



**CLEARBLUE**  
TECHNOLOGIES

***The Smart Off-Grid Company™***



***Delivering Smart Power Solutions  
and Energy-as-a-Service***

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

**For the Three Ended March 31, 2026, and 2025**

**Dated: June 22, 2026**

**MANAGEMENT’S DISCUSSION & ANALYSIS  
IN CONNECTION WITH THE FINANCIAL STATEMENTS OF  
CLEAR BLUE TECHNOLOGIES INTERNATIONAL INC.  
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025**

This management’s discussion and analysis of the results of operations and financial condition (the “MD&A”) of Clear Blue Technologies International Inc. (“Clear Blue” or “the Company”) should be read in conjunction with the unaudited condensed interim consolidated financial statements of Clear Blue and the related notes thereto for the three months ended March 31, 2026 and 2025, and the audited consolidated financial statements for the year ended December 31, 2025. This MD&A is presented as of June 22, 2026, and is current to that date unless otherwise stated.

The financial information presented in this MD&A is derived from Clear Blue’s unaudited condensed interim consolidated financial statements for the three months ended March 31, 2026. All information, except for Non-IFRS measures, has been prepared in accordance with IFRS and, unless otherwise stated, is in Canadian dollars. Additional information relating to the Company, including the annual and quarterly financial statements and MD&A, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on Clear Blue’s website at [www.clearbluetechologies.com](http://www.clearbluetechologies.com).

This MD&A addresses matters considered essential for an understanding of the Company’s business, financial condition, and results of operations as at and for the three months ended March 31, 2026, along with any subsequent material information.

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

### **Management’s Responsibility**

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

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

provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

### **Caution Regarding Forward-Looking Information**

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

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

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

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

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

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

- the Company’s anticipated cash needs and its needs for additional financing;
- the Company will continue to be in compliance with regulatory requirements;
- the Company will have sufficient working capital and will, if necessary, be able to secure additional funding necessary for the continued operation and development of its business;
- key personnel will continue their employment with the Company, and the Company will be able to obtain and retain additional qualified personnel, as needed, in a timely and cost-efficient manner; and
- the effects of global pandemic (Covid 19), wars, inflation and interest rate increase, as well as trade wars.

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

### **Clear Blue’s Business**

Clear Blue Technologies (TSXV: CBLU) was founded on the vision of delivering highly reliable Smart Off-Grid power to support mission-critical infrastructure. The Company focuses on four sectors:

- space and satellite;
- cellular telecom;
- smart city and lighting; and
- government and defence applications;

The Company’s Smart Power is driven by data and predictive analytics. Having pursued this strategy from day one, Clear Blue today holds one of the world’s largest repositories of performance data for solar off-grid systems, with more than 13 million days of real-world operating data and over 1 trillion cloud transactions processed. This dataset, among the largest managed off-grid energy datasets in the world, is key to sustaining the Company’s market leadership and creates opportunities for implementing Artificial Intelligence (AI).

Clear Blue creates and manages innovative power products and services to meet growing global demand for highly reliable, low-cost off-grid and hybrid energy. Its systems power lighting, satellite, telecom, and other internet-of-things devices represent digital infrastructure that is mission-critical. Clear Blue positions itself as “the off-grid utility company,” delivering utility-grade power and lighting as a fully managed service, anywhere on Earth, with no grid connection or diesel required.

The Company’s patented Smart Power technology operates and remotely manages solar, grid, generator, and wind-powered devices, connecting them to a cloud-based analytics and management platform, Illumience.

### ***Business model***

Clear Blue generates revenue in two ways:

- Firstly, through the sale of power and energy systems
- Secondly, it generates recurring revenue through its Energy-as-a-Service (“EaaS”) management and service offering, delivered via the Company’s industry-leading cloud platform, Illumience.

Every system ships with three years of EaaS included, and the growth and renewal of these services, during and beyond the initial three-year term, is a key growth driver as Clear Blue builds a recurring-revenue and utility-style business model.

### ***Focus sectors***

Clear Blue concentrates its product development and go-to-market effort on four sectors:

- Space and satellite: Always-on power for satellite ground stations, gateway terminals, and VSAT sites supporting LEO/GEO constellations. This represents the Company’s highest-growth area of focus. Customers include Eutelsat, Viasat, Avanti Communications, and YahClick (powered by Hughes), with 600+ satellite backhaul sites already powered.
- Cellular telecom: Solar and hybrid power that replaces diesel at remote cell towers, delivering carrier-grade 99.5% uptime while cutting generator use and site visits. Customers include Viasat, IHS Towers, Tanzania Telecom (TTCL), and ISAT.
- Smart city and lighting: Fully managed solar street, roadway, and area lighting along with IoT and sensor power. Systems are deployed in days without trenching or grid extension, at roughly 65% of the cost of grid-connected lighting. Trusted by 50+ municipalities including the City of Toronto and industrial applications like datacenters.
- Government and defence: Independent, hardened power and lighting for federal and military sites, forward operating bases, and critical infrastructure. These systems are engineered to perform in extreme and northern-latitude environments. Customers include the Nevada and North Dakota Departments of Transportation.

### ***Global footprint***

Clear Blue manages and operates every Smart Power system it sells. To date its systems have been deployed in more than 55 countries, across 5,000+ sites, which support a recurring revenue stream. In North America, Clear Blue serves customers across the U.S., Canada, and Mexico. Globally, its systems power and control lighting, security, telecom, and satellite applications, with significant

deployments in Africa and Europe. The Company is headquartered in Toronto, with regional offices in Kenya, Nigeria, and Sweden.

### ***Brand promise***

Clear Blue's technology and service models focus on delivering on a brand promise of:

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

### ***Key differentiators***

Clear Blue's key differentiators are:

- Energy forecasting and management
- Troubleshooting and remediation

These differentiators are critically enabled by the Company's global data repository which now exceeds 13 million days of operating data, and 1 trillion cloud transactions accumulated from systems in the field. This data improves the Company's smart analytics and tools of its cloud-based management service.

Clear Blue's solutions are designed for 100% "lights-out" remote management and are focused on delivering power at the lowest cost for customers. Its energy systems use predictive analytics and data to manage generation and consumption intelligently, requiring fewer solar panels and batteries and yielding upfront cost savings of up to 40%.

Maximizing operational performance also drives superior reliability and longer replacement cycles. Furthermore, managed lighting systems carry a 10-year standard warranty and a 15 to 20-year life expectancy under EaaS. This makes Clear Blue's managed off-grid energy cost-competitive with the grid while winning on resilience and total cost of ownership. An independent study conducted by Meta and the Telecom Infra Project found a 40 to 70% reduction in size and costs while maintaining greater than 98% availability and improving system reliability while delivering an average managed uptime of 99.5%.

## **Financial & Operational Highlights**

On the three-month period ended March 31, 2026:

- Revenue was \$1,006,654, a 4% decrease from \$1,051,261 in the corresponding previous period.
- Gross Profit was \$521,961 compared to \$551,601 in the comparable period, a 5% decrease. The gross margin percentage remained strong and above target at 52%, consistent with the prior-year period, demonstrating the Company's continued value-add with customers.
- Operating expenses decreased to \$739,200 from \$952,481 in the corresponding previous period, a 22% reduction, reflecting the Company's ongoing operating-efficiency initiatives.

- Non-IFRS Adjusted EBITDA for the period was (\$226,401) as compared to (\$386,461) for the previous period, a 41% improvement from the comparative period of 2025.

Net loss and comprehensive loss for the period was (\$419,230) compared to (\$19,561) in the corresponding previous period. The prior-year period included a non-cash gain on modification of debt of \$632,083 arising from the financial restructuring; excluding that item, the underlying operating performance improved period-over-period on lower operating expenses.

### ***Management Commentary and Outlook***

In fiscal 2025, the Company launched its “Clear Blue 2.0” business strategy. Clear Blue 2.0 represents moving into the mainstream high-growth satellite and cellular telecom services with larger and more established partners. Clear Blue has proven its ability to commercially deliver reliable mission critical energy services. As an example, for the 2025 calendar year, Clear Blue’s Africa solar telecom systems delivered a 99.6%. This level of performance showcases Clear Blue’s leading Smart Power technology.

The Clear Blue 2.0 strategy is focused on the following:

- **Product:** Pico and Micro products provide strong capabilities for both space-satellite systems and cell phone towers;
- **Customer partners:** Large satellite players with aggressive growth prospects are the primary focus of the plan. Wherever you need wireless telecom, you also need wireless power;
- **Scaling sales volumes:** Products and customers that generate higher volumes of more standard product models;
- **Generating positive non-IFRS Adjusted EBITDA:** Goal to drive top line sales growth, strong gross margins, and cost reductions are expected to allow Clear Blue to improve profitability significantly;

2025 saw progress across all these focus areas through the successful commercial launch of Pico Plus with Eutelsat, several partnerships developed across space and telecom, a larger-scale Letter of Intent (LOI) to deploy up to 15,000 potential systems with Eutelsat, and significant improvements in its bottom line.

2026 will build on this foundation, which established the commercial viability and higher-potential volume partnerships for the Company’s target markets. The strong bookings in 2025, along with order visibility from customers, have created an opportunity to continue the momentum and expand these relationships further.

This is coupled with Clear Blue’s ongoing operating efficiency initiatives, now increasingly AI driven, where approximately \$1,200,000 worth of operating expenses were reduced in fiscal 2025, with the full effect being recognized in fiscal 2026. An additional \$700,000 of operating expenses and \$250,000 worth of cash-related expenses have been identified and are expected to come into effect in the back half of the calendar year.

As a result, with higher expected revenue generation in 2026 and lower overhead, the Company has a clearer pathway to producing improved, and potentially positive Adjusted EBITDA in subsequent quarters.

## Financial Results

From an IFRS perspective:

	Three months ended March 31,		
	2026	2025	Change
Revenue	1,006,654	1,051,261	(4%)
Cost of sales	484,693	499,660	(3%)
<b>Gross profit</b>	<b>521,961</b>	<b>551,601</b>	<b>(5%)</b>
Gross margin %	52%	52%	
Operating expenses	739,200	952,481	(22%)
Operating loss	(217,239)	(400,880)	46%
Other items	(201,991)	381,319	(153%)
<b>Net loss and comprehensive loss</b>	<b>(419,230)</b>	<b>(19,561)</b>	<b>(2043%)</b>

From a non-IFRS Adjusted EBITDA perspective:

	Three months ended March 31,		
	2026	2025	Change
Revenue	1,006,654	1,051,261	(4%)
Cost of sales	484,693	499,660	(3%)
<b>Gross profit</b>	<b>521,961</b>	<b>551,601</b>	<b>(5%)</b>
Gross margin %	52%	52%	
Non-IFRS Operating expenses	748,362	938,062	(20%)
EBITDA	(196,558)	242,650	(181%)
<b>Non-IFRS Adjusted EBITDA</b>	<b>(226,401)</b>	<b>(386,461)</b>	<b>41%</b>

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

From a balance sheet perspective:

Balance Sheet	March 31, 2026	December 31, 2025	Change
Total current assets	4,158,251	4,557,374	(9%)
Total assets	4,736,721	4,783,487	(1%)
Current liabilities	3,303,778	4,334,434	(25%)
Total liabilities	11,516,222	12,206,638	(6%)
Total shareholders' equity (deficiency)	(6,779,501)	(7,423,151)	9%
<b>Working capital (current assets exceed current liabilities)</b>	<b>854,473</b>	<b>222,940</b>	<b>283%</b>

## Bookings

For new bookings during the fiscal period:

	Bookings	Three months ended			
		March 31,			
		2026	2025	Difference	Change
	New Bookings	111,860	910,876	(799,016)	(88%)

Subsequent to the quarter end, in early April 2026, the Company received new orders from Eutelsat, iSat, and a service contract with a U.S. Department of Transportation, adding \$795,181 of new bookings. As at April 15, 2026, total YTD bookings were \$907,041.

The Company defines Bookings Backlog as future Illumience and EaaS deferred revenue that has been pre-purchased by customers, and projects where Clear Blue has begun production and has purchase orders and/or deposits.

Booking as of March 31, 2026	Revenue		
	Total	Year 1	Year 2 and Beyond
Illumience / EaaS Deferred Revenue	857,200	502,507	354,693
Purchase Orders	2,226,182	2,053,154	173,028
<b>Total Bookings</b>	<b>3,083,382</b>	<b>2,555,661</b>	<b>527,721</b>

## Revenue

For the three months ended March 31, 2026, revenue was \$1,006,654, a decrease of 4% over the \$1,051,261 reported in the corresponding period of 2025. With bookings momentum carried into 2026 from a year in which bookings increased 122% year-over-year, the Company believes that fiscal 2026 provides the customer demand to deliver potential revenue growth over fiscal 2025 as projects are converted to revenue in subsequent quarters.

## Revenue by Vertical

Clear Blue's revenue distribution by industry vertical for the periods ended March 31, 2026, and 2025 was:

	Three months ended March 31,		
	2026	2025	Change
Lighting	662,224	492,877	34%
Telecommunications	318,245	557,043	(43%)
Others	26,185	1,341	1,853%
<b>Total revenue</b>	<b>1,006,654</b>	<b>1,051,261</b>	<b>(4%)</b>

## Recurring Revenue

Clear Blue's recurring revenues are a key differentiator, enabling the Company to deliver significant value to its customers in relationships that should last over ten years. This results in the significant long-term value of each customer contract the Company signs. Recurring revenue is the total follow-on revenue, including both monthly fees and site upgrades, from the existing install base.

### **Clear Blue Service Adoption & Recurring Revenue**

Clear Blue provides an ongoing management service for all the systems it sells. While other vendors sell power equipment, Clear Blue's focus is on energy performance. Energy performance, through Clear Blue's Energy-as-a-Service offering, is the key value proposition and differentiator of Clear Blue. This service model enables the Company to deliver on its brand promise in a way that no other Company in the world can do today. To monitor its progress in this area, Clear Blue tracks the amount of Committed Ongoing Service Revenue:

	Three months ended March 31,		
	2026	2025	Change
Deferred Revenue - Opening	1,044,155	685,748	52%
New Deferred Revenue bookings	(6,897)	171,945	(104%)
Recurring Revenue delivered	(180,058)	(164,519)	9%
<b>Deferred Revenue - Closing</b>	<b>857,200</b>	<b>693,174</b>	<b>24%</b>

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

### **Cost of Sales and Gross Margin**

Gross margin for the three months ended March 31, 2026, was 52%, consistent with the prior-year period and above the Company's expected range. This was driven by a higher proportion of Clear Blue's Smart Power software and management services, which add significant value to its lower-margin hardware sales.

### **Operating Expenses**

Operating expenses under IFRS consisted of salaries, wages and benefits, research and development, general and administrative, bad debt expense (recovery), share-based compensation, travel, business development and marketing, rent, professional fees, and depreciation and amortization, and include any offsets such as subsidies that the Company may have received.

	Three months ended March 31,		
	2026	2025	Change
Salaries, wages and benefits	314,847	356,915	(12%)
Research and development	0	33,666	(100%)
General and administrative	233,233	287,590	(19%)
Share-based compensation	45,157	2,972	1,419%
Travel	7,150	32,353	(78%)
Business development and marketing	8,836	109,756	(92%)
Rent	29,303	38,889	(25%)
Professional fees	61,270	61,797	(1%)
Depreciation of property and equipment	39,404	28,543	38%
<b>Total operating expenses</b>	<b>739,200</b>	<b>952,481</b>	<b>(22%)</b>

Operating expenses declined 22% period-over-period as Clear Blue continued to streamline its operations following the completion of its financial restructuring and the initial investments in building its Pico and Micro products. Reductions were broad-based, with notable decreases in business development and marketing, travel, and salaries, wages and benefits. Professional fees were broadly in line with the prior-year period.

The Company will continue its cost reduction efforts in 2026 and expects to eliminate approximately \$700,000 worth of operating expenses across general and administrative, business development, professional fees, and rent, and \$250,000 of cash-related expenses. These reductions are expected to show in the Company's fiscal Q3 2026 operating results and onward, allowing Clear Blue to more efficiently operate and improve its bottom line.

## Net Loss

For the three months ended March 31, 2026, the Company reported a net loss of \$419,230, compared to a net loss of \$19,561 in the corresponding period of 2025. The prior-period net loss benefited from a one-time, non-cash gain on modification of debt of \$632,083 recognized in connection with the financial restructuring. No comparable gain was recognized in the current period. The current period also includes a higher foreign exchange loss of \$93,723 (2025 – \$17,096). Excluding the prior-year debt-modification gain, the underlying loss narrowed to a 22% reduction in operating expenses.

	Three months ended March 31,		
	2026	2025	Change
<b>Net loss and comprehensive loss</b>	<b>(419,230)</b>	<b>(19,561)</b>	<b>(2043%)</b>

## Inventory

As at March 31, 2026, the Company's inventory was \$2,175,998, down from \$2,544,972 at December 31, 2025, as the Company continued to work down inventory toward its target of approximately \$2.0 million. Management is working with its suppliers to deliver just-in-time inventory for sales orders; however, the industry continues to tackle long lead-time supply-chain issues. As the satellite-telecom business grows, establishing finished-goods inventory on the

African continent is highly desirable, and once the Company achieves its inventory target it expects the inventory balance to grow in line with overall revenue growth.

<b>Inventory</b>	<b>March 31, 2026</b>	<b>December 31, 2025</b>	<b>Change</b>
Raw materials	1,261,357	1,135,154	11%
Finished goods	914,641	1,409,818	-35%
<b>Total</b>	<b>2,175,998</b>	<b>2,544,972</b>	<b>-14%</b>

## **Non-IFRS Measures**

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

The Company's non-IFRS financial measures may not provide information that is directly comparable to that offered by other companies because they may calculate non-IFRS financial results differently.

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

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

## Adjusted EBITDA and Adjusted EBITDA Reconciliation

	Three months ended March 31,		
	2026	2025	Change
Net loss and comprehensive loss	(419,230)	(19,561)	(2043%)
Interest, taxes and depreciations	222,672	262,211	(15%)
<b>EBITDA</b>	<b>(196,558)</b>	<b>242,650</b>	<b>(181%)</b>
Stock based compensation	45,157	2,972	1,419%
Government funding	(75,000)	0	(100%)
Bad debt allowance	0	0	—
Inventory writeoff	0	0	—
Gain on modification of debt	0	(632,083)	(100%)
Impairment of intangible assets	0	0	—
<b>Non-IFRS Adjusted EBITDA</b>	<b>(226,401)</b>	<b>(386,461)</b>	<b>41%</b>

For the three months ended March 31, 2026, Adjusted EBITDA improved 41% to (\$226,401) from (\$386,461) in the comparative period, driven primarily by the 22% reduction in operating expenses. For 2026, the Company anticipates continued reductions in operating expenses as a result of driving further cost synergies.

## Summary of Quarterly Results

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

	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Total Revenue	1,006,654	108,495	953,972	1,133,996	1,051,261	808,553	369,297	1,014,690
Recurring revenue	180,058	185,661	164,032	179,848	164,519	300,786	102,686	169,106
Gross margin	52%	178%	37%	44%	52%	42%	46%	24%
EBITDA	(196,558)	(2,688,524)	(447,253)	(98,513)	242,650	(500,062)	(908,725)	(750,583)
Adjusted EBITDA	(226,401)	(1,523,472)	(331,032)	(225,434)	(386,461)	(712,325)	(857,230)	(721,262)
Debt	6,252,780	7,741,631	6,687,209	6,224,820	6,149,659	13,254,625	14,950,107	13,410,113
Cash	144,864	155,120	125,535	526,823	128,971	154,614	219,669	1,054,616
Total assets	4,736,721	4,783,487	5,950,431	5,229,849	5,703,737	11,477,801	11,706,488	12,840,421
Working Capital	854,473	48,117	1,050,998	1,423,357	1,684,904	928,283	916,526	1,283,170
Common shares outstanding	100,635,919	89,041,919	78,601,919	78,601,919	77,213,075	77,213,075	20,761,154	20,748,863

## Disclosure of Outstanding Share Data

Clear Blue Technologies International Inc. common shares trade on the TSX Venture Exchange under the symbol "CBLU" and on the Frankfurt Stock Exchange under the symbol "0YA0". The Company is authorized to issue an unlimited number of common shares without par value.

As at March 31, 2026, there were:

- 100,635,919 common shares issued and outstanding;

- 5,314,314 stock options outstanding with a weighted average exercise price of \$0.2255 expiring between 2026 and 2032;
- 83,816,554 warrants outstanding with a weighted average exercise price of \$0.27 expiring between 2026 and 2029.

On January 30, 2026, the Company closed the final tranche of its non-brokered private placement, issuing 11,494,000 units (each comprising one common share and one common share purchase warrant exercisable at \$0.06 for 36 months) for gross proceeds of \$574,700. Giving effect to this issuance, common shares outstanding at March 31, 2026, were approximately 100,635,919.

### **Fundraising & Other Share Activities**

- 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.
- On March 31, 2025, the Company’s revolving credit facility of \$750,000 bearing interest at a rate equivalent to the bank’s prime lending rate plus 3%, due on demand, and secured by the assets of the Company was replaced by a series of agreements.

- Debt-to-Equity Conversion: \$250,000 was converted into 1,388,889 post-consolidation equity units, each consisting of one common share (issued at \$0.18) and one warrant (exercise price of \$0.30, expiring in 24 months).

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

- Royalty Agreement: \$250,000 of the outstanding revolving credit facility, plus 66,114 of other payables were converted into a 15-year royalty obligation of 0.75% on consolidated gross revenues, capped at \$750,000.
- Secured Term Loan: \$250,000 of the outstanding revolving facility, together with an additional disbursement of \$125,000 was combined into a new \$375,000 secured term loan (12% annual interest, payable quarterly), with \$100,000 maturing on the earlier of (i) receipt by the Borrower of the Ontario Innovation Tax Credit (“OITC”) grant or (ii) August 30, 2025 and remaining balance of \$275,000, 12 months from the closing date.

- On November 26, 2025, the Company announced a non-brokered private placement (the "Offering") of up to 24,000,000 units with each unit comprised of one common share and one common share purchase warrant at a price per unit of \$0.05, and each warrant exercisable for a period of 36 months at a strike price of \$0.06, for gross proceeds of up to \$1.2 million. The first tranche closed on November 26, 2025, with the sales of 10,440,000 Units raising aggregate proceeds of \$522,000. The final tranche closed on January 30, 2026, with the sale of 11,494,000 Units raising gross proceeds of \$574,700. Together with the first tranche, the aggregate Offering comprised 21,934,000 Units for aggregate gross proceeds of \$1,096,700.

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

- On January 2, 2024, the Company issued 399,942 common shares valued at \$53,992 pursuant to the maturity of RSU's. 159,977 common shares valued at \$11,199 were withheld by the Company for settlement of payroll taxes on behalf of the RSU holders.
- On January 9, 2024, the Company issued 72,000 common shares valued at \$5,400 pursuant to the maturity of RSU's. 28,800 common shares valued at \$2,160 were withheld by the Company for settlement of payroll taxes on behalf of the RSU holders.
- In connection to receipt of loan on February 22, 2024, the Company issued 300,000 warrants valued at \$11,806 and each is exercisable for one common share at \$0.10 per share until February 21, 2027. The stand-alone value of warrants was valued using the Black-Scholes valuation model with the following assumptions: expected life of 3 years, risk-free rate of 3.97%, dividend yield of 0% and volatility of 99.19%.
- On September 1, 2024, the Company issued 12,498 common shares valued at \$3,999 pursuant to the maturity of RSU's. 4,998 common shares valued at \$351 were withheld by the Company for settlement of payroll taxes on behalf of the RSU holders.
- On September 30, 2024, the Company issued 61,249 common shares valued at \$18,987 pursuant to the maturity of RSU's. 24,499 common shares valued at \$1,715 were withheld by the Company for settlement of payroll taxes on behalf of the RSU holders.
- On December 31, 2024, the Company completed a private placement through issuance of 13,766,534 units at \$0.03 per unit for proceeds received of \$15,000, amount recorded under subscription receivable amounting to \$72,996 and remaining balance of \$325,000 was adjusted against due to shareholders. Each unit is comprised of one common share and one share purchase warrant, with each full share purchase warrant exercisable for one common share at \$0.05 per share until December 21, 2026. The common shares and share purchase warrants were valued at \$261,567 and \$151,429 respectively, using the relative fair value method.

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

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

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

- On December 31, 2024, the Company issued 3,429,333 units at \$0.03 per unit for the settlement of convertible debenture converted to short-term loan. Each unit is comprised of one common share and one share purchase warrant, with each full share purchase warrant exercisable for one common share at \$0.05 per share until December 21, 2026. The common shares and share purchase warrants were valued at \$68,587 and \$39,707 respectively, using the relative fair value method. The stand-alone value of share purchase warrants is valued using the Black-Scholes valuation model with the following assumptions: expected life of 2.0 years, risk-free rate of 2.93%, dividend yield of 0% and volatility of 150.73%. The Company recognized loss of \$5,414 in the consolidated statement of loss and comprehensive loss due to the settlement of this debt.
- On December 31, 2024, the Company issued 33,156,800 units at \$0.03 per unit for the settlement of shareholder loan. Each unit is comprised of one common share and one share purchase warrant, with each full share purchase warrant exercisable for one common share at \$0.05 per share until December 21, 2026. The common shares and share purchase warrants were valued at \$663,136 and \$383,911 respectively, using the relative fair value method. The stand-alone value of share purchase warrants is valued using the Black-Scholes valuation model with the following assumptions: expected life of 2.0 years, risk-free rate of 2.93%, dividend yield of 0% and volatility of 150.73%. The Company recognized loss of \$52,343 in the consolidated statement of loss and comprehensive loss due to the settlement of this debt.
- On December 31, 2024, the Company issued 50,992,663 units at \$0.03 per unit for the settlement of debts. Each unit is comprised of one common share and one share purchase warrant, with each full share purchase warrant exercisable for one common share at \$0.05 per share until December 21, 2026. The common shares and share purchase warrants were valued at \$1,019,853 and \$590,426 respectively, using the relative fair value method. The stand-alone value of share purchase warrants is valued using the Black-Scholes valuation model with the following assumptions: expected life of 2.0 years, risk-free rate of 2.93%, dividend yield of 0% and volatility of 150.73%. The Company recognized loss of \$46,667 and \$542,233 in the consolidated statement of loss and comprehensive loss pertaining to the settlement of royalty

funding debt and other supplier debts respectively. In connection with this issuance, the Company issued share issuance cost of \$25,856.

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

## **Liquidity and Capital Resources**

The Company's cash balance decreased from \$155,120 as at December 31, 2025, to \$144,864 as at March 31, 2026. Available cash continues to be tightly managed by the Company. At March 31, 2026, the Company had a working capital surplus of \$854,473, compared to \$222,940 at December 31, 2025.

On January 30, 2026, the Company announced and closed the final tranche of its non-brokered private placement for \$574,700, comprising 11,494,000 units of one common share and one common share purchase warrant at a price of \$0.05 per unit, with each warrant exercisable for a period of 36 months at a strike price of \$0.06. The first tranche had closed on November 26, 2025, with the sale of 10,440,000 units raising aggregate proceeds of \$522,000.

Furthermore, the Company had previously been approved for a government grant of \$5,000,000 from SDTC. The last tranche of \$500,000 of this grant was approved and advanced to the Company on April 20, 2026.

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

The Company's objectives when managing capital are:

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

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

## 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. The key management team is comprised of 6 key individuals: CEO, CFO, Co-Founders (CTO & CPO), and SVP Sales and Operations.

Remuneration to key management was as follows:

	March 31, 2026	March 31, 2025
Salaries and benefits	202,613	117,318
Stock-based compensation	38,226	455
<b>Total</b>	<b>\$240,839</b>	<b>\$117,773</b>

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

Amounts owing to related parties (non-current) increased to \$1,658,203 at March 31, 2026, from \$1,122,591 at December 31, 2025, reflecting continued advances and deferred amounts from shareholders and key management. The remuneration related to share-based compensation represents the fair value of the stock options and RSUs issued and vested to key management during each period.

## Governance

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

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

## Environment

Clear Blue Technologies, the Smart Power Company, was founded on a vision of delivering clean, managed, "wireless power" to meet the global need for reliable, low-cost, off-grid power for lighting, telecom, security, Internet of Things devices, and other critical systems.

Clear Blue's Smart Power system includes a solar or solar-hybrid controller, a built-in communications network, and Illumience. Clear Blue's Smart Power cloud application and management service, delivering remote control, management, and proactive servicing of off-grid systems. It ensures unmatched reliability and long-lasting system performance while reducing

installation and ongoing maintenance costs by up to 80%. Clear Blue's products assist in reducing the environmental footprint of hardware infrastructure, moving grid-connected hardware to renewable energy through Smart Power technology.

## **Social**

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

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

1. Gender parity ("50%") on Canadian board(s) and senior management; and
2. Significant representation ("30%") on Canadian board(s) and senior management of other under-represented groups, including racialized persons, people living with disabilities (including invisible and episodic disabilities) and members of the 2SLGBTQ+ community. The program and participants recognize that First Nations, Inuit and Métis peoples, as the founding peoples of Canada, are under-represented in positions of economic influence and leadership.

Clear Blue is proud to have a female Chief Executive Officer (CEO), a 40% female representation on its Board and 37% female representation across the Company. Clear Blue has a 60% diverse board and a 70% diverse Company, with representations from females, visible minorities and the 2SLGBTQ+ community.

### *Community Engagement*

Clear Blue has four offices in Canada, the United States of America, Kenya and Nigeria. Clear Blue systems are operational in 45 countries, 27 U.S. states, and 9 Canadian provinces. The Company works with local vendors and is committed to recruiting and managing a global, diverse and skilled workforce. Clear Blue recently increased its presence in Africa, by establishing an office in Nigeria. Pursuant to its commitment to providing local prosperity by hiring locally, it hired four of the five team members in Kenya from the local community.

### *Health and Safety Measures/Protocols*

Clear Blue Technologies is committed to protecting and promoting the health and safety of its employees, customers, partners, visitors, and communities where it operates. The Company's objective is to eliminate or reduce workplace-related injury and illness by anticipating, recognizing and controlling hazards.

Management will continue to ensure that employees are competent, knowledgeable of the hazards and risks associated with their tasks and provided with the resources and training to complete their work safely.

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

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

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

## **Financial Instruments**

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

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

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

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

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

Discounting is omitted where the effect of discounting is immaterial.

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

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

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

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

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

#### *Impairment of financial assets*

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

- i. 12-month ECLs, which are ECLs that result from possible default events within 12 months after the reporting date (stage 1); and
- ii. Lifetime ECLs which are ECLs that result from all possible default events over the expected life of a financial instrument (stages 2 and 3).

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

### *Compound financial instruments*

Compound financial instruments issued by the Company are comprised of convertible debentures that can be converted to ordinary shares at the option of the holder when the number of shares to be issued is fixed and does not vary with changes in fair value. The liability component is initially recognized at the fair value of a similar liability that does not have an equity conversion option; the equity component is initially recognized as the difference between the fair value of the compound instrument as a whole and the fair value of the liability component. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method, and the equity component is not remeasured except on conversion or expiry.

### *Embedded derivatives*

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

### *Subsequent Events*

The Company has evaluated subsequent events through the date these condensed interim consolidated financial statements were issued and determined the following significant event to report:

- The Company had previously been approved for a government grant of \$5,000,000 from Sustainable Development Technology Canada (“SDTC”). The final tranche of \$500,000 of this grant was approved and advanced to the Company on April 20, 2026.

### **Risks and Uncertainties**

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

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

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

An escalating war in the Middle East, prolonged inflationary conditions, high and/or increased interest rates, additional sanctions or retaliatory measures related to the Russia-Ukraine crisis, or other situations, could further negatively affect international. At this time, the extent and duration

of these economic and political events and their effects on the economy and the Company are impossible to predict, but the impact on the Company's business could be material.

#### *Liquidity risk*

As at March 31, 2026, the Company had a working capital surplus of \$854,473. The Company plans to convert its significant inventory into cash receivables, realize its assets, increase revenues and gross profit margins, and draw down on government grant advances. Furthermore, the Company also intends to raise further capital as necessary to maintain sufficient liquidity. If the Company is unable to achieve some or all of these plans within a reasonable timeframe, the Company may not be able to continue as a going concern.

#### *Credit risk*

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

#### *Market risk*

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

- (a) Interest rate risk — The Company has cash balances, and the majority of its debt has fixed interest rates, therefore it is not significantly exposed to fluctuating interest rates. The Company's current policy is to invest some of the excess cash in investment-grade highly liquid demand deposit certificates issued by its banking institutions.
- (b) Foreign currency risk — Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. A significant portion of the Company's revenues and a portion of its purchases are denominated in United States dollars ("USD"). To the extent possible, the Company uses cash received from sales to finance its USD purchases, thereby limiting its exposure to foreign currency risk.
- (c) Macro-economic trends — The Company's customers purchase systems from Clear Blue as part of their infrastructure capital spending and growth plans. As such, global macro-economic trends can have an impact on those plans, causing delays and/or slowdowns. As these occur, it can have a resulting impact on the Company's revenue.

#### *Going concern risk*

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

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

During the three months ended March 31, 2026, the Company incurred a net loss of \$419,230 (three months ended March 31, 2025 – \$19,561). At March 31, 2026, the Company had working capital of \$854,473 (December 31, 2025 – \$222,940), including cash of \$144,864 (December 31, 2025 – \$155,120), which may be insufficient to fund operations for more than 12 months.

Historically, the Company has been able to raise sufficient funds to finance its operations through private placements and government grants. The Company continues to pursue alternative sources of funding and to undertake restructuring and cost-reduction steps designed to improve its cash position. While there have been numerous positive developments, certain of these actions are not yet concluded. Management believes that its plan, if concluded, would resolve the short- and medium-term cash-flow pressures and allow the Company to move forward with solid cash flow, strong growth and future prospects. However, at this time there can be no assurance that the restructuring goals will be fully achieved, and as a result the Company may not be able to continue as a going concern.

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

#### *Sales risk*

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

#### *Ability to Hire and Retain Key Personnel and Dependence on Management*

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

The Company's success depends in large part on key personnel. The loss of such key personnel may have a material adverse effect on the Company's operations. Identifying and recruiting qualified personnel and training them requires significant time, expense and attention. It can take several months before a new salesperson is fully trained and productive. If the Company is unable

to hire, develop and retain talented sales personnel or if new sales personnel are unable to achieve desired productivity levels in a reasonable period of time, the Company may not be able to grow its business.

### *Additional Financing*

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

To achieve profitability, make further investments, or take advantage of future opportunities, the Company will require additional financing. The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company.

If additional financing is raised by the issuance of shares or other forms of convertible securities from treasury, control of the Company may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

### *Negative Cash Flows and Profitability*

During the three months ended March 31, 2026, the Company had negative cash flow from operating activities. The Company has not been profitable since its inception. There is no assurance that the Company will earn profits in the future or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

### *Significant Competition*

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

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

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

### *Third-Party Suppliers*

The Company relies on subcontractors and may run into funding, supply chain, technical, and/or other difficulties. As a result, they could be unable to deliver essential services or components in time and could cause significant delays in the delivery of the Company's projects. Any significant delivery delays could negatively impact the Company's future revenue and may have a material adverse effect on the business, financial position, or results of operations of the Company. In addition, it is possible that certain vendors may face high demand for their services or products and not be able to supply the Company with what it needs, and/or when it needs it.

Trade barriers, such as tariffs imposed by governments on import, also have the potential to disrupt the Company's supply chain, necessitating the Company to find other suppliers, sometimes on short notice. Such tariffs could also impose additional costs on the Company, negatively impacting its profitability.

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

### *Components*

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

### *Warranty*

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

### *Commercial and Industrial Customers*

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

#### *Dilution*

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

#### *Damage to Reputation*

The Company depends significantly on its reputation for high-quality products, services, engineering abilities, and exceptional customer service to attract new customers and grow its business.

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

#### *Fluctuating Results of Operations*

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

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

- significant fluctuations in customer demand for the Company's offerings;
- market acceptance of the Company's new or existing offerings;
- the Company's ability to complete installations in a timely manner;

- the Company's ability to continue to expand operations, and the amount and timing of expenditures related to this expansion;
- announcements by the Company or its competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- changes in the Company's pricing policies or terms, or those of its competitors, including electric utilities; and
- actual or anticipated developments in the competitive landscape.

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

### *International Operations*

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

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

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

The Company will continually and selectively consider new international markets. In other instances, the Company may rely on the efforts and abilities of foreign business partners in such markets.

Certain international markets may be slower than domestic markets in adopting the Company's products and services, and operations in international markets may not develop at a rate that supports the Company's level of investment.

#### *Existing Industry Regulations*

Federal, state, provincial, and local government regulations and policies concerning the electric utility industry, and internal policies and regulations promulgated by electric utilities, heavily influence the market for electricity generation products and services. These regulations and policies often relate to electricity pricing and the interconnection of customer-owned electricity generation. Governments and utilities continuously modify these regulations and policies. These regulations and policies could deter customers from purchasing solar solutions.

In addition, any changes to government or internal utility regulations and policies that favor electric utilities could reduce the Company's competitiveness and cause a significant reduction in demand for its products and services.

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

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

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

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

#### *Conflicts of Interest*

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

### *Issuance of Debt*

From time to time, the Company may enter into transactions to acquire assets or the shares of other organizations or seek to obtain additional working capital. These transactions may be financed in whole or in part with debt, which may increase the Company's debt levels above industry standards for companies of similar size.

### *No Guarantee of Active Liquid Market*

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

### *Issues Related to Acquisitions*

With acquisitions there is a risk that integration will result in challenges that were not anticipated, such as key staff departures, diversion of management time and resources, or projected revenues that do not materialize. Should the future projected revenue attributed to any acquisition not materialize, the Company's overall revenues will be negatively impacted.

### *Government Policies including Trade Tariffs*

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

### **Critical Accounting Estimates**

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

### **Off-Balance Sheet Arrangements**

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

### **Proposed Transactions**

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

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

Management is committed to delivering timely and accurate disclosure of all material information. Disclosure controls and procedures ensure that reporting requirements are satisfied and that

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

Additional information and other publicly filed documents relating to the Company are available through the internet on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR+"), which can be accessed at [www.sedarplus.ca](http://www.sedarplus.ca).