



CLEARBLUE
TECHNOLOGIES

The Smart Off-Grid Company™



***Delivering Smart Power Solutions
and Energy-as-a-Service In 45 Countries***

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

For the Quarters Ended March 31, 2025, and 2024

Dated: May 28, 2025

**MANAGEMENT'S DISCUSSION & ANALYSIS
IN CONNECTION WITH THE FINANCIAL STATEMENTS OF
CLEAR BLUE TECHNOLOGIES INTERNATIONAL INC.
FOR THE QUARTERS ENDED MARCH 31, 2025 AND 2024**

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 unaudited condensed interim consolidated financial statements of Clear Blue and the related notes thereto for the period ended March 31, 2025 and 2024, and the audited consolidated financial statements for the year ended December 31, 2024. This MD&A is presented as of May 28, 2025 and is current to that date unless otherwise stated.

The financial information presented in this MD&A is derived from Clear Blue's unaudited condensed interim consolidated financial statements for the period ended March 31, 2025. 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.sedarplus.ca and on Clear Blue's website at www.clearbluetechologies.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 months ended March 31, 2025, along with any subsequent material information.

The MD&A is intended to enable readers to gain an understanding of the Company's current results and financial position. To do so, we provide information and analysis comparing the results of unaudited condensed interim consolidated operations and financial position for the current period to those of the same period of the prior year and the comparable period, where applicable. We also provide analysis and commentary that we believe is required to assess the Company's future activities. Accordingly, certain sections of this report contain forward-looking statements based on current plans and expectations. These forward-looking statements are affected by the risks and uncertainties that are discussed in this document on future prospects. Readers are cautioned that actual results could vary.

Management's Responsibility

The Company's management is responsible for the preparation and presentation of the unaudited condensed interim consolidated financial statements and the MD&A. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The information provided in this report, including the unaudited condensed interim consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates and judgements are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates and judgements have been based on careful assessments and have been properly reflected in the accompanying unaudited condensed interim consolidated financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

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, the impact of recent military conflicts;*
- *impact of trade wars.*

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 global pandemic (Covid 19), wars, inflation and interest rate increase, as well as trade wars.

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 was founded on the vision of delivering highly reliable Smart Power to support mission critical applications such as telecommunications infrastructure, IoT and Smart Cities. The Company's Smart Power is heavily driven by data and predictive analytics, critical components on its AI roadmap. Having begun this journey from Day 1 of the Company, Clear Blue today has the largest global repository of data performance for Solar Off-Grid systems – this data is key to maintaining its market leadership thru the implementation of AI.

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



Clear Blue's patented Smart Power technology operates and remotely manages solar, grid, generator, and wind-powered devices and connects them to a cloud-based analytics and management system. Together with Clear Blue's ongoing management service, this smart 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 Micro and Nano systems, its Illumient solar-powered street lighting systems and its Smart Pico & Senti systems. 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 Power systems, which have been sold in 45 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 across the U.S., Canada and Mexico. Globally, Clear Blue's systems power and control lighting, security, and telecom applications, including sites mostly in Africa, but also in Europe, the Middle East, and Southeast Asia.

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 global data repository of more than 1 trillion transactions accumulated from all systems in the field 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 critically 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 data to manage energy generation and consumption intelligently, thus requiring fewer solar panels and batteries, in turn resulting in an upfront cost saving of up to 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 period ending March 31, 2025, and 2024.

On a TFQ basis:

- As of March 31, 2025, bookings decreased to \$4,365,698, a decrease of 14%, when compared to \$5,071,105 as of December 31, 2024, with delivery anticipated over the next three years. Of this, \$3,636,637 is expected to be recognized over the next 12 months.
- TFQ revenue was \$3,001,003, a 50% decrease from \$5,950,005 in the corresponding previous period.
- TFQ recurring revenue was \$676,137 a 40% decrease from \$1,120,838 in the corresponding previous period.
- TFQ Gross Profit decreased to \$1,563,054 compared to \$2,716,412 in the comparable period, an 42% decrease. However, the gross margin percentage increased to 52% from 46% with the comparative TFQ period of 2024.
- Non-IFRS Adjusted EBITDA for the period was (\$2,634,592) as compared to (\$1,629,513) for the previous period, a 62% decrease from the comparative period of 2024. This increase is mainly attributable to financing challenges of 2024 which have now been resolved.
- Cash as of March 31, 2025, was \$128,971 and remained stable through Q1.
- As of December 31, 2024, the Company had approximately \$1,800,000 remaining from its IRAP Green Fund contract. At this time, it expects to receive \$1,300,000 of that amount by the end of Q2 2025.

For the quarter ended March 31, 2025 ("Q1 2025"):

- Q1 2025 revenue was \$1,051,261, a 30% increase from \$808,553 in Q1 2024. The increase is mainly attributed to growth in sales.
- Recurring revenue comprised \$217,662 of the quarter's revenue compared to \$300,786 in Q1 2024, a 28% decrease.
- Gross Profit for Q1 2025 was \$551,601 compared to \$338,339 for Q1 2024, a 63% increase, mainly due to higher revenue for the quarter. The Gross Margin percentage for the quarter was quite healthy at 52%, increasing from 42% from the comparative quarter of 2024.
- Quarterly Non-IFRS Adjusted EBITDA was (\$386,460) versus (\$712,325) in Q1 2024, a 46% improvement from the comparative period of 2024.

The first quarter of 2025 met the company’s internal target for Q1 2025. The first quarter is traditionally a slower quarter as customers finalize their capital spending plans for the year. The quarter was led by strong growth in its North American lighting business as a result of the new products that have been launched together with the strategic partnership with Cooper Lighting.

Clear Blue 2.0 – A Strong Foundation for 2025

Looking forward, Clear Blue sees three key themes as critical to triggering a high growth trajectory for the company:

Smart Solar Lighting Goes Mainstream

Clear Blue is powering the shift as smart solar lighting becomes the default for municipalities, power utilities, and Departments of Transportation (DoTs) seeking sustainable, intelligent lighting solutions. (Clear Blue Products: Illumient & Senti)

Road to Zero Diesel: Empowering Africa’s Telecom Transition

As telecom operators across Africa transition away from diesel, Clear Blue delivers high-performance solar power systems that ensure energy reliability and cost savings—supporting the continent’s clean energy future. (Clear Blue Products: Micro & Nano)

Enabling Satellite Internet & IoT Expansion

Satellite internet is now critical infrastructure. Through our partnership with Eutelsat, Clear Blue is enabling large-scale rollouts of satellite-powered community internet and IoT services across emerging markets—unlocking a projected \$25M revenue opportunity over the next three years. (Clear Blue’s Product: Pico)

Having filled out Clear Blue’s portfolio with 3 new products over the last two years, and having successfully completed the financial restructuring, Clear Blue is building a strong growth trajectory around the above key vectors.

Financial Results

From an IFRS perspective:

Result of Operations	Three months ended March 31,			TFQ ended March 31,		
	2025	2024	Change	2025	2024	Change
Revenue	1,051,261	808,553	30%	3,001,003	5,950,005	(50%)
Cost of sales	499,660	470,214	6%	1,437,949	3,233,593	(56%)
Gross profit	551,601	338,339	63%	1,563,054	2,716,412	(42%)
Gross margin %	52%	42%		52%	46%	
Operating expenses	952,481	1,281,984	(26%)	4,532,444	5,528,892	(18%)
Operating loss	(400,880)	(943,645)	(58%)	(2,969,390)	(2,812,479)	6%
Other items	381,319	(225,163)	(269%)	(7,060,851)	(2,198,603)	221%
Net loss and comprehensive loss	(19,561)	(1,168,808)	(98%)	(10,030,241)	(5,011,082)	100%

From a non-IFRS Adjusted EBITDA perspective:

Result of Operations	Three months ended			TFQ ended		
	2025	March 31, 2024	Change	2025	March 31, 2024	Change
Revenue	1,051,261	808,553	30%	3,001,003	5,950,005	(50%)
Cost of sales	499,660	470,214	6%	1,437,949	3,233,593	(56%)
Gross profit	551,601	338,339	63%	1,563,054	2,716,412	(42%)
Gross margin %	52%	42%		52%	46%	
Non-IFRS Operating expenses	938,062	1,050,664	(11%)	4,197,647	4,345,925	(3%)
EBITDA	242,650	(500,062)	(149%)	(7,410,180)	(2,456,759)	302%
Non-IFRS Adjusted EBITDA	(386,461)	(712,325)	(46%)	(2,634,593)	(1,629,513)	62%

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	March 31, 2025	December 31, 2024	Change
Total current assets	\$5,397,421	\$5,639,807	(4%)
Total assets	5,703,737	5,818,210	(2%)
Current liabilities	3,712,517	4,711,524	(21%)
Total liabilities	9,999,825	10,302,006	(3%)
Total shareholders' equity (deficiency)	(4,296,088)	(4,483,796)	(4%)
Working capital (current assets exceed current liabilities)	\$1,684,904	\$928,283	82%

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.

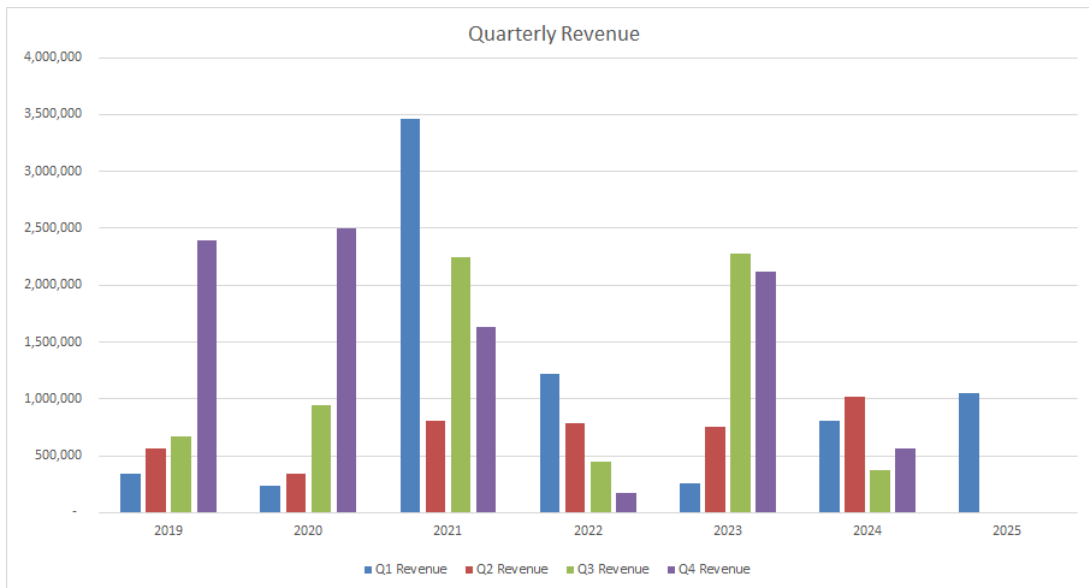
As of March 31, 2025, bookings were \$4,365,698 a decrease of 14%, when compared to \$5,071,105 as of December 31, 2024, with delivery anticipated over the next three years in the case of Illumience/EaaS and typically in the next four to six months in the case of production orders. The table below provides a breakdown of Clear Blue's bookings:

Booking as of March 31, 2025	Revenue		
	Total	Year 1	Year 2 and Beyond
Illumience / EaaS Deferred Revenue	693,174	421,510	271,664
Purchase Orders	3,672,524	3,215,127	457,397
Total Bookings	4,365,698	3,636,637	729,061

Revenue

Clear Blue develops and sells integrated Smart 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 Power rectifiers, chargers, controllers, Micro, Nano and Pico Power products, 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.



On a TFQ basis, revenue decreased to \$3,001,003 from \$5,950,005, a 50% decrease for the period ended March 31, 2025, compared to the period ended March 31, 2024. As previously disclosed, 2024 revenue was significantly impacted by the factors that drove the company's need to undertake a financial restructuring. For Q1, revenue grew 30% over 2024 to \$1,051,064. The majority of the company's revenue often falls in the last two quarters of the fiscal year, and management believes that 2025 will be in line with this historical trend.

Revenue by Vertical

Clear Blue's revenue distribution by industry vertical for the periods ended March 31, 2025, and 2024 was:

Revenue by Vertical	Three months ended March 31,			TFQ ended March 31,		
	2025	2024	Change	2025	2024	Change
Lighting	492,877	129,678	280%	1,239,462	1,517,946	(18%)
Telecommunications	557,043	675,666	(18%)	1,757,611	4,427,439	(60%)
Others	1,341	3,208	(58%)	3,929	4,620	(15%)
Total revenue	1,051,261	808,553	30%	3,001,003	5,950,005	(50%)

The North American lighting vertical is beginning to see larger projects driven by power utilities and transportation departments. This market maturation, together with Clear Blue's new Senti All-In-One Solar light (introduced in 2024), is driving strong growth for the Company's North American Lighting market. Telecommunications orders were relatively flat in the quarter but the sales funnel and bookings for the remainder of 2025 is strong for this vertical.

Cost of Sales and Gross Margin

Gross margin in Q1 2025 was 52% of sales, an increase from a gross margin of 42% in Q1 2024, and over all gross profit was \$551,601 compared to \$338,339 for Q1 2024, a 63% increase. This was largely as a result of a higher revenue for the quarter as well as some software only service solutions that were sold in the telecom vertical in the quarter. For the TFQ gross margin was also 52% of sales, increased from a gross margin of 46% with the comparative TFQ period of 2024. The overall gross profit decreased to \$1,563,054 to \$2,716,412 in the comparable period, a 42% decrease which was a result of previously disclosed factors in 2024.

The Company expects margins to decrease in the mid-term. Micro and Pico-Senti are newer products and as the Company expands its customer base for these products, there will be some pressure on gross margins. As a result the Company expects overall margins to be in mid 30s over the coming quarters until volumes and supply chain allow for growth in margins on these new products.

Clear Blue Service Adoption & Recurring Revenue

Clear Blue is unique in its market in that it provides an ongoing management service for all of the systems it sells. While other vendors sell power equipment, Clear Blue's focus is energy performance. Energy performance, thru Clear Blue's Energy as a Service offerings, is the key value proposition and differentiator of Clear Blue. 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 Q1 2025, Clear Blue deployed a net of 104 power units, for a total number of 14,834 units to Q1 2025. 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 18.8 million operating days of site production data and more than 1 trillion 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.

Revenue	Three months ended March 31,			TFQ ended March 31,		
	2025	2024	Change	2025	2024	Change
Deferred Revenue - Opening	685,748	760,290	(10%)	671,967	603,702	11%
New Deferred Revenue bookings	171,945	212,463	(19%)	644,201	1,189,103	(46%)
Recurring Revenue delivered	(164,519)	(300,786)	(45%)	(622,994)	(1,120,838)	(44%)
Deferred Revenue - Closing	693,174	671,967	3%	693,174	671,967	4%

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 March 31,			TFQ ended March 31,		
	2025	2024	Change	2025	2024	Change
Operating expenses	1,081,936	1,281,984	(16%)	4,532,444	5,528,891	(18%)

On a TFQ basis, operating expenses decreased by \$996,447 to \$4,532,444 compared to \$5,528,891 in the previous period. The decrease was attributable to salaries, wages and benefits expenses of \$699,452, research & development expenses of \$136,782, bad debt expense of \$331,015, share-based compensation expense of \$89,201, travel expense of \$39,833, rent expenses of \$1,054, professional fee expense of \$146,034. The decrease was offset by general & administrative expenses of \$280,128, business development and marketing expense of \$114,784, amortization of intangible assets expenses of \$26,166 and depreciation of property & equipment expense of \$25,845 compared to the comparative quarter of 2024.

For the three months ended March 31, 2025, operating expenses decreased by \$329,503 compared to the same period in 2024. The decrease was mainly attributable to salaries, wages and benefits expenses of \$54,164, research & development expenses of \$119,269, share-based compensation expense of \$50,877, professional fee expense of \$65,298, amortization of intangible assets expenses of \$180,571 and depreciation of property & equipment expenses of \$5,788. The decrease was offset by general & administrative expenses of \$48,823, travel expense of \$11,700, business development & marketing expenses of \$85,930, rent expenses of \$11 compared to the comparative quarter of 2024.

Travel-related expenses were higher compared to the comparative quarter by \$11,700. Travel-related expenses were lower by \$39,833 for the TFQ ended March 31, 2025, when compared to the comparative TFQ of 2024.

Over the trailing four quarters, development and marketing expenses increased at \$407,548 compared to \$292,764 for the comparative period of 2024. For the TFQ ended March 31, 2025, rent is lower by \$1,054.

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.

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			TFQ ended		
	2025	March 31, 2024	Change	2025	March 31, 2024	Change
Net loss and comprehensive loss	(19,561)	(1,168,808)	98%	(10,030,241)	(5,011,082)	(100%)

For Q1 2025, Net Loss of \$19,561 an improvement of \$1,149,247 as compared to Net Loss of \$1,168,808 for Q1 2024. This was mostly due to a one time gain of \$632,083 on the restructuring of debt. For the TFQ ended March 31, 2025, the Company reported a Net Loss of \$10,030,241, a worsening of \$5,019,159 or 100% over the period ended March 31, 2024. This decrease is mainly due to the restructuring that was undertaken in 2024 which included an impairment of intangibles amounting to \$4,324,196 and loss on settlement of debts of \$746,852.

Inventory

As of March 31, 2025, the Company's inventory mix is comprised of 40% finished goods and 60% raw materials. Management is working with its suppliers to deliver just in time inventory for sales orders. However, the industry continues to tackle very long lead time supply chain issues.

The Company's inventory now also includes its Micro and Pico/Senti products.

	March 31, 2025	December 31, 2024	Change
Raw materials	1,811,311	1,568,026	15.5%
Finished goods	1,212,271	1,518,622	(20.2%)
Total	3,023,582	3,086,648	(2.0%)

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 measure 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 March 31,			TFQ ended March 31,		
	2025	2024	Change	2025	2024	Change
Revenue	1,051,261	808,553	30%	3,001,003	5,950,005	(50%)
Cost of sales	499,660	470,214	6%	1,437,949	3,233,593	(56%)
Gross profit	551,601	338,339	63%	1,563,054	2,716,412	(42%)
Gross margin %	52%	42%		52%	46%	
Operating expenses	952,481	1,281,984	(26%)	4,532,444	5,528,892	(18%)
Operating loss	(400,880)	(943,645)	(58%)	(2,969,390)	(2,812,479)	6%
Other items	381,319	(225,163)	(269%)	(7,060,851)	(2,198,603)	221%
Net loss and comprehensive loss	(19,561)	(1,168,808)	(98%)	(10,030,241)	(5,011,082)	100%
Interest, taxes and depreciations	262,211	668,746	(61%)	2,620,061	2,554,323	3%
EBITDA	242,650	(500,062)	(149%)	(7,410,180)	(2,456,759)	202%
Stock based compensation	2,972	53,849	(94%)	161,489	250,690	(36%)
Government funding	—	(268,112)	(100%)	(25,745)	282,898	(109%)
Bad debt allowance	—	—	100%	(293,285)	37,731	(877%)
Inventory writeoff	—	—	100%	494,163	255,927	93%
Gain on modification of debt	(632,083)	—	100%	114,769	—	100%
Impairment of intangible assets	—	—	100%	4,324,196	—	100%
Non-IFRS Adjusted EBITDA	(386,461)	(712,325)	(46%)	(2,634,593)	(1,629,513)	62%

Adjusted EBITDA improved by 62% on a TFQ-basis and also improved by 46% for Q1 2025.

Summary of Quarterly Results

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

	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Total Revenue	1,051,261	565,755	369,297	1,014,690	808,553	2,115,750	2,273,377	752,325
Recurring revenue	164,519	186,683	102,686	169,106	300,786	200,772	195,315	139,056
Gross margin	52%	51%	46%	24%	42%	58%	37%	41%
EBITDA	242,650	(6,301,553)	(908,725)	(750,583)	(500,062)	(401,330)	67,243	(1,622,611)
Adjusted EBITDA	(386,461)	(1,052,312)	(857,230)	(721,262)	(712,325)	(285,411)	33,187	(664,964)
Debt	6,149,659	6,625,497	14,950,107	13,410,113	13,254,625	12,540,061	11,381,131	10,820,950
Cash	128,971	339,905	219,669	1,054,616	154,614	534,451	1,086,050	746,100
Total assets	5,703,737	5,818,210	11,706,488	12,840,421	11,477,801	12,020,492	12,190,809	10,492,784
Common shares outstanding	463,278,448	463,278,448	124,566,926	124,493,179	13,033,715	124,021,237	123,917,071	118,942,907
Cumulative units deployed	14,834	14,070	13,964	13,964	13,596	13,208	12,187	11,267
Days of cumulative operating data collected	22,785,533	21,421,346	20,058,801	18,812,965	17,541,670	16,301,034	15,095,804	13,983,740

Disclosure of Outstanding Share Data

Clear Blue Technologies International Inc. common shares trade on the TSX Venture Exchange under the symbol "CBLU", on the Frankfurt Stock Exchange under the symbol "0YA". The Company is authorized to issue an unlimited number of common shares without par value.

On March 31, 2025, there were:

- 463,278,448 common shares issued and outstanding,
- 8,254,703 stock options outstanding with a weighted average exercise price of \$1.18 expiring between 2025 and 2029,
- 369,348,726 warrants outstanding with a weighted average exercise price of \$1.69 expiring between 2025 and 2028

Fundraising & Other Share Activities

Transactions during the three months ended March 31, 2025:

- During the Quarter ended March 31, 2025, the Company's revolving credit facility of \$750,000 bearing interest at a rate equivalent to the bank's prime lending rate plus 3%, due on demand, and secured by the assets of the Company was replaced by a series of agreements.
- Debt-to-Equity Conversion: \$250,000 was converted into 1,388,889 post-consolidation equity units, each consisting of one common share (issued at \$0.18) and one warrant (exercise price of \$0.30, expiring in 24 months).
- Royalty Agreement: \$250,000 of the outstanding revolving credit facility, plus 66,114 of other payables were converted into a 15-year royalty obligation of 0.75% on consolidated gross revenues, capped at \$750,000.
- Secured Term Loan: \$250,000 of the outstanding revolving facility, together with an additional disbursement of \$125,000 was combined into a new \$375,000 secured term loan (12% annual interest, payable quarterly), with \$100,000 maturing on the earlier of (i) receipt by the Borrower of the Ontario Innovation Tax Credit ("OITC") grant or (ii) August 30, 2025 and remaining balance of \$275,000, 12 months from the closing date.

Transactions during the year ended December 31, 2024, are as follows:

- On January 2, 2024, the Company issued 399,942 common shares valued at \$53,992 pursuant to the maturity of RSU's. 159,977 common shares valued at \$11,199 were withheld by the Company for settlement of payroll taxes on behalf of the RSU holders.
- On January 9, 2024, the Company issued 72,000 common shares valued at \$5,400 pursuant to the maturity of RSU's. 28,800 common shares valued at \$2,160 were withheld by the Company for settlement of payroll taxes on behalf of the RSU holders.
- In connection to receipt of loan on February 22, 2024, the Company issued 300,000 warrants valued at \$11,806 and each is exercisable for one common share at \$0.10 per share until February 21, 2027. The stand-alone value of warrants was valued using the Black-Scholes valuation model with the following assumptions: expected life of 3 years, risk-free rate of 3.97%, dividend yield of 0% and volatility of 99.19%.

- On September 1, 2024, the Company issued 12,498 common shares valued at \$3,999 pursuant to the maturity of RSU's. 4,998 common shares valued at \$351 were withheld by the Company for settlement of payroll taxes on behalf of the RSU holders.
- On September 30, 2024, the Company issued 61,249 common shares valued at \$18,987 pursuant to the maturity of RSU's. 24,499 common shares valued at \$1,715 were withheld by the Company for settlement of payroll taxes on behalf of the RSU holders.
- On December 31, 2024, the Company completed a private placement through issuance of 13,766,534 units at \$0.03 per unit for proceeds received of \$15,000, amount recorded under subscription receivable amounting to \$72,996 and remaining balance of \$325,000 was adjusted against due to shareholders. 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 \$0.05 per share until December 21, 2026. The common shares and share purchase warrants were valued at \$261,567 and \$151,429 respectively, using the relative fair value method.

In connection with private placement, the company issued share issuance cost of \$15,960 (allocated to shares \$10,108 and warrants \$5,852 respectively) and issued 170,234 broker warrants valued at \$1,972. Each broker warrant is exercisable for one common share at \$0.05 per share until December 21, 2026. The stand-alone value of share purchase warrants and broker warrants were valued using the Black-Scholes valuation model with the following assumptions: expected life of 2.0 years, risk-free rate of 2.93%, dividend yield of 0% and volatility of 150.73%.

- On December 31, 2024, the Company issued 237,366,192 units at \$0.03 per unit for the settlement of convertible debentures. 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 \$0.05 per share until December 21, 2026, except for those held by the management / directors of the Company. The common shares and share purchase warrants were valued at \$4,747,324 and \$2,482,932 respectively, using the relative fair value method. The company recognized loss of \$1,243,798 in the consolidated statement of loss and comprehensive loss due to the settlement of this debt.

In connection with the above issuance, the company issued share issuance cost of \$14,550 (allocated to shares \$9,559 and warrants \$4,991 respectively). The stand-alone value of share purchase warrants is valued using the Black-Scholes valuation model with the following assumptions: expected life of 2.0 years, risk-free rate of 2.93%, dividend yield of 0% and volatility of 150.73%.

- On December 31, 2024, the Company issued 3,429,333 units at \$0.03 per unit for the settlement of convertible debenture converted to short-term loan. 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 \$0.05 per share until December 21, 2026. The common shares and share purchase warrants were valued at \$68,587 and \$39,707 respectively, using the relative fair value method. The stand-alone value of share purchase warrants is valued using the Black-Scholes valuation model with the following assumptions: expected life of 2.0 years, risk-free rate of 2.93%, dividend yield of 0% and volatility of 150.73%. The company recognized loss of \$5,414 in the consolidated statement of loss and comprehensive loss due to the settlement of this debt.

- On December 31, 2024, the Company issued 33,156,800 units at \$0.03 per unit for the settlement of shareholder loan. 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 \$0.05 per share until December 21, 2026. The common shares and share purchase warrants were valued at \$663,136 and \$383,911 respectively, using the relative fair value method. The stand-alone value of share purchase warrants is valued using the Black-Scholes valuation model with the following assumptions: expected life of 2.0 years, risk-free rate of 2.93%, dividend yield of 0% and volatility of 150.73%. The company recognized loss of \$52,343 in the consolidated statement of loss and comprehensive loss due to the settlement of this debt.
- On December 31, 2024, the Company issued 50,992,663 units at \$0.03 per unit for the settlement of debts. 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 \$0.05 per share until December 21, 2026. The common shares and share purchase warrants were valued at \$1,019,853 and \$590,426 respectively, using the relative fair value method. The stand-alone value of share purchase warrants is valued using the Black-Scholes valuation model with the following assumptions: expected life of 2.0 years, risk-free rate of 2.93%, dividend yield of 0% and volatility of 150.73%. The company recognized loss of \$46,667 and \$542,233 in the consolidated statement of loss and comprehensive loss pertaining to the settlement of royalty funding debt and other supplier debts respectively.

In connection with the above issuance, the company issued share issuance cost of \$25,856.

- In connection to the settlement of debt, the Company issued 5,961,200 warrants valued at \$69,022 and each is exercisable for one common share at \$0.05 per share until December 21, 2026. The stand-alone value of warrants was valued using the Black-Scholes valuation model with the following assumptions: expected life of 2.0 years, risk-free rate of 2.93%, dividend yield of 0% and volatility of 150.73%. The company recognized gain of \$109,883 in the consolidated statement of loss and comprehensive loss pertaining to the settlement of the debt.

Liquidity and Capital Resources

The Company's cash balance decreased to \$128,971 as of March 31, 2025 from \$339,905 as of December 31, 2024. Available cash continues to be tightly managed by the Company.

The Company has been approved for a government grant of \$5,000,000 from NRC IRAP Green Fund. As at date the Company has received \$3,177,461 (December 31, 2024 - \$3,177,461) on milestones completed. Additionally, the Company completed substantial work on upcoming milestone and therefore, accrued an amount of \$1,322,539 accordingly.

During the year ended December 31, 2024, the Company received \$239,177 as Ontario Innovation tax credits pertaining to fiscal year 2023. Additionally, the Company performed substantial work on upcoming research and development project and therefore, accrued an amount of \$280,000 accordingly.

Historically, the Company has been able to raise sufficient funds to finance its operations through private placements and government grants. The Company relies on these sources of funding as part of its planning and cash flow management.

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 inventory for orders;
- 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.

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 Power product offerings. 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 (refer Caution Regarding Forward-Looking Information on page 3).

ACQUISITION

On January 18, 2023, the Company completed its acquisition of eSite Power Systems AB ("eSite"), a company incorporated under the laws of Sweden, specializing in telecom site power management systems. The Company acquired control through obtaining 100% voting equity interest and the policy making decisions powers in eSite in order to expand their product portfolio.

Upon closing of the Acquisition, the Company issued 3,000,000 common shares to the shareholders of eSite. The transaction was accounted for as a business combination and has been accounted for by applying the acquisition method. Transaction costs of \$18,721 were expensed with respect to the above acquisition. The Company recorded revenue of \$2,758,295 and a net loss of \$10,295,143 in the consolidated statements of loss and comprehensive loss during the period ended December 31, 2024, as a result of the acquisition. If the acquisition had occurred as at January 1, 2024, revenue and the net loss in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2024 remains the same since there was no transactions until date of acquisition. In accordance with IFRS, the Company has recognized an attractive purchase gain amounting to \$565,897 in the statement of loss and comprehensive loss. The fair value of the total purchase consideration on the closing date was compared with the total fair value of the assets (tangible and intangible) and liabilities acquired. The resulting amount was recorded as a bargain purchase gain as follows:

	December 31, 2023
Purchase consideration:	
Shares issued:	
3,000,000 shares @ 0.08 per	\$ 240,000
Total purchase consideration	240,000
Tangible Assets	
Cash and cash equivalent	115,895
Current assets	809,114
Property and equipment	15,796
Other assets	1,631
Liabilities assumed	(451,379)
Total Tangible Assets	491,057
Intangible Assets	
eSite Brand	104,440
Intellectual property	210,400
Total Intangible Assets	314,840
Bargain purchase gain	565,897

Further to above, the attractive purchase gain resulted due to the fact that the original investors of eSite saw significant future upside potential through the integration of Clear Blue with eSite, were willing to invest in the joint future of eSite and Clear Blue with a transaction structure and price for the right fit. Therefore, the original investors of eSite divested from eSite at the same time reinvested the capital in Clear Blue Technologies Inc.

The additional information disclosure for the acquired receivable:

Accounts Receivable	December 31, 2023
The fair value of the receivables	\$ 178,542
The gross contractual amounts receivable; and	\$ 178,542
The best estimate at the acquisition date of the contractual cash flows not expected to be collected.	–

Other Receivable	December 31, 2023
The fair value of the receivables	\$ 13,537
The gross contractual amounts receivable; and	\$ 13,537
The best estimate at the acquisition date of the contractual cash flows not expected to be collected.	–

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:

	March 31, 2025	March 31, 2024
Salaries and benefits	117,318	86,333
Stock-based compensation	455	3,430
Total	\$117,773	\$89,763

Management has undertaken numerous measures in order to assist the Company in managing its cash position, including cancelling bonus compensation, deferring part of its salaries, accepting shares for debt and delaying 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.

As of March 31, 2025, amounts owing to key management in connection with reimbursement of business expenses and deferred salaries was \$64,938 (2024 - \$10,005).

Clear Blue's Addressable Market

The Company's technology addresses a major sustainability problem in the world by replacing unsustainable diesel generators and grid power with low-cost, reliable off-grid power, thereby significantly reducing Greenhouse Gas (GHG) emissions. As well, by bringing connectivity to billions of unconnected people, Clear Blue advances several of the UN's Sustainable Development Goals including: No Poverty; Zero Hunger; Good Health and Well-Being; Quality Education; Gender Equality; and several others discussed below. In North America, the Company brings a more cost-effective reliable power solution while at the same time reducing the risks of forest fires due to power lines.

Clear Blue's main markets are the Telecom market (Micro and Nano), the Satellite Wi-Fi/IoT market (Pico), and the solar streetlighting market (Illumient/Senti). In the telecom markets, the Company is able to deliver a power solution that is 40% lower cost than traditional off-grid systems without compromising service availability (independently validated by Meta Study). In the streetlighting and IoT market, Clear Blue's technology replaces or supplements the use of the grid with a fully integrated and remotely managed smart power solution. Although there are competitors in these markets, their systems do not have anywhere near the same level of remote management and control functionality as Clear Blue's Smart Power has. Additionally, Clear Blue operates and manages every system it sells, ensuring that our brand promise is delivered in actuality.

Clear Blue Technologies is a company that is focused on bringing Smart Power to mission-critical infrastructure. The world's infrastructure is primarily powered by environmentally damaging sources such as oil, diesel generators or costly grid power. This is a substantial sustainability problem that can be solved by completely shifting to off-grid or hybrid power to bring about a more sustainable world. However, as of now, the majority of the world's solar infrastructure development comes in the form of solar micro-grids. These micro-grids generate solar power which is then channeled into various applications through the distribution and transmission network, which we all call the grid. However, Clear Blue's technology is designed to be grid independent, or 'wireless.' Its products serve smaller power applications right at the point of use and thereby eliminate the 60% of energy costs that global power transmission and distribution networks are responsible for.

Clear Blue calls its products Micro, Nano and Pico. Our Nano and Pico solutions supply affordable, highly reliable solar off-grid and hybrid power to the world's mission-critical infrastructure.



Mission-critical infrastructure includes telecom towers, satellite WIFI hubs, smart city infrastructure including virtually any IoT device, solar streetlights, and security cameras. So, how does Clear Blue's technology solve a sustainability problem? Through the use of solar off-grid power, we create value from a sustainability perspective in three primary ways.

Eliminating Diesel Generators

Firstly, by using off-grid power in any application, Clear Blue inevitably replaces another source of power. In the telecom industry, which is Clear Blue's largest market, the traditional power source is diesel generators. Relying on diesel is significant because a single BTS cell tower in Africa will consume approximately 18,000 litres of fuel per year.

With so much of the world's telecom infrastructure relying on diesel generators or hybrid diesel power, this is actually one of the most glaring energy concerns in the world today. The first sustainability benefit that Clear Blue provides is that it replaces the use of diesel or gas-powered generators in the telecom industry.

Typically, the alternative to diesel generators sourced sites is a small step forward to hybrid solar systems which pair solar with either the grid or with diesel generator backup. Solar only systems rely on a limited energy source. When there isn't enough solar energy, there is no back up alternative.

This is where Clear Blue has significant unique IP and technology.



Clear Blue does not stop at simply bringing solar off-grid power into the picture. Other solar technologies, however, are not able to deliver a 100% solar off-grid solution that is reliable at a cost that is economically viable and commercially scalable. Their lack of “Smart” technology forces them to offer an oversized system to ensure reliability. The resulting CAPEX is so much larger than Clear Blue’s that they are less competitive in a telecom market where cost and space constraints are a major factor. Clear Blue’s Smart technology allows the Company to deliver reliable, low-cost energy by drawing upon a fixed, and at times unreliable source of solar energy.

Clear Blue has established itself as a market leader and delivers its most significant value through Smart Power technology. Smart Power technology includes remote management capabilities, energy forecasting, and intelligent analytics, we deliver solar power that is highly reliable, at a cost that makes providing telecom connectivity economically viable in rural markets. 100% solar systems deliver reliable power without hybrid backup, thereby eliminating both the cost and environmental footprint of operating telecom infrastructure on diesel generators.

Reducing The Need for Transmission and Distribution Infrastructure

Clear Blue’s Smart Off-Grid solution also delivers value from a sustainability perspective by reducing the need for transmission and distribution infrastructure. Most renewable projects are still connected to the grid, and the grid continues to have a high carbon footprint. In fact, 7-20% of all energy generation is lost through transmission. However, by going completely wireless and off-grid, Clear Blue eliminates the need for transmission and distribution infrastructure, and thus offers significant energy and cost savings.

Moreover, infrastructure creates GHG emissions through several channels. The materials used in construction, energy used in construction, land clearing emissions, and sulfur hexafluoride fugitive emissions all raise the environmental impact of the grid. According to the World Bank, non-generation emissions are on the order of 25kg CO₂/MWh of power. Ultimately, not only does Clear Blue deliver the benefits of off-grid energy generation, but major sustainability value by eliminating the dirty effects of transmission and distribution infrastructure.

A Clean Energy Company with Huge Impacts on Sustainability Goals

Finally, Clear Blue significantly contributes to the achievement of the UN's sustainable development goals. Clear Blue's main application is telecom infrastructure, and today, there are approximately 3.8 billion people in the world who do not have adequate internet connectivity. The majority of these people live in remote, rural areas, and bringing connectivity to these communities through Smart Off-Grid will help achieve these goals. Here is how Clear Blue's Smart Off-Grid technology furthers the SDG agenda:

Goal	Description	Goal	Description
No Poverty	Connectivity will help alleviate poverty by providing access to education, jobs, financial services and other resources.	Reduced Inequality	Connectivity will give millions of people new opportunities, better education and healthcare and reduce overall inequality.
Zero Hunger	The addition of connectivity to the agriculture industry will drastically improve agricultural productivity, serving to end food insecurity and world hunger.	Sustainable Cities and Communities	Connectivity is vital to making our cities smart, and managing them in a sustainable way.
Good Health and Well-Being	Connectivity for all will help bring basic healthcare coverage via eHealth to the millions of people who lack it, working to promote good global health.	Responsible Consumption and Production	Smart Off-Grid will significantly contribute to responsible, sustainable production practices such as in the agriculture and telecom industries.
Quality Education	Connectivity can drastically improve both the accessibility and quality of education to ensure basic education for all.	Climate Action	Connectivity is becoming increasingly important in the fight against climate change as it helps mitigate the effects of disasters.
Gender Equality	Increasing women's access to the internet will help reduce gender inequality.	Life Below Water	Shifting to renewable energy will help preserve our oceans and marine life.
Clean Water and Sanitation	Connectivity for IoT devices will enable the provision of clean drinking water around the world.	Life on Land	Smart Off-Grid power reduces GHG emissions, serving to protect our natural environments and biodiversity.
Affordable and Clean Energy	Smart Off-Grid power will be essential for providing reliable, clean energy for critical infrastructure around the world.	Peace, Justice, and Strong Institutions	Connectivity helps strengthen international cooperation, government institutions, civil society, and peacebuilding efforts. In rural Africa, it also helps to fight terrorist organizations such as Boko Haram.
Decent Work and Economic Growth	Access to the internet unlocks a range of economic growth opportunities, including employment opportunities with better wages.	Partnerships for the Goals	Connectivity brings the global community to the local community and thereby helps facilitate a global collaborative effort toward the achievement of these goals.
Industry, Innovation, and Infrastructure	Bringing people online will encourage innovation and entrepreneurship around the world as well as fair trade.		

Batteries – The Dirty Part of Off-Grid Energy

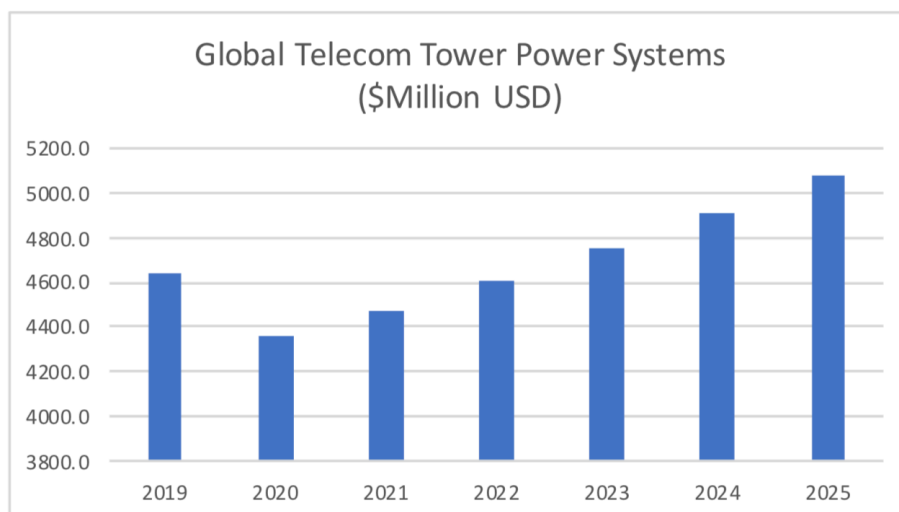
Despite the sustainability benefits of solar energy, energy storage and the chemicals within them do have an environmental cost. Clear Blue's technology has been proven to reduce the size of energy storage needed by 40% (see Facebook study). However, there is an additional significant benefit to be achieved from recycling of batteries.

Just because a battery has lost the capacity to sufficiently power an application doesn't mean it's dead. As an example, when it comes to lithium-ion batteries, the industry standard is that when the battery has lost 20% of its original capacity, it is deemed end of life. We believe there is going to be a huge influx of batteries in the market. 'Dead' batteries will probably be recycled for stationary applications such as the ones we are supporting. By using recycled batteries for our power systems, Clear Blue can help minimize the environmental impact of batteries. Clear Blue's Smart Off-Grid predictive energy capabilities will be unique in their ability to leverage these assets and still provide a reliable energy service to support the application.

The Company has previously highlighted that there are 3.8 billion people 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 is forecasted to grow from US\$3.9 billion in 2022 to US\$5.4 billion by 2027, at a 7.1% CAGR from 2022 to 2027 (Researchandmarkets.com).









Source: Mordor Intelligence Market Research 2022

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 is forecasted to grow at 3-4% per year for the next five years, according to industry data. (Market Research Future: Global Telecom Tower Power System Market Research Report: Forecast to 2023)

The satellite Wi-Fi market is also growing substantially. Providing satellite internet connectivity for all, including the most remote and isolated communities, is an enormous market opportunity. The 'small satellite' market is expected to expand to \$7.1 billion by 2025, at a CAGR of 20.5% from 2020-2025 (Research and Markets). The market growth results from increased demand for broadband internet throughout the world. The positive driving factors for this market include the global need for connectivity for all and the potential economic changes this can bring. Social media giants like Meta are even driving research and collaborations to get more people online and connected to social media services. Governments and other groups are developing opportunities and funding for this market to help drive connectivity and enhance the economic potential of communities and regions. Negative factors include the need for highly low-cost power solutions, low service fees and the challenges of servicing remote and rural areas.

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 6,002,784 pounds of carbon offsets through the Smart Power 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 Power 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 Power system includes a solar or solar-hybrid controller, a built-in communications network, and Illumience. Clear Blue's Smart Power 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 Power 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 2SLGBTQ+ 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 2SLGBTQ+ community.

Community Engagement

Clear Blue has four offices in Canada, the United States of America, Kenya and Nigeria. Clear Blue systems are operational in 45 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 separate 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.

Subsequent events

The Company has evaluated subsequent events through May 28, 2025, which is the date the condensed interim consolidated financial statements were issued and determined the following significant events to report.

The Company will complete a consolidation of issued and outstanding common shares on the basis of one (1) post-consolidation share for every six (6) pre-consolidation shares, effective April 11, 2025 (the “Effective Date”).

Key highlights of the consolidation include:

- The number of outstanding shares will be reduced from 463,278,450 to 77,213,075.
- Post-consolidation shares will commence trading on the TSX Venture Exchange on April 11, 2025 under the same ticker symbol, “CBLU”, with a new CUSIP number: 18453C404.
- The Company’s shares also continue to trade on the Frankfurt Stock Exchange under the symbol “OYA”.
- No fractional Common Shares have been issued in connection with the Consolidation.
- The exercise or conversion price and the number of Common Shares issuable under any of the Company’s outstanding convertible securities has been proportionately adjusted in connection with the Consolidation.

Risks and Uncertainties

Our results of operations could be adversely affected by economic and political conditions globally and the effects of these conditions on our customers' businesses and levels of business activity.

Economic and political events in the past 20 months have altered the landscape in which companies operate in a variety of ways. Although the interest rates have started to decrease, the historically higher interest rates have resulted in an increase in the cost of borrowing for us, our customers, our suppliers, and other companies relying on debt financing, and it will take time for the decrease in interest rates to take effect.

World events, such as the Russian invasion of Ukraine and the resulting economic sanctions, have impacted the global economy, including by exacerbating inflationary and other pressures. In addition, the threat of a wider war in the Middle East after the Hamas terrorist attacks on Israel could affect oil prices and have other effects on the global economy. Both crises have potentially far-reaching impacts on energy and food markets and global trade.

An escalating war in the Middle East, prolonged inflationary conditions, high and/or increased interest rates, additional sanctions or retaliatory measures related to the Russia-Ukraine crisis, or other situations, could further negatively affect international. At this time, the extent and duration of these economic and political events and their effects on the economy and the Company are impossible to predict, but the impact on the Company's business could be material.

Liquidity risk

As of March 31, 2025, the Company had working capital surplus of \$1,684,904. The Company plans to convert its significant inventory into cash receivables, realize its assets, increase revenues and gross profit margins, and drawdown on the interest free loan from FedDev Ontario as well as additional grant advances from NRC Novated Project Funding Agreement (formerly SDTC). 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 \$10,207 as at March 31, 2025.

(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

The interim condensed 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 condensed interim consolidated financial statements (the "Financial Statements") have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

During the quarter ended March 31, 2025, the Company incurred a net loss in the amount of \$19,561 (March 31, 2024 - \$1,168,808) and generated positive cash flows from operations of \$198,615 (March 31, 2024 - \$337,840). At March 31, 2025, the Company had working capital of \$1,684,904 (year ended December 31, 2024 – \$928,283) including cash of \$128,971 (year ended December 31, 2024 - \$339,905).

Historically, the Company has successfully funded its operations through private placements and government grants, which continue to play a central role in its financial planning and cash flow management. A significant grant of \$1,322,539 — originally expected in early 2025 — is now pending executive-level approval, with disbursement anticipated in June 2025. Although the associated milestone claim has been submitted, the delay in funding temporarily constrained the Company's ability to raise additional financing, leading to short-term cash flow challenges in late 2024. In response, the Company completed a financial restructuring that included debt renegotiation, the conversion of debt and convertible debentures to equity, and other liquidity-enhancing measures. The restructuring has since been completed, and together with the expected grant funding, the Company is now better positioned to support its operations and pursue its strategic objectives.

During the year ended December 31, 2022, the Company received an approval for a grant from National Research Council of Canada (NRC IRAP Green Fund), formerly known as Sustainable Development Technology Canada ("SDTC") amounting to \$5,000,000, which is based on the completion of the project milestones. As at March 31, 2025, the Company had received \$3,177,461 (December 31, 2024 - \$3,177,461) on milestones completed. Additionally, the Company completed substantial work on upcoming milestone and therefore, accrued an amount of \$1,322,539 accordingly.

During the year ended December 31, 2022, the Company received an approval for a grant of \$750,000 from National Research Council of Canada Industrial Research Assistance Program (NRC IRAP). On March 22, 2024, the Company got approved for an additional IRAP grant of \$125,000 as an amendment to the original funding agreement. As at March 31, 2025, the Company had fully received \$875,000 (December 31, 2024 - \$875,000) in connect with grant.

During the year ended December 31, 2024, the Company received \$239,177 as Ontario Innovation tax credits pertaining to fiscal year 2024. Additionally, the Company performed substantial work on upcoming research and development project and therefore, accrued an amount of \$280,000 accordingly.

The Company's ability to continue as a going concern is dependent upon its ability to achieve and maintain profitable operations and its ability to obtain future funds either in the form of additional equity, debt, research and development grants, and or large sales orders. The outcome of these matters cannot be predicted at this time. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

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 December 31, 2024, the Company had negative cash flow. 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 its 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 dissatisfied 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, OTCQB, or Frankfurt Stock Exchanges. 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 including Trade Tariffs

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.sedarplus.ca.