



# **Clear Blue Technologies International Inc. Condensed Interim Consolidated Financial Statements (Unaudited)**

**For the three and nine months ended September 30, 2025 and 2024**

**(Expressed in Canadian dollars)**

**Clear Blue Technologies International Inc.**  
**Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended September 30, 2025, and 2024**

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## **MANAGEMENT'S RESPONSIBILITY STATEMENT**

The management of Clear Blue Technologies International Inc. (the "Company") is responsible for preparing the unaudited condensed interim consolidated financial statements, the notes to the unaudited condensed interim consolidated financial statements and other financial information contained in these unaudited condensed interim consolidated financial statements (the "condensed interim consolidated financial statements").

Management prepares the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). The condensed interim consolidated financial statements are considered by management to present fairly the Company's financial position and results of operations.

The management, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the condensed interim consolidated financial statements.

Miriam Tuerk  
President and Director  
November 26, 2025

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

# Clear Blue Technologies International Inc.

## Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2025

(Expressed in Canadian Dollars)

	Note	September 30, 2025	December 31, 2024
<b>Assets</b>			
Current assets			
Cash		\$ 125,535	\$ 339,905
Accounts receivable and other receivables	5	1,377,519	1,596,730
Research and development tax credits receivable	6	372,216	240,000
Inventory	7	2,752,281	3,086,648
Prepaid expenses and deposits		188,844	236,880
Current portion of deferred costs	7	172,574	139,644
Total current assets		4,988,969	5,639,807
Non-current assets			
Deferred costs	7	178,404	73,191
Property and equipment	8	330,493	105,212
Intangible assets	9	452,565	—
Total assets		5,950,431	5,818,210
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	17	2,132,210	2,241,334
Customer deposits and advanced billing	10	697,114	685,295
Short-term loans	11	—	750,000
Current portion of deferred revenue	10	508,043	414,938
Current portion of lease liability	8	80,199	64,132
Current portion of long-term debt	12	520,405	555,825
Total current liabilities		3,937,971	4,711,524
Non-current liabilities			
Deferred revenue	10	452,251	270,810
Lease liability	8	198,250	—
Customer deposits and advanced billing		249,331	—
Royalty funding	14	316,114	—
Convertible debentures	13	—	—
Long-term debt	12	5,488,503	5,319,672
Due to Shareholder - non current		678,301	—
Total liabilities		11,320,721	10,302,006
<b>Shareholders' Deficiency</b>			
Share capital	15	31,351,120	31,246,323
Reserves	16	12,517,873	12,334,829
Equity portion of convertible debentures	13	—	—
Accumulated deficit		(49,239,283)	(48,064,948)
Total shareholders' deficiency		(5,370,290)	(4,483,796)
Total liabilities and shareholders' deficiency		\$ 5,950,431	\$ 5,818,210

Nature of operations and going concern (Note 1)

Commitments (Note 21)

Subsequent events (Note 25)

On behalf of the Board:

**"Miriam Tuerk"**

President and Director

**"Greg Ross"**

Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# Clear Blue Technologies International Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
For the three and nine months ended September 30, 2025 and 2024  
(Expressed in Canadian Dollars)

		Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
	Note				
Revenue		\$ 953,972	\$ 369,297	\$ 3,139,229	\$ 2,192,540
Cost of sales	7	601,398	199,974	1,741,230	1,439,314
Gross profit		352,574	169,323	1,397,999	753,226
Operating expenses					
Salaries, wages and benefits	17	332,490	397,203	1,087,062	1,318,644
Research and development	6,9	(84,817)	48,509	—	48,945
General and administrative		231,523	297,000	768,343	898,452
Share-based compensation	16,17	114,989	52,712	120,933	160,410
Travel		35,934	61,029	81,348	98,958
Business development and marketing		62,975	134,323	256,562	171,052
Rent		38,145	28,218	105,177	104,065
Professional fees		105,580	112,916	312,219	341,634
Amortization of intangible assets	9	—	180,570	—	541,711
Depreciation of property and equipment	8	24,796	23,821	77,778	96,140
Total operating expenses		861,614	1,336,301	2,809,421	3,780,011
Loss before other (expenses) income		(509,040)	(1,166,978)	(1,411,422)	(3,026,785)
Write down of inventory	7	(1,232)	—	(1,232)	—
Interest expense - general		(34,476)	—	(34,476)	—
Interest income, net	5	1,008	4,537	1,008	116,933
Interest and accretion on convertible debenture	13	—	(242,536)	—	(607,811)
Interest on short-term loan and other charges	11	14,031	(74,658)	(5,414)	(244,430)
Interest on lease liability	8	(2,455)	(2,707)	(4,523)	(10,226)
Interest and accretion on long-term debt	12	(280,239)	(212,073)	(734,779)	(624,457)
Interest on royalty funding	14	(15,258)	(2,691)	(15,258)	(25,004)
Foreign exchange gain (loss)		36,997	91,537	268,015	(27,200)
Loss on disposal of asset		—	(11)	—	(674)
Other income		1,227	35,760	1,770	40,222
Gain on debt modification and settlement (net)		—	(74,641)	761,976	(74,641)
Government grant		—	1,217	—	291,857
Net loss before taxes		(789,437)	(1,643,244)	(1,174,335)	(4,192,216)
Deferred tax recovery		—	66,418	—	153,314
Net loss and comprehensive loss		\$ (789,437)	\$ (1,576,826)	\$ (1,174,335)	\$ (4,038,902)
Loss per share	18	(0.010)	(0.006)	(0.0151)	(0.195)
Weighted average number of shares outstanding Basic and Diluted *		77,800,682	20,747,545	77,800,682	20,747,545

\* The weighted average number of shares have been adjusted retroactively as explained in the Share Capital Note 15.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# Clear Blue Technologies International Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency  
For the nine months ended September 30, 2025 and 2024  
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Reserves	Equity portion of convertible debenture	Accumulated defecit	Total shareholders' deficiency
<b>Balance at December 31, 2024</b>	<b>77,213,075</b>	<b>\$ 31,246,323</b>	<b>\$ 12,334,829</b>	<b>\$ —</b>	<b>\$ (48,064,948)</b>	<b>\$ (4,483,796)</b>
Shares issued against debt	1,388,889	250,000	—	—	—	250,000
Share issuance costs - non cash	—	(83,093)	—	—	—	(83,093)
Warrants issued against debt	—	(62,110)	62,110	—	—	—
Share-based compensation	—	—	120,934	—	—	120,934
Net loss and comprehensive loss	—	—	—	—	(1,174,335)	(1,174,335)
<b>Balance at September 30, 2025</b>	<b>78,601,964</b>	<b>\$ 31,351,120</b>	<b>\$ 12,517,873</b>	<b>\$ —</b>	<b>\$ (49,239,283)</b>	<b>\$ (5,370,290)</b>

  

	Number of common shares	Share capital	Reserves	Equity portion of convertible debenture	Accumulated defecit	Total shareholders' deficiency
<b>Balance at December 31, 2023</b>	<b>20,670,206</b>	<b>\$ 24,371,608</b>	<b>\$ 7,401,161</b>	<b>\$ 918,611</b>	<b>\$ (37,227,121)</b>	<b>\$ (4,535,741)</b>
Warrants issued	—	(11,806)	11,806	—	—	—
Advances from shareholder	—	30,300	—	—	—	30,300
Maturity of restricted share units	78,657	53,992	(53,992)	—	—	—
Reserve transferred on expired options	—	—	(55,426)	—	55,426	—
Issuance of convertible debentures	—	—	—	241,015	—	241,015
Share-based compensation	—	—	160,410	—	—	160,410
Net loss and comprehensive loss	—	—	—	—	(4,038,902)	(4,038,902)
<b>Balance at September 30, 2024</b>	<b>20,748,863</b>	<b>\$ 24,444,094</b>	<b>\$ 7,463,959</b>	<b>\$ 1,159,626</b>	<b>\$ (41,210,597)</b>	<b>\$ (8,142,918)</b>

\* The outstanding shares have been adjusted retroactively as explained in the Share Capital Note 15.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# Clear Blue Technologies International Inc.

## Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

	Nine months ended September 30, 2025	Nine months ended September 30, 2024
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (1,174,335)	\$ (4,038,902)
Depreciation of property and equipment	77,778	96,140
Amortization of intangible assets	—	541,711
Share-based compensation	120,933	160,410
Foreign exchange gain (loss)	(268,015)	27,200
Government grant	—	(291,857)
Interest expense - general	34,476	—
Interest income	(1,008)	(116,933)
Interest on short term debt	5,414	207,638
Interest on short-term debt (others)	—	36,792
Interest on long-term debt	734,779	624,457
Interest on royalty funding	15,258	25,004
Interest on convertible debenture	—	393,802
Accretion of lease liability	4,523	10,226
Accretion of convertible debenture	—	214,009
Write down of inventory	1,232	—
Deferred income tax expense	—	(153,314)
Gain on debt modification and settlement (net)	(761,976)	74,641
Loss (gain) on disposal of asset	—	(674)
Other income	(1,770)	—
	(1,212,711)	(2,189,650)
<b>Changes in non-cash working capital:</b>		
Accounts receivables and other receivables	(368,781)	1,465,494
Research and development tax credits receivable	(132,216)	—
Inventory	334,905	(373,039)
Prepaid expenses and deposits	48,036	(190,402)
Accounts payable and accrued liabilities	(161,175)	377,093
Customer deposits and advanced billing	11,819	475,309
Deferred cost	(138,143)	—
Deferred revenue	274,546	(119,038)
	(1,343,720)	(554,233)
Interest paid	(198,990)	(199,353)
<b>Cash used in operating activities</b>	<b>(1,542,710)</b>	<b>(753,586)</b>



# Clear Blue Technologies International Inc.

Condensed Interim Consolidated Statements of Cash Flows – (cont'd..)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

	Nine months ended September 30, 2025	Nine months ended September 30, 2024
<b>Financing activities</b>		
Advances from shareholders	678,301	201,751
Customer deposits and advanced billing	249,330	—
Proceeds from long-term loans	—	851,976
Repayment of long-term loans	(1,000)	(313,286)
Proceeds from issuance of convertible debentures	—	468,000
Addition to lease liability	294,656	—
Repayment of lease liability	(84,862)	(88,067)
Cash provided by financing activities	1,136,425	1,120,374
<b>Investing activities</b>		
Additions to intangible assets	(827,565)	(2,322,289)
Addition to property and equipment	(303,934)	(1,870)
Proceed from sale of disposal of assets	875	—
Proceed from SDTC grant	1,322,539	1,514,518
Proceeds from IRAP	—	128,071
Cash provided / (used) by investing activities	191,915	(681,570)
<b>Net decrease in cash during the period</b>	(214,370)	(314,782)
Cash , beginning of the period	339,905	534,451
Cash , end of the period	\$ 125,535	\$ 219,669

Refer to Note 24 for supplement cash flow information.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

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## 1. Nature of Operations and Going Concern

Clear Blue Technologies International Inc. (the “Company” or “CBLU”) was incorporated on November 11, 2014 under the laws of British Columbia, Canada. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) under the ticker symbol “CBLU”.

The Company is in the business of developing and selling “Smart Off-Grid” & “Hybrid Smart” power solutions and management services to power, control, monitor, manage, and proactively service solar and hybrid-powered systems such as street lights, security systems, telecommunications systems, emergency power, and Internet of Things (“IoT”) devices.

The Company’s head office is located at 30 Lesmill Road, Unit #7, Toronto, Ontario, Canada, M3B 2T6.

During the nine months ended September 30, 2025, the Company incurred a net loss in the amount of \$1,174,335 (2024 - \$4,038,902) and generated negative cash flows from operations of \$1,542,710 (2024 - \$(753,586)). At September 30, 2025, the Company had working capital surplus of \$1,050,998 (2024 – \$928,283) including cash of \$125,535 (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. 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 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 (Note 10) which is based on the completion of the project milestones. As at September 30, 2025, the Company had received \$4,500,000 (December 31, 2024 - \$3,177,461) on milestones completed. Additionally, the Company completed substantial work on upcoming milestone and therefore, accrued an amount of \$375,000 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 \$372,216 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.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

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## 1. Nature of Operations and Going Concern (cont'd...)

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

## 2. Basis of Presentation

For comparative purposes, the Company has reclassified certain immaterial items to conform with the current year's presentation.

### Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with international Accounting Standard 34 Interim Financial Reporting ("IAS 34"). The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2024 and 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

These condensed interim consolidated financial statements were approved for issuance by the Company's Audit Committee and Board of Directors on November 26, 2025.

### Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value as described in the material accounting policies. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

### Functional and presentation currency

The Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of the Company and certain subsidiaries.

### Basis of consolidation

The condensed interim consolidated financial statements consolidate the parent company, Clear Blue Technologies International Inc., and its subsidiaries, Clear Blue Technologies Inc., Clear Blue Technologies Kenya Ltd., Clear Blue Technologies US Corp. Clear Blue Technologies Sweden AB and CBT Power solutions Limited, as of the date that control was obtained over those subsidiaries. Control is achieved where the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain the benefits from its operations.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between the companies. Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Net Loss and comprehensive loss of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

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## 3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

### a. Business combinations

The Company applies the acquisition method in accounting for business combinations by allocating the purchase price to the fair value of the assets acquired at the acquisition date, with any difference recognized as goodwill.

Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. In determining the allocation of the purchase price in a business combination, estimates including market based and appraisal values are used.

The Company measures all assets acquired and liabilities assumed at their acquisition date fair values. Acquisition related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess of the aggregate of the consideration transferred to obtain control over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

### b. Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those CGUs.

Where goodwill has been allocated to a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

### c. Foreign currency translation

Transactions in foreign currencies are translated into the functional currency at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are transacted. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognized in operating income.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

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## 3. Material Accounting Policies (cont'd...)

### c. Foreign currency translation (cont'd...)

The assets and liabilities of foreign operations that have a functional currency different from that of the Company are translated into the functional currency at the foreign currency exchange rate in effect at the balance sheet date. Revenues and expenses of foreign operations are translated into Canadian dollars at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are transacted. The resulting foreign currency exchange gains or losses are recognized in the foreign currency translation adjustment as part of other comprehensive income. When such foreign operation is disposed of, the related foreign currency translation reserve is recognized in net earnings as part of the gain or loss on disposal.

## Changes in Accounting Standards

### New and Amended Accounting Pronouncements

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2025. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### *IAS 21 Amendments – Lack of Exchangeability*

In August 2023, the IASB issued amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company is assessing the potential impact of these amendments. The Company assessed the impact of the amendment and determined there to be no material impact on the condensed interim consolidated financial statements.

#### *Canadian Sustainability Reporting Standards (CSDS 1 and CSDS 2)*

In December 2024, the Canadian Sustainability Standards Board (“CSSB”), released the final versions of the Canadian Sustainability Reporting Standards, CSDS 1 and CSDS 2 (collectively, the “Canadian Standards”). Currently the adoption of the Canadian Standards remains voluntary. These standards closely align with the ISSB’s international sustainability standards IFRS S1 and IFRS S2, but include certain differences and are applicable from January 1, 2025. Currently the adoption of the Canadian Standards remains voluntary, while the Canadian Securities Administrators are currently evaluating how and to what extent they will be incorporated into future reporting requirements. The Company assessed the impact of the amendment and determined there to be no material impact on the condensed interim consolidated financial statements.

## Standards, Amendments and Interpretations Issued but not yet Adopted

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2025, and, accordingly, have not been applied in preparing these condensed interim consolidated financial statements.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

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## 3. Material Accounting Policies (cont'd...)

### Changes in Accounting Standards (cont'd...)

#### Standards, Amendments and Interpretations Issued but not yet Adopted (cont'd...)

##### *Classification and Measurement of Financial Instruments*

In May 2024, the IASB issued amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance (ESG)-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at FVOCI and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

##### *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued the new standard IFRS 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures (MPMs) in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

##### *Subsidiaries without Public Accountability: Disclosures*

In May 2024, the IASB issued IFRS 19 – Subsidiaries without Public Accountability: Disclosures. The new standard allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements. The Company is assessing the impact to its subsidiaries.

##### *Annual Improvements*

In July 2024, the IASB issued IFRS Accounting Standards Annual Improvements – Volume 11, which clarifies wording, correcting minor consequences, oversights, or conflicts among requirements in the Standards. The amendments affect IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 7 – Financial Instruments: Disclosures, IFRS 9 - Financial Instruments, IFRS 10 - Consolidated Financial Statements, and IAS 7 - Statement of Cash Flows. These amendments will be effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

##### *Contracts Referencing Nature-dependent Electricity*

In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature dependent Electricity. The amendments apply only to nature-dependent electricity contracts, which are those that generate variable levels based on uncontrollable factors such as weather conditions. These amendments will be effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

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## 4. Material Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the periods and the disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements. Actual results could differ from these estimates.

### Judgments

The judgments that management has applied in the application of accounting policies and related estimates that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are discussed below.

#### (i) Determination of functional currency

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currencies of the Company and its subsidiaries is the Canadian dollar as this is the currency of the primary economic environment in which the Company operates.

#### (ii) Business Combination

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

#### (iii) Segment disclosures

The Company's operations comprise a single reporting operating segment engaged in the provision of off-grid power solutions and related services. As the operations comprise a single reporting segment, amounts disclosed in the condensed interim consolidated financial statements also represent segment amounts. All of the Company's operations and assets are located in Canada.

### Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### (i) Estimated useful lives and depreciation of property and equipment

Depreciation of property and equipment is dependent upon estimates of useful lives, residual values and patterns in which the assets' future economic benefits are expected to be consumed, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

Intangible assets acquired from the acquisition are recorded at cost less accumulated amortization. The annual amortization rates for straight line basis are as follows:

- Intellectual property: 5 years.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

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## 4. Material Accounting Judgments, Estimates and Assumptions (cont'd...)

### Estimates (cont'd...)

#### (ii) Impairment of non-financial assets

Non-financial assets are reviewed for an indication of impairment at each consolidated statement of financial position date upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable, which requires significant judgement.

An impairment loss is recognized for the amount by which an asset's or CGU's carrying amount exceeds its recoverable amount, which is the higher of fair value less cost of disposal and value in use.

An intangible asset and related equipment that are not yet available for their intended use are tested for impairment at least annually, which also requires significant judgement. To determine the recoverable amount (value in use or fair value less cost to dispose of these assets), management estimates expected future cash flows from the asset or CGU and determines a suitable interest rate in order to calculate the present value of those cash flows using a discounted cash flow model. In the process of measuring expected future cash flows for intangible and tangible assets not yet available for their intended use, management makes assumptions about future operating results using the estimated forecasted prices obtained from various market sources. These key assumptions relate to future events and circumstances. The actual results will vary and may cause adjustments to the Company's assets in future periods. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and to asset-specific risk factors.

By their nature, assets not yet available for intended use have a higher estimation uncertainty, as they depend on future market development and the Company's ability to commercialize and manufacture new products to realize forecasted earnings. For example, new manufacturing processes may not be scalable to industrial level within expected timeframe and new products might not receive sufficient market penetration. Management believes that the following assumptions are the most susceptible to change and impact the valuation of these assets in time: a) expected growth of the market for different renewable energy products (demand), b) selling prices which have an impact on revenues and margins (pricing), c) the discount rate associated with new processes and products.

#### (iii) Share-based compensation

The Company uses estimates, including but not limited to, the fair value of the Company, estimates of forfeitures, share price volatility at the time of issuance, the risk-free interest rates and expected lives of the options and warrants granted in the calculation of the Share-based compensation and issuance related costs, respectively.

#### (iv) Deferred income taxes

The calculation of deferred income taxes is based on assumptions that are subject to uncertainty as to timing and which tax rates are expected to apply when temporary differences reverse as well as assumptions as to the extent and likelihood that the Company will be able to utilize its non-capital losses.

#### (v) Recoverability of accounts receivable

Accounts receivable are amounts due from customers for products and services delivered in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.



# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

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## 4. Material Accounting Judgments, Estimates and Assumptions (cont'd...)

### Estimates (cont'd...)

#### (v) Recoverability of accounts receivable (cont'd...)

Accounts receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less a provision for expected credit loss ("ECL"). Provisions for expected credit losses are established using an ECL model. The provisions are based on a forward-looking ECL, which includes possible default events on the accounts receivable over the entire holding period of the accounts receivable, considering the occurrence of a significant increase in credit risk. Significant financial difficulties of a customer, such as the probability of bankruptcy, financial reorganization, default or delinquency in payments are considered indicators that recovery of the account's receivable is doubtful. These provisions represent the difference between the accounts receivable's carrying amount in the consolidated statements of financial position and the estimated net collectible amount.

Charges for ECLs are recorded as bad debt expense (recovery) in the condensed interim consolidated statements of loss and comprehensive loss. As at September 30, 2025, management has determined that ECL was \$Nil (2024 - \$4,987).

#### (vi) Recoverability of inventory

Determining whether the carrying value of inventory is recoverable requires management to exercise judgment in estimating the ability to sell the inventory on-hand for amounts in excess of its carrying value.

#### (vii) Royalty funding

The Company's royalty funding agreement has been accounted for as a financial liability and measured at fair value at initial recognition. The Company made this determination after reviewing the substance of the agreement and determining that the cash received at the inception of the arrangement did not represent advance payments for any future sales. The Company has valued the royalty agreement at fair value when it became party to the arrangement.

#### (viii) Changes in Accounting Standards

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current - In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

What is meant by a right to defer settlement

- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2025  
(Expressed in Canadian dollars)

## 4. Material Accounting Judgments, Estimates and Assumptions (cont'd...)

### Estimates (cont'd...)

#### (ix) Changes in Accounting Standards (cont'd...)

The amendments are effective for annual reporting periods beginning on or after January 1, 2025 and must be applied retrospectively. The Company assessed the impact of the amendment and determined there to be no material impact on the consolidated financial statements.

## 5. Accounts Receivable and Other Receivables

### Accounts Receivable and Other Receivables

	September 30, 2025	December 31, 2024
Accounts receivable, net (i) and (ii)	\$ 901,429	\$ 447,994
Harmonized sales taxes and Value added tax receivable	101,090	38,946
SDTC receivable (iii)	375,000	1,041,904
Miscellaneous tax refund receivable / (payable)	—	67,886
Total	\$ 1,377,519	\$ 1,596,730

(i) On January 22, 2020, a loan agreement was executed to allow a customer to settle the receivable amounting to US\$309,910 in 60 equal consecutive monthly installments of US\$6,181 beginning on April 1, 2020. The loan receivable has an interest rate is 7.3% per annum and matures on September 30, 2025. As at September 30, 2025, the carrying value of the loan receivable amounts to \$Nil. During the three and nine months ended September 30, 2025, the Company earned interest of \$Nil (US \$Nil) (2024 - \$4,166 (US \$3,080)) and \$Nil (US \$Nil) (2024: \$8,519 (US \$6,293)) respectively.

(ii) On December 5, 2023, a loan agreement was executed to allow a customer to settle the receivable amounting to US\$394,7841 as per following schedule beginning on December 18, 2023:

- Month 1-3, a payment of US\$6,500 each,
- Month 4-6, a payment of US\$10,000 each, and
- Month 7-24, a payment of US\$19,222.69 each

The loan receivable has an interest rate is 11% per annum and matures on November 1, 2025. As at September 30, 2025, the carrying value of the loan receivable amounts to \$320,278 of which \$Nil relates to long-term portion. During the three and nine months ended September 30, 2025, the Company earned interest of \$8,648 (2024 - \$ 11,561) and \$26,453 (2024 - \$ 37,842) respectively.

(iii) During the year ended December 31, 2023, the Company received an approval for a grant from NRC IRAP Green Fund amounting to \$5,000,000 (Note 9) which is based on the completion of the project milestones. As at September 30, 2025, the Company had received \$4,500,000 (2024 - \$3,177,460) on milestones completed. Additionally, the Company completed substantial work on upcoming milestone and therefore, accrued an amount of \$375,000 accordingly.

During the three and nine months ended September 30, 2025, the Company recorded bad debts expense of \$Nil (2024 - bad debt expense of \$Nil).

## 6. Research and Development Tax Credits Receivable

The Company's research and development tax credits receivable balance is comprised of the following:

	September 30, 2025	December 31, 2024
Ontario Innovation tax credits	\$ 372,216	\$ 240,000
Total	\$ 372,216	\$ 240,000

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

## 7. Inventory

	September 30, 2025	December 31, 2024
Raw materials	\$ 1,456,553	\$ 1,568,026
Finished goods	1,295,728	1,518,622
Total	\$ 2,752,281	\$ 3,086,648

Inventory included in cost of sales amounted to \$522,724 (2024 - \$94,376) and \$1,359,859 (2024 - \$1,008,039) for three and nine months ended September 30, 2025, respectively.

The Company recognizes deferred costs which all relate to the Company's EAAS revenue stream. The costs will be recognized as services are being rendered.

## 8. Property and Equipment

	Computer and equipment	Furniture and fixtures	Leasehold improvements	Right-of-use Assets	Total
Balance as of December 31, 2023	\$ 203,140	\$ 18,714	\$ 64,916	\$ 294,991	\$ 581,761
Additions	769	—	1,090	—	1,859
Balance as of December 31, 2024	203,909	18,714	66,006	294,991	583,620
Additions	9,278	—	—	294,656	303,934
Disposals	—	—	(1,071)	—	(1,071)
Balance as of September 30, 2025	213,187	18,714	64,935	589,647	886,483
<b>Accumulated Depreciation</b>					
Balance as of December 31, 2023	157,193	9,637	54,756	129,911	351,497
Depreciation	25,172	884	1,366	99,489	126,911
Balance as of December 31, 2024	182,365	10,521	56,122	229,400	478,408
Depreciation	1,854	582	1,437	73,905	77,778
Disposals	—	—	(196)	—	(196)
Balance as of September 30, 2025	\$ 184,219	\$ 11,103	\$ 57,363	\$ 303,305	\$ 555,990
<b>Net book value as at:</b>					
December 31, 2024	\$ 21,544	\$ 8,193	\$ 9,884	\$ 65,591	\$ 105,212
September 30, 2025	\$ 28,968	\$ 7,611	\$ 7,572	\$ 286,342	\$ 330,493

### Lease Liability

A reconciliation of the carrying amount of the lease liability to September 30, 2025 is as follows:

Reconciliation of the carrying amount of the lease liability to September 30, 2025 is as follows:			
Balance as of December 31, 2023		\$	168,916
Lease payments			(117,059)
Lease interest			12,275
Balance as of December 31, 2024			64,132
			294,656
Lease payments			(84,862)
Lease interest			4,523
Balance as of September 30, 2025		\$	278,449
		September 30, 2025	December 31, 2024
Current portion of lease liability	\$	80,199	\$ 64,132
Long term portion of lease liability		198,250	—
Total	\$	278,449	\$ 64,132

Maturity analysis – contractual undiscounted cash flows:

2025	\$ 28,288
2026	\$ 113,150
2027	\$ 113,150
2028	\$ 75,413
Total undiscounted future lease payments	\$ 141,438

The Company did not have any short-term leases or leases of low-value assets included in the condensed interim consolidated statement of loss and comprehensive loss for the three and nine months ended September 30, 2025 and 2024.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2025  
(Expressed in Canadian dollars)

## 9. Intangible Assets

Below is a continuity of internally generated Smart Off-Grid Technology:

<b>Cost</b>	
Balance as of December 31, 2024	\$ 5,826,093
Additions	827,565
Government Grant	(375,000)
Balance as of September 30, 2025	6,278,658
<b>Accumulated Amortization and Impairment</b>	
Balance as of December 31, 2024	5,826,093
Amortization	—
Balance as of September 30, 2025	\$ 5,826,093
<b>Net book value as at:</b>	
December 31, 2024	—
September 30, 2025	\$ 452,565

## Impairment

Management evaluated indicators of potential impairment of intangible assets as of December 31, 2024. Based on this assessment and an impairment analysis performed by an independent valuation consultant, management concluded that indicators of impairment were present.

For the year ended December 31, 2024, management determined that the carrying amount of intangible assets exceeded their value in use ("VIU"). As a result, an impairment loss of \$4,324,196 was recognized in the consolidated statement of profit or loss for the year ended December 31, 2024.

## Adjustment of Government Grants

The Company received an approval of a government grant of \$5,000,000 from NRC IRAP Green Fund in 2022. During the period ended September 30, 2025, the Company had received \$4,500,000 (2024 - \$1,514,518) on milestones completed. Additionally, the Company completed substantial work on upcoming milestone and therefore, accrued an amount of \$375,000 accordingly.

The Company received an approval for a grant of \$750,000 from National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) in 2023. On March 22, 2024, the Company got approved for an additional IRAP grant of \$125,000 as an amendment to the original funding agreement. During the period ended September 30, 2025, the Company has received \$Nil (2024 - \$125,000) in connection with the grant.

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 \$372,216 accordingly.

The total government grants adjusted during the period ended September 30, 2025, are as follows:

Government grant	Intangibles	Research & Development	Total Grant
NRC IRAP Green Fund	\$ 375,000	\$ -	\$ 375,000
OITC	—	132,216	132,216
Total adjustment of government grants	\$ 375,000	\$ 132,216	\$ 507,216

As at September 30, 2025, intangible assets included \$452,565 (2024 - \$Nil) of intangibles assets not yet available for use.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2025  
(Expressed in Canadian dollars)

## 10. Customer Deposits and Advanced Billing and Deferred Revenue

### *Customer Deposits and Advanced Billing*

Customer deposits and advance billing of \$946,445 (December 31, 2024 - \$685,295), pertain to the sale of solar or hybrid streetlight systems and power pack solutions that were paid by customers and billed by the Company in advance.

### *Deferred Revenue and Government Grant*

Deferred revenue is comprised of ongoing energy management services paid in advance by customers and a grant received from the government:

	September 30, 2025	December 31, 2024
Deferred revenue	\$ 960,294	\$ 685,748
Less: Current portion	508,043	414,938
	\$ 452,251	\$ 270,810

The deferred revenue is amortized to the condensed interim consolidated statements of loss and comprehensive loss on a straight-line basis over the life of the related contract. The deferred government grant is amortized to the condensed interim consolidated statements of loss and comprehensive loss based on completion of milestones over the life of the grant.

As at September 30, 2025, expected revenue to be recognized over the term of the contracts are as follows:

2025	\$ 157,369
2026 and thereafter	802,925
Total	\$ 960,294

## 11. Short-term Loans

During the Quarter ended March 30, 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 (refer note 12).

The outstanding balance as of September 30, 2025, is \$Nil (2024 - \$750,000). The Company incurred interest expense related to its short-term loan of \$Nil (2024 - \$38,261) and \$5,414 (2024 - \$57,155) during the three and nine months ended September 30, 2025, respectively.

## 12. Long-term Debt

	September 30, 2025	December 31, 2024
(i) Federal Economic Development Agency of Southern Ontario - Investing in Business Innovation	\$ 66,550	\$ 70,727
(ii) Business Development of Canada	2,561,087	2,994,718
(iii) Federal Economic Development Agency of Southern Ontario - Jobs and Growth Fund	2,479,688	2,345,061
(vi) SOFI loan	518,530	456,938
(vii) Convertible debentures issued in November 2021	8,053	8,053
(viii) RE Royalties Ltd.	375,000	—
	6,008,908	5,875,497
Less:		
Current portion	520,405	555,825
	\$ 5,488,503	\$ 5,319,672

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

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## 12. Long-term Debt (cont'd...)

- (i) Federal Economic Development Agency of Southern Ontario non-interest-bearing loan, repayable in monthly installments beginning January 1, 2019 and maturing on December 1, 2023 was amended, as a result of the COVID-19 pandemic, on June 8, 2020 to: (i) extend the maturity date to December 1, 2024; (ii) defer monthly instalments from April 1, 2020 to September 1, 2020; (iii) reduce monthly instalments to \$2,000 from October 1, 2020 to December 31, 2020; and (iv) adjust the monthly installments to \$3,000, \$5,000, \$8,000 and \$14,000 for the years 2021 through 2024, respectively, with a final month payment of \$15,000. The face value of the loan is \$400,000. It was initially recorded on the consolidated statement of financial position at its fair market value of \$251,608 and is being accreted (through interest expense) back to its face value over the term of the loan with an effective interest rate of 9.54% per annum.

On December 20, 2024, the Company amended the terms of the loan as follows:

- Extending the maturity date from December 31, 2024 to December 31, 2027;
- Revising monthly principal installments of \$1,000 from January 01, 2025 to December 31, 2026;
- Revising monthly principal installments of \$5,000 from January 01, 2027 to November 30, 2027;
- Final payment revised to \$112,000 on March 15, 2031.

As the present value of the cash flows under the new debt instrument differed by more than 10% from the present value of the remaining cash flows under the terms of the original debt instrument, it was determined that the debt was substantially different which resulted in extinguishment accounting. Upon amendment, the fair value of liability component of \$70,727 was determined using a market rate of 9.54%. As a result of revaluation, the Company recorded a gain on modification of debt amounting to \$16,954 for the year ended December 31, 2024, on the statement of loss and comprehensive loss.

For the three and nine months ended September 30, 2025, the Company recognized interest expense of \$1,576 (2024 - \$1,587) and \$4,824 (2024 - \$7,471), respectively.

- (ii) The Company entered into a loan agreement with BDC Capital for a total facility of \$5,000,000, of which \$3,000,000 was drawn as of December 31, 2023. The loan carries an interest rate of BDC's floating base rate plus 2.95%, along with an additional payment-in-kind (PIK) interest component of up to 9.5% per annum, payable at maturity. The PIK rate is subject to reduction based on the Company achieving specific EBITDA milestones.

Initially, the loan included an interest-only period through June 2023, followed by fixed monthly principal payments of \$86,207 and a final balloon payment scheduled for January 15, 2025. In April 2023, the Company reduced the facility to \$3,000,000 and correspondingly adjusted the balloon payment to \$1,362,067.

Amendments:

- July 2023: The loan maturity was extended to July 15, 2026. Monthly principal payments were reduced to \$30,000 (July 2023–June 2024), \$40,000 (July 2024–June 2025), and \$50,000 (July 2025–June 2026), with a final balloon payment increased to \$1,473,793. A portion of the PIK interest accrued to September 2023 (\$763,000) was settled via share conversion and scheduled repayments. The amendment did not constitute a substantial modification for accounting purposes. A loss on modification of \$225,471 was recognized.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

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## 12. Long-term Debt (cont'd...)

- November 2023: The repayment schedule of the remaining PIK interest was revised. Installments were rescheduled between March 2024 and July 2026. The changes were not treated as a substantial modification.
- July 2024: Principal payments from July to December 2024 (\$240,000) were deferred to the end of the loan term.
- December 2024: BDC agreed to defer principal, interest, and monthly fees retroactively from June 2024 to April 2025, all payable on April 15, 2025. This amendment was accounted for as a substantial modification, resulting in debt extinguishment. A gain on modification of \$438,329 was recognized.
- March 2025: The loan terms were further amended to defer principal repayments until July 15, 2025, with structured monthly payments and a new final balloon due July 15, 2028. This amendment was also treated as a substantial modification, and a gain on modification of \$nil and 761,976 was recorded during the three and nine months ended September 30, 2025, respectively.
- The loan is secured by a general security agreement over the Company's assets. The total fair value of the restructured debt as of March 31, 2025, was estimated at \$2,518,883 using a market rate of 24%

For the three and nine months ended September 30, 2025, the Company recognized interest expense of \$163,816 (2024 - \$140,887) and \$484,531 (2024 - \$432,661) respectively.

- (iii) Federal Economic Development Jobs and Growth Fund, non-interest-bearing loan received based on completion of milestones beginning from June 22, 2022, to March 31, 2024, repayable in monthly installments beginning April 15, 2025 and maturing on March 15, 2031. The face value of the loan is \$3,762,239. It was initially recorded on the consolidated statement of financial position at its fair market value of \$1,415,395. The original face value and the additional disbursement during the year ended December 31, 2023 of \$1,373,414 are being accreted (through interest expense) back to its face value over the term of the loan with an effective interest rate of 10% per annum.

On July 26, 2024, the Company amended the terms of the loan as follows:

- Revising monthly principal installments of \$15,000 from April 15, 2025, to March 15, 2026;
- Revising monthly principal installments of \$20,000 from April 15, 2026, to March 15, 2027;
- Revising monthly principal installments of \$40,000 from April 15, 2027, to March 15, 2028;
- Revising monthly principal installments of \$60,000 from April 15, 2028, to March 15, 2029;
- Revising monthly principal installments of \$90,000 from April 15, 2029, to March 15, 2030;
- Revising monthly principal installments of \$108,000 from April 15, 2030, to February 15, 2031; and
- Final payment revised to \$112,000 on March 15, 2031.

As the present value of the cash flows under the revised debt instrument differed by less than 10% from the present value of the remaining cash flows under the terms of the original debt instrument, it was determined that the debt was not substantially modified which resulted in modification accounting. Upon amendment, the fair value of liability component of \$ 2,840,989 was determined using a market rate of 8.75%. As a result of revaluation, the Company recorded a loss on modification of debt amounting to \$74,641 for the year ended December 31, 2024, on the statement of loss and comprehensive loss.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

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## 12. Long-term Debt (cont'd...)

On December 20, 2024, the Company amended the terms of the loan as follows:

- Revising monthly principal installments of \$Nil from April 15, 2025, to March 15, 2026;
- Revising monthly principal installments of \$1,000 from April 15, 2026, to December 15, 2026;
- Revising monthly principal installments of \$5,000 from January 15, 2027, to December 15, 2027;
- Revising monthly principal installments of \$15,000 from January 15, 2028, to December 15, 2028;
- Revising monthly principal installments of \$30,000 from January 15, 2029, to December 15, 2029;
- Revising monthly principal installments of \$40,000 from January 15, 2030, to December 15, 2030;
- Revising monthly principal installments of \$50,000 from January 15, 2031, to December 15, 2032;
- Revising monthly principal installments of \$60,000 from January 15, 2033, to June 15, 2034;
- Revising monthly principal installments of \$70,000 from July 15, 2034, to February 15, 2035;
- Final payment revised to \$71,000 on March 15, 2035.

As the present value of the cash flows under the new debt instrument differed by more than 10% from the present value of the remaining cash flows under the terms of the original debt instrument, it was determined that the debt was substantially different which resulted in extinguishment accounting. Upon amendment, the fair value of liability component of \$ 2,345,061 was determined using a market rate of 7.45%. As a result of revaluation, the Company recorded a gain on modification of debt amounting to \$599,916 for the year ended December 31, 2024, on the statement of loss and comprehensive loss.

For the three and nine months ended September 30, 2025, the Company recognized interest expense of \$45,713 (2024 - \$51,527) and \$134,627 (2024 - \$143,477) respectively.

- (iv) Clear Blue Technologies Sweden AB, (formerly, eSite Power Systems AB) received a loan of \$248,000 in two tranches of \$99,200 (Tranche 1) and \$148,800 (Tranche 2) from Navigo Invest AB on August 23, 2023. The terms of lending are as follows:

### For Tranche 1 amounting to \$99,200

- Repayment due date is December 31, 2025;
- Interest rate is 11%;
- Quarterly interest payments through December 31, 2025;
- Monthly principal repayments of \$4,126 from the last day of January 2024 to December 2025; and
- Remaining outstanding amount is to be paid as a lumpsum (including interest) on December 31, 2025.

### For Tranche 2 amounting to \$148,800

- Repayment due date is June 30, 2024;
- Interest rate is 11%;
- Quarterly interest payments through June 30, 2024;
- The outstanding amount is to be paid as lumpsum (including interest) on June 30, 2024.

On September 23, 2024, the Company entered into a debt conversion and exchange agreement to convert the balance of all amounts owed by Clear Blue Technologies Sweden AB into convertible debentures. Pursuant to the agreement, long-term loan has been reclassified to convertible debenture (refer Note 13). Hence, the outstanding balance for long term loan as on September 30, 2025 and December 31, 2024, is \$Nil.



# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

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## 12. Long-term Debt (cont'd...)

For the three and nine months ended September 30, 2025, the Company recognized interest expense \$Nil (2024 - \$228) and \$Nil (2024 - \$14,056), respectively.

- (v) The Company received loans of \$150,000 and USD 45,000 during the period ended June 30, 2024 at following terms:

- Repayment due date is February 21, 2027;
- Interest rate is 12% payable at the end of 3-year term; and
- Issuance of 300,000 warrants subject to TSX approval and valid for 3 years at strike price of \$0.10 each (refer to Note 16).

On December 31, 2024, the Company issued 7,615,533 units at \$0.03 per unit for proceeds of \$228,466 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. Refer (Note 17) As a result of settlement of debt, the Company recorded an exchange gain of \$4,286 for the year ended December 31, 2024, on the statement of loss and comprehensive loss.

For the three and nine months ended September 30, 2025, the Company recognized interest expense of \$Nil (2024 - \$6,398) and \$Nil (2024 - \$15,337), respectively.

- (vi) The Company received loan of \$500,000 from Southern Ontario Fund for Investment in Innovation ("SOFII") at following terms:

- Interest rate of 14%
- Monthly installments amounting to \$9,370 beginning on August 30, 2024 to June 30, 2031
- Final payment of \$8,466 on July 30, 2031, being the maturity date

On December 19, 2024, the Company amended the terms of the loan as follows:

- Interest rate of 12%, calculated and payable monthly beginning from January 01, 2025;
- Interest only charged from January 1, 2025 to December 31, 2025;
- Interest accrued from January 1, 2025 to June 30, 2025 will be due on June 30, 2025;
- Monthly interest payments only begin from July 30, 2025 till December 31, 2025;
- Monthly instalments of blended principal and interest of \$9,650.67 from January 1, 2026 till November 30, 2031; and
- Final payment of \$9,346.43 on December 31, 2031, being the maturity date

As the present value of the cash flows under the new debt instrument differed by more than 10% from the present value of the remaining cash flows under the terms of the original debt instrument, it was determined that the debt was substantially different which resulted in extinguishment accounting. Upon amendment, the fair value of liability component of \$456,938 was determined using a market rate of 13.99%. As a result of revaluation, the Company recorded a gain on modification of debt amounting to \$53,162 for the year ended December 31, 2024, on the statement of loss and comprehensive loss.

For the three and nine months ended September 30, 2025, the Company recognized interest expense of \$57,058 (2024 - \$11,455) and \$89,091 (2024 - \$11,455), respectively.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(Expressed in Canadian dollars)

## 12. Long-term Debt (cont'd...)

(vii) On December 30, 2024, the Company entered into an agreement with the convertible debenture holder (issued in November 2021) to settle and extinguish the convertible debentures through the issuance of 268,429 common shares in the capital of the Company at a deemed price of \$0.03 per common share and 268,429 warrants to purchase common shares at an exercise price of \$0.05 per common share. Due to the reclassification, the accretion expense has been accelerated to bring the loan to its face value (refer to Note 13). As on September 30, 2025, conversion approval was pending, and 268,429 shares have not been issued. Therefore, the convertible debenture related to these shares were reclassified to current portion of long-term loans. The outstanding balance for long term loan as on September 30, 2025, is \$8,053 (2024 - \$8,053).

(viii) During the three months ended March 31, 2025, the Company replaced the revolving credit facility and entered into a series of agreements with a financial institution to take over the facility with a structured package comprising equity, royalty payments, and a term loan. This resulted in the replacement of the Company's \$750,000 banking facility as outlined below:

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) (refer to Note 16).

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 (refer Note 14).

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. Subsequently, due to delays in the receipt of the OITC grant, the lender has modified the terms. The \$100,000 portion is now due on December 31, 2025, while the maturity date for the remaining \$275,000 balance remains unchanged.

For the three and nine months ended September 30, 2025, the Company recognized interest expense of \$13,229 (2024 - \$Nil) and \$21,706 (2024 - \$Nil), respectively. As at September 30, 2025, the current portion of the secured term loan is \$100,000.

The future principal and interest payments required under the terms of the Company's long-term debt agreements are as follows:

2025	\$	157,106	\$	531,230
2026		677,927		1,313,963
2027		910,242		1,222,198
2028		2,098,381		2,242,254
2028 and thereafter		4,109,690		4,098,120
Total	\$	7,953,346	\$	9,407,765

## 13. Convertible Debentures

Between 2019 and 2024, the Company issued several tranches of unsecured convertible debentures, including:

- \$4,334,000 at 10% interest in October–November 2021 (maturing October 2025, extended to October 2026)
- \$1,282,000 at 14% interest in May 2024
- Additional tranches totaling \$925,000 at 14% interest issued between August and September 2024

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
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## 13. Convertible Debentures (cont'd...)

These debentures were generally convertible into units comprising one common share and one-half of one common share purchase warrant, with conversion prices ranging from \$0.10 to \$0.40 and warrant exercise prices ranging from \$0.15 to \$0.60. Various amendments were made to terms over time, including changes to maturity dates, conversion prices, and warrant terms.

During the year ended December 31, 2024, the Company reached agreements with all holders of the convertible debentures issued between 2021 and 2024 to settle the instruments through equity conversion. In total, 237,366,192 common shares and 214,045,854 warrants were issued at a deemed price of \$0.03 per share and \$0.05 per warrant.

As a result of the conversion:

- A loss on extinguishment of \$1,243,798 was recognized in the 2024 consolidated statement of loss and comprehensive loss.
- The equity component of the convertible debentures totaling \$1,362,836 was reclassified to reserves within shareholders' equity.

As of September 30, 2025, one agreement (issued November 2021) remains pending final approval, with 268,429 shares yet to be issued. The corresponding amount of \$8,053 remains classified as a current portion of long-term debt.

As at September 30, 2025, the outstanding balances associated with the convertible debenture were as follows:

	June 30, 2025	December 31, 2024
Liability component of debenture	\$ —	\$ 3,388,394
Addition	—	1,605,539
Accretion	—	214,009
Interest	—	700,656
Interest recorded in accounts payable and accrued liabilities	—	(611,818)
Converted to shares	—	(6,540,578)
Loss (gain) on debt extinguishment	—	1,243,798
Balance	\$ —	\$ —

## 14. Royalty Funding

On November 12, 2013, the Company entered into a sales agreement under which Flow Capital Corp., formerly known as Grenville Strategic Royalty Corp. ("Grenville"), advanced the Company \$375,000. In form, the amount received represents a prepaid deposit for future goods and services to be provided by the Company to Grenville to be drawn down based on Grenville's annual purchases from the Company.

Grenville is entitled to a royalty of 1.125% ("Royalty Percentage") of the Company's revenues, in perpetuity which can be extinguished by paying \$1,875,000 to Grenville (the "Final Repurchase Right").

The agreement meets the definition of financial liability under IAS 32, Financial Instruments: Presentation because it represents a contractual obligation to deliver cash or another financial asset to another entity.

The Company made this determination after reviewing the substance of the agreement and determining that the cash received at the inception of the arrangement did not represent a deposit for any future sales, but rather an obligation for future royalty payments that will remain payable at the original amount of \$375,000 until such time as the Company extinguishes all or part of the Royalty Percentage and the obligation for future royalty payments.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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## 14. Royalty Funding (cont'd...)

On December 18, 2024, the Company entered into an agreement to settle and extinguish the royalty funding debt through the issuance of 29,166,667 common shares in the capital of the Company at a deemed price of \$0.03 per common share and 29,166,667 warrants to purchase common shares at an exercise price of \$0.05 per common share. Pursuant to the agreement, the debt amounting to \$875,000 has been reclassified to common shares at the value of \$583,333 and warrants at the value of \$338,333. As a result of settlement, the Company recorded a loss on extinguishment of royalty funding debt amounting to \$46,667 for the year ended December 31, 2024, on the statement of loss and comprehensive loss.

For the three and nine months ended September 30, 2025, the Company incurred interest expense related to its royalty funding amounting to \$Nil (2024 - \$9,190) and \$Nil (2024 - \$22,313), respectively.

On March 31, 2025, the Company entered into a royalty agreement with RE Royalties Ltd., pursuant to which RE Royalties acquired \$250,000 of the outstanding revolving credit facility, plus 66,114 of other payables from the Company's banking institution, converted the cumulative advance of \$316,114 in exchange for a royalty on the Company's gross revenues. Under the agreement (refer Note 12), the Company will pay a 0.75% royalty on its consolidated gross revenues on a quarterly basis, commencing from the second quarter of 2025.

The royalty will be paid for a fixed term of 15 years, unless terminated earlier upon reaching a maximum cumulative royalty cap of \$750,000, at which point the obligation will cease. Payments are made each quarter-end, with interest accruing at 18% annually (compounded monthly) on overdue amounts.

The Company assessed this arrangement under the applicable accounting guidance and concluded that it represents a financial liability. Although the initial advance was paid to a lender on the Company's behalf, the structure and obligations are consistent with a financing arrangement, resulting in a financial liability.

For the three and nine months ended September 30, 2025, the Company incurred interest expense related to its royalty funding amounting to \$6,713 (2024 - \$Nil) and \$15,258 (2024 - \$Nil), respectively.

## 15. Share Capital

Authorized:

Unlimited number of common shares without nominal or par value.

### Transactions during the nine months ended September 30, 2025

- (i) On March 31, 2025, in connection with the replacement of the revolving credit facility (refer to Note 12), the Company issued equity units as part of a debt-to-equity conversion:

On April 14, 2025, the loan of \$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 from the date of issuance. The common shares and share purchase warrants were valued at \$156,969 and \$93,031 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 2.58%, dividend yield of 0% and volatility of 164.21%. The number of outstanding shares increased from 77,213,075 to 78,601,964

In connection with the above issuance, the company incurred share issuance cost of \$83,093 (allocated to shares \$52,172 and warrants \$30,921 respectively).

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025

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## 15. Share Capital (cont'd...)

### Transactions during the nine months ended September 30, 2025 (cont'd...)

- (ii) The number of outstanding shares were reduced from 463,278,450 to 77,213,075 on the basis of one (1) post-consolidation share for every six (6) pre-consolidation shares, effective April 11, 2025 (the "Effective Date"). No fractional Common Shares were issued in connection with the consolidation. Additionally, the exercise or conversion price and the number of Common Shares issuable under any of the Company's outstanding convertible securities were proportionately adjusted as a result of the consolidation.

### Transactions during the year ended December 31, 2024

- (i) 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.
- (ii) 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 \$2,016 were withheld by the Company for settlement of payroll taxes on behalf of the RSU holders.
- (iii) 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%.
- (iv) 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.
- (v) 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.
- (vi) 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%.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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## 15. Share Capital (cont'd...)

### Transactions during the year ended December 31, 2024 (cont'd...)

- (vii) 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%.

- (viii) 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.

- (ix) 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.

- (x) 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.

# Clear Blue Technologies International Inc.

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## 15. Share Capital (cont'd...)

### Transactions during the year ended December 31, 2024 (cont'd...)

- (xi) 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.

### Treasury Shares

As at September 30, 2025, the Company holds 233,913 (2024 – 233,913) treasury shares.

## 16. Reserves

### a. Options

Under the Company's stock option plan, the Company may, at its discretion, grant stock options to its directors, officers, and employees. Unless specified within the option agreement, all stock options vest equally over 4 years. All stock options have a maximum term of 7 years from the date of the grant.

Below is a continuity of stock options outstanding:

	Number of Options	Weighted Average Exercise Price
<b>Stock options outstanding - December 31, 2023</b>	<b>1,623,714</b>	<b>\$ 5.63</b>
Stock options issued	3,333	0.54
Stock options forfeited	(244,238)	(0.84)
<b>Stock options outstanding - December 31, 2024</b>	<b>1,382,809</b>	<b>\$ 5.33</b>
Stock options issued	4,265,952	0.08
Stock options forfeited	(281,669)	—
<b>Stock options outstanding - September 30, 2025</b>	<b>5,367,092</b>	<b>0.28</b>

On 1 July 2025, the Company granted 4,265,952 equity-settled share options to employees and directors under its share option plan. Of these, 3,516,806 options vest in equal quarterly instalments over a three-year period, and the remaining options vest in equal quarterly instalments over a four-year period. All options have a contractual life of seven years from the grant date. The options have an exercise price of \$0.08 per share, which was equal to the market price of the Company's shares on the grant date.

The fair value of the options at the grant date was determined using the Black-Scholes option pricing model. Key inputs to the model included an expected share price volatility of 115%, a risk-free interest rate of 3.5%, an exercise price of \$0.08 and a share price at grant date of \$0.08. Based on these assumptions, the weighted average grant-date fair value of the options was \$0.07094 per option. The fair value of the awards is being recognised as an employee benefit expense over the respective vesting periods, with a corresponding increase in equity.

For the three and nine months ended September 30, 2025, the Company recognized \$99,149 (2024 - \$52,318) and \$105,093 (2024 - \$155,862), respectively of share-based compensation expense in relation to its stock option plan.

The fair value of all options granted was estimated at the date of grant using the Black-Scholes option-pricing model, using the following assumptions:

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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## 16. Reserves (cont'd...)

	September 30, 2025	December 31, 2024
Expected option life (years)	7	5
Volatility	115	119%
Risk-free interest rate	3.50%	3.36%
Dividend yield	—	—

### a. Options (cont'd)

Options outstanding and exercisable at September 30, 2025 were comprised of the following:

Exercise price	Expiry date	Remaining contractual life (years)	Number of options	Number of options exercisable
\$ 2.44	30-Apr-26	0.58	150,097	150,097
\$ 2.04	31-Aug-26	0.92	36,345	36,344
\$ 1.68	17-Nov-26	1.13	1,750	1,642
\$ 3.03	31-Oct-27	2.08	2,195	2,195
\$ 0.48	31-Dec-27	2.25	186,337	186,337
\$ 0.48	31-Jan-28	2.34	33,333	33,333
\$ 0.36	31-May-28	2.67	221,083	221,083
\$ 0.24	27-Sep-28	2.99	150,000	150,000
\$ 0.39	31-Dec-28	3.25	320,000	320,000
\$ 0.08	1-Jul-32	6.76	4,265,952	—
<b>Total</b>			<b>5,367,092</b>	<b>1,101,032</b>

### b. Share purchase warrants

The following is a summary of changes in share purchase warrants from to December 31, 2024 to September 30, 2025:

	Number of Warrants	Weighted Average Exercise Price
<b>Share purchase warrants - December 31, 2023</b>	<b>8,011,178</b>	<b>\$ (0.84)</b>
Granted	53,637,118	0.04
Expired	(87,515)	(3.00)
<b>Share purchase warrants - December 31, 2024</b>	<b>61,560,780</b>	<b>\$ (3.80)</b>
Granted	1,388,889	0.30
Expired	(1,613,716)	(0.52)
<b>Share purchase warrants - September 30, 2025</b>	<b>61,335,954</b>	<b>\$ (4.02)</b>

Share purchase warrants outstanding and exercisable at September 30, 2025 are comprised of the following:

Exercise price	Expiry date	Remaining contractual life (years)	Number of Warrants
\$0.30	31-Dec-26	1.25	53,587,118
\$0.60	21-Feb-27	1.39	50,000
\$0.72	21-Dec-27	2.22	3,087,516
\$0.72	24-Jan-28	2.32	3,105,761
\$0.42	24-Jan-28	2.32	56,670
\$0.36	31-May-28	2.67	60,000
\$0.30	30-Jun-27	1.75	1,388,889
			<b>61,335,954</b>



# Clear Blue Technologies International Inc.

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## 16. Reserves (cont'd...)

### c. Restricted Share Units ("RSU")

Under the Company's equity incentive compensation plan, the Company may, at its discretion, grant RSUs to its directors, officers, and employees, that give rights to receive shares or cash or a combination thereof upon settlement. Each RSU is subject to a Period of Restriction, during which time the RSU is subject to forfeiture based on the passage of time, the achievement of performance criteria, and/or upon the occurrence of other events as determined.

#### Transactions during the year ended September 30, 2025

On July 1, 2025, the Company granted 783,396 RSUs to employees and other consultants. The RSUs vest on July 1, 2026.

As of September 30, 2025, there were 783,396 (2024 – Nil) RSUs outstanding. For the three and nine months ended September 30, 2025, the Company recognized \$15,840 (2024 - \$394) and \$15,840 (2024 - \$4,548) respectively, of share-based compensation expense in relation to the RSUs.

## 17. 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:

	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Salaries and benefits, including bonuses	\$ 117,318	\$ 173,500	\$ 351,954	\$ 423,500
Share-based compensation	\$ 14,520	33,741	14,975	102,264
Total	\$ 131,838	\$ 207,241	\$ 366,929	\$ 525,764

The remuneration related to share-based compensation in the table above represents the fair value of the stock options and RSUs issued and vested to key management during each year.

As of September 30, 2025, amounts owing to key management in connection with deferred salaries was \$65,970 (December 31, 2024 - \$10,005).

# Clear Blue Technologies International Inc.

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## 18. Loss Per Share

For the purpose of calculating loss per share, weighted average number of outstanding shares, shares options, warrants and RSUs have been adjusted retroactively to account for consolidation of shares completed during the period ended September 30, 2025 (refer to Note 15).

For all the periods presented, diluted net loss per share equals basic loss per share due to the anti-dilutive effect of options and warrants. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but that were not included in the computation of diluted net loss per share because to do so would have reduced the loss per share (anti-dilutive) for the periods presented are as follows:

	September 30, 2025	September 30, 2024
Shares options	5,367,092	1,534,543
Warrants	61,335,954	7,973,663
RSUs	783,396	—
Total	67,486,442	9,508,205

Expenses related to the warrants and RSUs are included in share-based compensation in the consolidated statements of loss and comprehensive loss or as an adjustment to share capital if the costs relate to the issuance of shares and are based on the same assumptions as disclosed in Note 16.

## 19. Capital Risk Management

Capital is comprised of the components of the Company's shareholders' equity (deficiency). At September 30, 2025, the Company's shareholders' deficiency was \$5,370,290 (December 31, 2024 – \$4,483,796) and the Company's debt was \$6,008,908 (December 31, 2024 - \$6,625,497).

The Company's objective is to maintain a capital structure that supports its long-term growth strategy, maintains creditor and customer confidence, and maximizes shareholder value. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. No changes were made in the objectives, policies, or processes of capital management during the quarter ended September 30, 2025.

The Company is dependent on cash flows generated from its operations, government grants and from external financing to fund its activities. The Company will spend its existing working capital and raise additional amounts as needed. The Company is subject to Capital restrictions (refer to Note 12) and there have been no changes to the Company's approach to capital management for the years presented.

## 20. Financial Instruments

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract. Consequently, when it is appropriate to do so, the Company adjusts the valuation models to incorporate a measure of credit risk. Fair value represents management's estimates of the current market value at a given point in time.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

As at September 30, 2025, the Company's financial instruments consist of cash, accounts receivable and other receivables, accounts payable and accrued liabilities, debt, convertible debentures, and royalty funding. The fair values of cash, accounts receivable and other receivables, accounts payable and accrued liabilities, debt, and royalty funding approximate their carrying values due to their nature.

# Clear Blue Technologies International Inc.

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## 20. Financial Instruments (cont'd...)

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There have been no significant transfers between levels during the period.

In the normal course of its business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks, and the actions taken to manage them, are as noted below.

### (i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and other price risks such as equity price. The Company's exposure to other price risk is low. Financial instruments affected by market risk include accounts receivable and other receivables, accounts payable and accrued liabilities, long-term debt, and royalty funding.

### (ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's long-term debt is subject to fixed and floating interest rates and the risk of fluctuating future cash flows resulting from changes in market interest rates is not expected to be significant.

### (iii) Foreign currency risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. A significant portion of the Company's revenues are denominated in United States dollars ("USD") and in Swedish Krona (SEK) along with a portion of its purchases. To the extent possible, the Company uses cash received from sales to finance its USD purchases and limit its exposure to foreign currency risk.

The Company has the following balances denominated in USD (amounts in the table below are post-translation to Canadian dollars):

	September 30, 2025	December 31, 2024
Cash	\$ 3,457	\$ 45,650
Accounts receivable and other receivables	622,924	584,122
Accounts payable and accrued liabilities	\$ 481,787	\$ 442,932

A change in foreign currency exchange rates by 10% would change the foreign exchange gain or loss on the Company's net monetary assets by approximately \$14,459 as at September 30, 2025 (December 31, 2024 - \$18,684).

The Company has the following balances denominated in SEK (amounts in the table below are post-translation to Canadian dollars):

	September 30, 2025	December 31, 2024
Cash	\$ 96,369	\$ 21,988
Accounts receivable and other receivables	200,503	272,324
Accounts payable and accrued liabilities	\$ 712,320	\$ 1,020,581

A change in foreign currency exchange rates by 10% would change the foreign exchange gain or loss on the Company's net monetary assets by approximately \$41,545 as at September 30, 2025 (December 31, 2024 - \$72,627).

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2025  
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## 20. Financial Instruments (cont'd...)

### (iv) Concentration of credit risk and economic dependence

The Company is exposed to credit risk with respect to the collectability of its customer accounts receivable. Credit risk is concentrated as three customers represented 84% at September 30, 2025 (September 30, 2024 – three customers represented 88%) of the Company's accounts receivable balance. The Company performs credit assessments of potential customers and ensures its accounts receivable where appropriate. Regular credit assessments are performed of customers' accounts receivable balances and allowances for potentially uncollectible accounts receivable are provided where appropriate. The following table provides information about the exposure to credit risk for accounts receivable as at September 30, 2025:

	September 30, 2025	December 31, 2024
Current (not past due)	\$ 45,043	\$ 313,671
0 - 30 days past due	211,753	24,737
31 - 60 days past due	—	489
61 - 90 days past due	27,914	16,949
Over 90 days past due	239,658	33,043
Total	\$ 524,368	\$ 388,889

The Company is also exposed to economic dependence risk with respect to its sources of revenue. For the quarter ended September 30, 2025, five customers represented 83% (December 31, 2024 - five customers represented 67%) of its total revenue.

### (v) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk resulting from its accounts payable and accrued liabilities, long-term debt, convertible debentures, and royalty funding by ensuring sufficient cash is on hand from cash flows from operations and financing from investors. As of September 30, 2025, the Company's current assets exceeded its current liabilities by \$1,090,998 (December 31, 2024 - \$928,283).

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 \$4,500,000 (December 31, 2024 - \$3,177,461) on milestones completed. Additionally, the Company completed substantial work on upcoming milestone and therefore, accrued an amount of \$375,000 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 \$372,216 accordingly.

## 21. Commitments

As explained in Note 14, the Company was committed to pay Grenville annually an amount equal to 1.125% of its annual revenue, unless "Final Repurchase Right" is availed by paying out \$1,875,000.

During the year ended December 31, 2024, the final repurchase right was mutually amended to \$875,000 and was settled by issuing shares of the company.

# Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
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## 22. Segment Information

The Company has one reportable segment. This single reportable operating segment derives its revenues from the sale of off-grid solar power solutions and related services.

The Company operates in three principal geographical areas: Canada, the United States of America ("USA") and the Middle East and Africa ("MEA").

The Company's revenue from external customers by location of operations is detailed:

All non-current assets are located in Canada and Sweden.

	September 30, 2025	September 30, 2024
Canada	447,363	304,672
USA	1,108,632	252,623
MEA (Middle East & Africa)	1,372,296	1,632,309
Other	210,938	2,936
Total revenue	3,139,229	2,192,540

## 23. Government Grants

The Government of Canada provides interest-free financing to companies through Feddev and its job and growth fund. During the period ended September 30, 2025, the Company recognized \$Nil (December 31, 2024 - \$291,857) as Government grants, being the difference between the fair value of the loan liability and cash received from Feddev (refer to Note 12).

## 24. Supplemental Cash Flow Information

During the quarter ended September 30, 2025, inventory reclassified to deferred costs amounted to \$253,465 (December 31, 2024 - \$77,550). There was no income taxes paid during the quarter ended September 30, 2025.

## 25. Subsequent events

The Company has evaluated subsequent events through November 17, 2025, which is the date the condensed interim consolidated financial statements were issued and determined there were no significant events to report.