV").

On October 27, 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 $2,799,000 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 $223,866, and in broker warrants, totaling 319,200 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 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.

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, Clear Blue continues to closely monitor the rapidly evolving situation and is looking into all possible actions that could minimize the impact of the Covid-19 pandemic.

During the nine months ended September 30, 2022, the Company did not receive any government grants in response to the Covid-19 pandemic. For the Company's subsidiaries, the Canada Emergency Wage Subsidy 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.

Liquidity and Capital Resources

During the nine months ended, the Company cash balance decreased from $2,116,612 to $647,899 as at the end of Q3 2022. In June of Q2, the Company signed an agreement to receive a $4,000,000 interest-free loan facility through Federal Economic Development Agency for Southern Ontario under the Jobs and Growth Fund. Pursuant to the agreement, the Company has claimed approximately $1,997,099 as at September 30, 2022, of which approximately $452,455 was received subsequent to quarter end in October. The remainder facility shall be drawn down over a 15-month period until March 2024, providing sufficient cash to fund its operations for the subsequent 12 months. The Company's order book shows cash from customer deposits and other sources in the Q4 2022. Since the onset of the Covid pandemic and accompanying economic disruptions, the Company has successfully grown its business with a cash balance ranging from ~$350K to ~$3.5 million by tightly managing its cash cycle, even as global supply chains have been strained during this period. Accordingly, while management continues to monitor cash tightly, it is confident that it has adequate cash resources to achieve the next stage of its growth objectives.

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 loan from BDC with a total utilization of $3,000,0000 out of the $5,000,000 facility available, and a $1,000,000 revolving credit facility.

On June 22, 2022, the Company signed an agreement to receive a $4,000,000 interest free loan facility through Federal Economic Development Agency for Southern Ontario (“Feddev Ontario”) under the Jobs and Growth Fund. Pursuant to the agreement, the Company has applied for and expects to draw down approximately $1,750,000 in Q3 2022, and the remainder facility over a 21-month period until March 2024. Furthermore, on September 1, 2021, the revolving credit facility decreased to $750,000 from $1,000,000.

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 nine months ended September 30, 2022 is mainly due to the cyclical nature of its business, and delay in rollouts of Telecom projects, as customers ramp up their spending plans for 2023, revenues and cash are expected to increase accordingly.

As of September 30, 2022, the Company had working capital of $1,048,784 as compared to $3,426,722 as of December 31, 2021. 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 non-dilutive government cleantech funding programs. Furthermore, the Company has received $1,540,752 on August 29, 2022 and subsequently to quarter end, received another $450,159. The company expects to draw down the $4,000,000 facility through monthly installments to the end of March 2024. On October 12, 2022, the Company reached an agreement with holders of its 10% unsecured convertible debentures (the "Debentures"), with a principal amount outstanding of $641,000 to extend the maturity date of the Debentures from November 1, 2022, to November 1, 2024, and is pending TSXV approval. On approval, convertible debenture repayment included in short term liabilities will be reclassified to long term liabilities, improving working capital.

Should it be needed, 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:

	YTD September 30, 2022	YTD September 30, 2021
Salaries and benefits		
Cash	$ 380,796	$ 443,030
Stock-based compensation	67,041	178,792
Total	$ 447,837	$ 621,822

Management has undertaken numerous measures in order to assist the company in managing its cash position, whereby the management is deferring part of its salaries, accepting shares for debt and delaying in expense reimbursements.

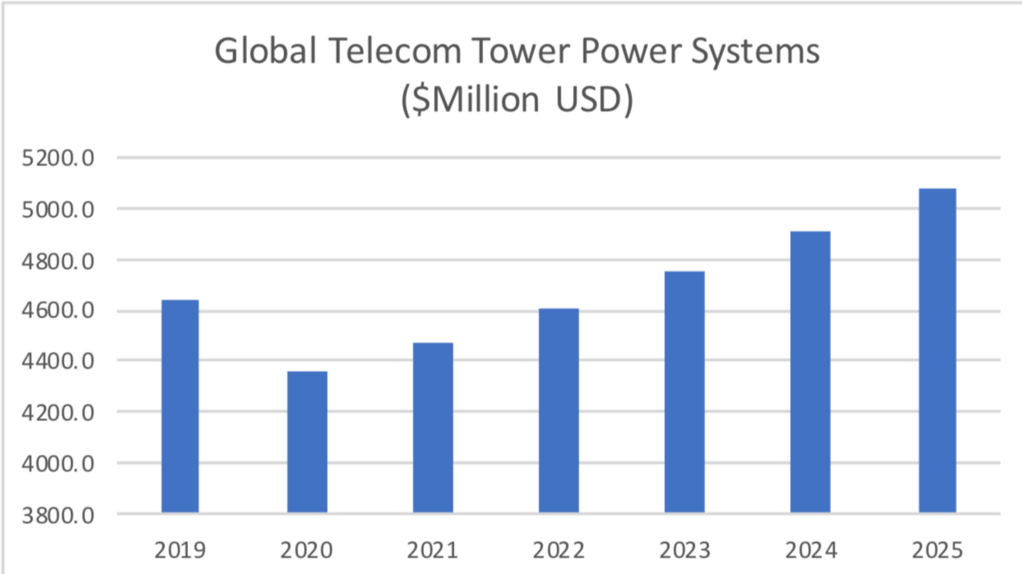
The remuneration related to stock-based compensation in the table above represents the entire fair value of the stock options issued to key management, and fair value of Restricted Share Units issued to the management and employees as their annual bonus payments during the year, which are being recognized as expense over the related vesting periods.

Accounts payable and accrued liabilities as of September 30, 2022, includes short-term amounts owing to key management of the Company for bonuses and convertible debenture interest, totaling $143,256 (December 31, 2021 - $395,487).

Clear Blue's Addressable Market

The Company has previously, with its Q2 2021 filings, highlighted that there are 3.8 billion persons in the world currently who do not have access to the internet.

Recall that Clear Blue is currently focused on three markets: the solar off-grid streetlight market, the wireless cell phone market, and the satellite Wi-Fi market. The wireless cell phone market is currently the Company's largest growth opportunity. The global market for telecom tower power systems will grow from USD 3.9 billion in 2022 to USD 5.4 billion by 2027, at a 7.1% CAGR from 2022 to 2027. (Researchandmarkets.com)



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 to 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.

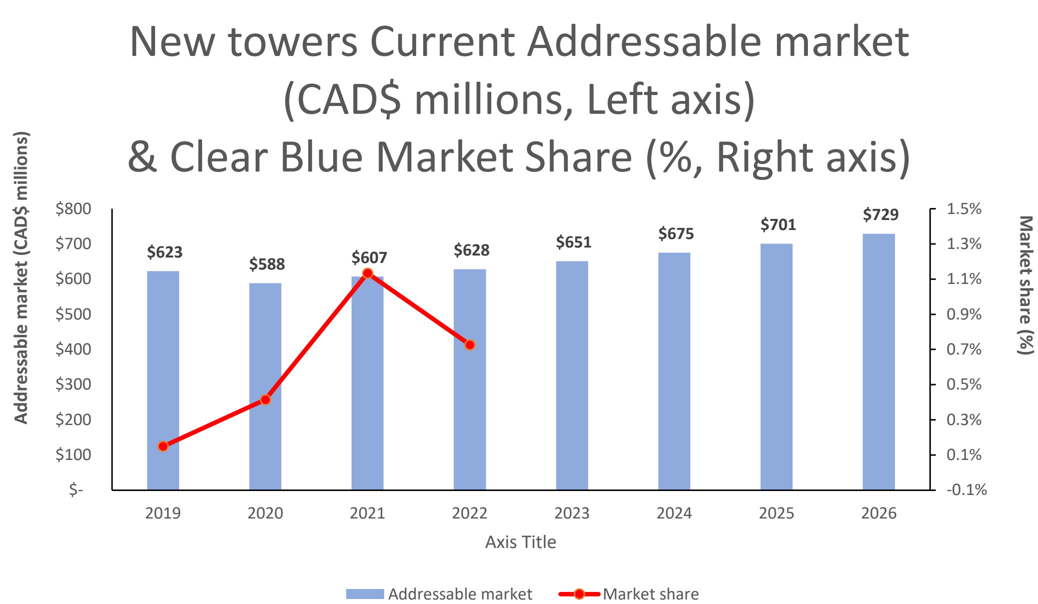
Africa presents the largest market opportunity

Clear Blue's 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.

Clear Blue focuses on Africa, the Middle East, and APAC (excluding China and India). These markets have the largest planned deployments of new telecom infrastructure and are also the most aggressive in adopting solar off-grid power.

This market is large at around US$1 billion and growing consistently at 3-4% per year for the next five years, according to industry data.



Within that market, new telecom towers are approximately a $600 million CAD per year market. Clear Blue has approximately 0.7-1.0% of that market on a trailing four-quarter basis, as shown in chart above, which suggests the Company has a very long and consistent runway for revenue growth.

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 the Company's 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, Clear Blue delivers emission reductions to the world daily. Since its inception, the Company has recorded 2,865,365 pounds of carbon offsets through the Smart Off-Grid solar and wind-based systems and services it delivers to its customers. It has made significant efforts toward integrating ESG into business operations. Sustainability metrics have been organized into four pillars – the Principles of Governance, Planet, People and Prosperity.

- The Principles of Governance is the 'G' of ESG, covering a Company's commitment to ethics and societal benefit.
- The planet is the 'E,' looking at climate sustainability and environmental responsibility themes.
- People are the 'S,' focusing on human and social capital roles in business.
- Prosperity, meanwhile, brings a financial lens, but one that is concerned with business contributions to equitable, innovative growth — economic prosperity in a broader basis than simply a Company's profit generation, including community investment and tax.

Governance

Clear Blue understands that good governance is critical for the Company's success. In recent years the Company has dedicated essential resources to proper Corporate Governance and established codes of Business Conduct. With the Company's expansion towards a global market, Clear Blue dedicates resources to developing strategies to identify and manage risks associated with international 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. Clear Blue's Smart Off-Grid system includes a 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%. Clear

Blue's products assist in reducing the environmental footprint of hardware infrastructure, moving grid-connected hardware to renewable energy through Smart Off-Grid technology.

Social

Like many Canadian companies, Clear Blue is committed to 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 the 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 its Board and 37% female representation across the Company. Clear Blue has a 60% diverse board and a 70% diverse Company, with representations from females, visible minorities and the LGBTQT2 community.

Community Engagement

Clear Blue has four offices in Canada, the United States of America, Kenya and Nigeria. Clear Blue systems are operational in 37 countries, 27 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 increased its presence in Africa, by establishing an office in Nigeria. Pursuant to its commitment to providing local prosperity by hiring locally, it 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 its employees, customers, partners, visitors, and communities where it operates. The Company's 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 provided with the resources and training to complete their work safely.

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 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 business activities and recommending improvements. Clear Blue believes that a healthy and safe working environment is an essential value and the Company's primary responsibility towards its employees and any other individuals working at a Clear Blue site. As a result, Clear Blue hasn't had any Lost Time accidents over the past three years, with no lost time due to injury and a Lost Time Injury Frequency of zero.

Financial Instruments

Financial assets are classified at initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition that are debt instruments depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient, financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value plus transactions costs. Accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient for contracts that have a maturity of one year or less are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the "SPPI test" and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

Financial assets are subsequently measured at amortized cost using the effective interest method ("EIR") and are subject to an impairment test. Interest received is recognized as part of the interest and other income. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Discounting is omitted where the effect of discounting is immaterial.

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, other financial liabilities, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs. The Company's financial liabilities include accounts payable and accrued liabilities, long-term debt, convertible debentures, and royalty funding.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR. Gains and losses are recognized in the consolidated statements of loss and comprehensive loss when the liabilities are derecognized, as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the consolidated statements of loss and comprehensive loss.

Financial assets and liabilities that are subsequently measured at amortized cost include cash, accounts receivable and other receivables, long-term accounts receivable, accounts payable and accrued liabilities, short-term loans, long-term debt, convertible debenture, and royalty funding.

Financial assets are derecognized when the contractual rights to the cash flow from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when expires.

Impairment of financial assets

At each reporting date, the Company assesses whether a financial asset or group of financial assets is impaired using a forward-looking expected credit loss ("ECL") model. Loss allowances will be measured on either of the following bases:

i. 12-month ECLs, which are ECLs that result from possible default events within 12 months after the reporting date (stage 1); and

ii. Lifetime ECLs which are ECLs that result from all possible default events over the expected life of a financial instrument (stages 2 and 3).

The Company applies the simplified approach to measuring expected credit losses, which uses lifetime ECLs for all of its financial assets. For financial assets carried at amortized cost, the loss is the difference between the amortized cost of the receivable and the present value of the estimated future cash flows, discounted using the effective interest rate.

Compound financial instruments

Compound financial instruments issued by the Company are comprised of convertible debentures that can be converted to ordinary shares at the option of the holder when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at a fair value of a similar liability that does not have an equity conversion option. The equity instrument is initially recognized as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound instrument is measured at amortized cost using the effective interest method. The equity component of a compound instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

Embedded derivatives

Embedded derivatives are contained in non-derivative host contracts and are treated as separative derivatives when they meet the definition of a derivative, and their risks and characteristics are not closely related to those of the host contracts. Embedded derivatives are recorded at fair market value, with mark-to-market adjustments recorded in profit or loss.

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 of September 30, 2022, the Company had working capital of $1,048,874. The Company plans to realize its assets, increase revenues and gross profit margins, and drawdown on the interest free loan from Feddev Ontario. Furthermore, the Company also intends to 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 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 $70,000 as at September 30, 2022.

(c) Macro-economic trends

The Company's customers purchase systems from Clear Blue as part of their infrastructure capital spending and growth plans. As such, global macro-economic trends can have an impact on those plans – causing delays and or slowdowns in those plans. As these occur, it can have a resulting impact in the Company's revenue.

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 twelve months ended September 30, 2022, the Company had negative cash flow, mainly resulting from 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. 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, 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 provides a warranty for its products, 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 and future sales opportunities with dis-satisfied customers 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 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. 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.

Proposed transactions

There are no undisclosed proposed transactions that will materially affect the Company.

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.