STARDUST SOLAR ENERGY INC.
(Formerly Bold Capital Enterprises Ltd.)

Management Discussion and Analysis
For the year ended December 31, 2024
(Canadian Dollars)

ABOUT THIS MD&A

The following annual Management Discussion & Analysis ("Annual MD&A") of Stardust Solar Holdings Inc. ("Stardust" or the "Company"), formerly Sambuk Capital Limited, for the year ended December 31, 2024, is intended to assist readers in understanding Stardust's consolidated business, together with its business environment, strategies, performance, outlook and relevant risks, and it should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2024 and 2023, and the accompanying notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A has been prepared as of June 26, 2024, pursuant to the disclosure requirements under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators. Results are reported in Canadian dollars unless otherwise noted.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual MD&A contains certain statements which may constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, "forward-looking statements" or "FLS"). These forward-looking statements are made as of the date of this Annual MD&A and the Company does not intend, and does not assume any obligation, to update these FLS, except as required under applicable securities legislation. FLS relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, FLS can be identified by the use of words 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 statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negate of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature FLS involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the FLS. The Company provides no assurance that FLS will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on FLS.

The Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these FLS are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such FLS are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements.

DESCRIPTION OF BUSINESS

Stardust Solar Energy Inc., formerly Bold Capital Enterprises Ltd., was incorporated on May 16, 2018, pursuant to the provisions of the Canada Business Corporations Act. The Company's head office is B101 – 9000 Bill Fox Way, Burnaby, British Columbia V5J 5J3, Canada, and its registered address is 1055 West Georgia Street, Suite 1500, Vancouver, BC, Canada, V6E 4N7.

Stardust is a franchisor of renewable energy installation services including Solar PV (panels) array installation, energy storage, and electric vehicle supply equipment. Stardust lends its brand and business management services to entrepreneurs looking to enter the industry of renewable energies. Our franchisees install and maintain these clean energy products for residential and commercial purposes. As a franchisor, Stardust supplies its franchisees with the following products: solar PV equipment, energy storage equipment, and electric vehicle supply equipment. As well Stardust supports its franchisees with many services from head office including marketing, sales, engineering, plan sets, customer service, and project management.

Stardust's competitive advantage is its industry leading certified training programs for the design and installation of renewable energies. Stardust offers certified training courses throughout North America which are approved by CSA and NABCEP as qualified training for people entering the industry. Stardust continues to offer these training programs to the public and industry professionals alike, creating a feeder system for its franchise business model. The Company is also a licensed and bonded electrical contractor who does the installation and maintenance of solar photovoltaic systems, energy storage banks and electric vehicle supply equipment.

Franchise Business

Primarily sold to renewable energy entrepreneurs and electricians. Franchising the Stardust brand allows the Company to scale up quicky and grow rapidly. Stardust sells products and services for the installation and maintenance of solar energy systems, energy storge banks, and electric vehicle supply equipment. Stardust franchisees pay an initial franchise fee and a sales royalty percentage payable quarterly in perpetuity of the franchise agreement. The franchise agreements are valid for an initial 5-year term renewable every 5 years afterwards for additional franchise renewal fee. Franchisees also agree to purchase all solar equipment and installation supplies from the Company. Stardust also offers its franchisees a wide range of services and supports systems to help then get started in the renewable energy installation industry. Those corporate head offices services include technical support; engineering and system design, permit plan sets and compliance drawings, and project management. As well the head office services include marketing and business development services of; lead generation, local and national marketing campaigns, branding materials printing, uniform distribution, and vehicle wrap printing. Stardust also offers its franchisees customer service and accounting professionals with experience in managing renewable energy clients. All these additional services and supports are available to the franchisees for a cost, if desired by the franchisee.

Education Business

Stardust Solar offers a wide range of renewable energy courses and certifications to the public and industry professionals alike. Including but not limited to: Solar PV Design and Installation, Energy Storage Design and Installation, EVSE Installation, Solar Hot Water Design and Installation. These courses have been developed and written by industry leading professionals with deep knowledge and experience in their respective fields. Our courses often get submitted to outside 3rd party regulatory bodies to review and approve the curriculums as qualified training for those wishing to learn about renewable energies. Our training courses commonly include theory covering the science behind the respective technologies, a day or two of real-world hands-on experience doing the installation of system being studied, exams and exercises to test the knowledge of the students and ensure they are grasping the key concepts, and detailed review sessions to reenforce and ensure the material was well absorbed. All Stardust training certifications expire 3 years after being earned, requiring the student to re-attend the most recent version of the respective training to maintain their credentials.

Our classes are delivered in-person offering in the following cities: Burnaby, BC, Regina, SK, Montreal, QC (French courses available), and Digby, NS. The in-person training is the most popular choice and offers our students the ability to interact and question our trainers as they learn the content. We also offer virtual training through ZOOM which has become a more popular option during the COVID-19 pandemic. This virtual training still allows students to work with an instructor live which learning the content, however the hands-on experience portion of our curriculum is often schedule for a future date which accommodates both the student and instructor. Finally, our students also have the option to complete our curriculum via pure online training. This consists of all our accredited course curriculum but is delivered via pre-recorded videos with exercises and does not offer the students the ability to question and interact with a live instructor.

Product Distributor

Stardust sells renewable energy products to its franchisees, its network of 2500+ trained installers and to the public alike. These products include but are not limited to; solar panels, inverters and optimizers, racking, energy storage (Lithium-ion batteries, absorbed glass mat batteries, lead acid batteries), and also electric vehicle supply equipment. Stardust currently works with distributors to offer these products to its clientele and plans to being buying directly from manufactures by the container load in 2024, which will bring cost savings and increased margins to the business. The Company plans to use its wide network of trainees and franchisee to increase its buying power, thus also reducing overall costs and increasing profit margins.

Installation Services

Stardust also does the installation and maintenance of renewable energy systems from head office. These systems include but are not limited to solar PV arrays, energy storage, and also electric vehicle supply equipment. The company continues to perform these services to drive revenues but also to ensure it team of professionals stay up to date on the latest products and technologies available on the market. Often solar PV systems are the entry point to a renewable energy customer who will then upgrade their system with energy storage or an electric vehicle charger. The addition of a battery bank (energy storge) will double the price of the installation and the addition of an electric vehicle charger will only increase the price by approximately 10%. All Stardust installation customers are offered a maintenance contract with their option of quarterly, bi-annual, or annual site visits. These visits will often consist of solar array cleaning of dust and debris, seasonal angle tilt correction for ground mount arrays, equalization of lead acid battery banks, and anything else the customer desires.

Along with the installation and maintenance of renewable energy systems, Stardust offers many complimentary services to its direct installation customers. These services often get sold in a bundle package by our business development team to make these projects seamless and ease to manage for the customers. Services include but are not limited to: System design and 3D rendering of project, engineering review of system and component compatibility, permit applications (building permits with municipalities, electrical permits with regulatory authorities, and utility permits with power corporations). Stardust also includes dedicated project managers for every installation contract, offering our clients step by step updates and progress reports on their renewable energy projects.

OVERALL PERFORMANCE

The Company experienced a pivotal period during the year ended December 31, 2024 and 2023 marked by significant milestones. The platform's franchisee base has been consistently growing, and the Company anticipates this trend to persist throughout 2024 and beyond.

In 2024, the Company expanded its franchisee network, growing from 27 franchise territories in the US and Canada on January 1, 2024, to 83 franchise territories on December 31, 2024. As of the date of this MD&A, Stardust has a network of 94 franchisee territories strategically located in Canada, the United States, and one in Antigua and Barbuda. This expansion highlights the Company's strategic market penetration and strengthens its presence in North America, while illustrating the potential for long-term international expansion. This North American expansion not only resulted in a surge in franchise fees and royalties but also drove remarkable growth in total product sales and gross revenue. Consolidated gross revenues for the year ended December 31, 2024, was $3,612,876, compared to $2,638,809 for the year ended December 31, 2023, representing an increase of 36%. Management believes this upward trend will continue through 2025 with more projects and franchisees in Canada, and continued expansion in the US market.

Competitive Conditions

The renewable energy sector, particularly solar energy, is rapidly growing in North America. The U.S. Department of Energy (DOE) released the Solar Futures Study detailing the significant role solar will play in decarbonizing the nation's power grid. The study shows that by 2035, solar energy has the potential to power 40% of the nation's electricity, drive deep decarbonization of the grid, and employ as much as 1.5 million people—without raising electricity prices. Globally, solar electricity is now the fastest growing energy source in the world. In fact, the International Energy Agency (IEA) forecasts that by 2050, solar electricity could account for 27% of the world's electricity mix, making it the world's largest source of electricity, ahead of nuclear, fossil fuels, hydro and wind. This competitive landscape makes for very competitive landscape and the Company plans to stay ahead of the competition by leveraging its scalable franchise model to rapid growth and utilizing its combined buying power to reduce costs.

Industry Incentives

Canada: up to $40,000 Greener Homes Loan.
As well in Canada, there is the federal Greener Homes Program, which provides up to $40,000 in loans at 0% interest for 10 years, for solar and other energy efficiency improvements.

Canada: Solar Net-Metering.
Provincial net-metering programs in Canada offer credits to residents and businesses generating surplus electricity.

U.S.: 30% Incentive Tax Credit.
In the United States, there is a 30% Incentive Tax Credit, providing solar customers 30% of their Solar PV project costs back, through refundable tax credits.

Specialized Skills and Knowledge

Solar energy installation demands specialised skills, encompassing roofing, electrical work, photovoltaic principles, and trigonometry for array angle optimization. This creates a new unique job market for workers with these specific skill sets. The Stardust team excels in both installing solar energy systems and training new solar installers.

Employees

As of the date hereof, the Company employs permanent employees, consultants, and contractors, comprising the full-time CEO, COO, CTO, CFO, Accounting Manager, Accountant, Sales Manager, two Project Managers, Solar System Designer, as well as contractors including four solar PV installation trainers and instructors for Canada, US, and Quebec, and red seal electrical solar technicians. This blend of permanent employees, consultants, and contractors enables the Company to control costs while delivering services to franchisees and customers. The Company intends to increase its staff in 2024 to support the expansion in the North American renewable energy market. Staffing costs will be significant for Stardust and are pivotal to the success of its franchise model.

Intangible Properties

Stardust Solar's business model offers a distinct competitive advantage in the solar energy sector. Its role as a franchisor of solar installation services positions Stardust Solar for rapid growth and scalability during the years of the industry's significant expansion. Additionally, its leadership and expertise in the solar energy education enables the Company to efficiently train and develop its growing network of franchisees. These combined factors distinguish Stardust Solar from all other solar energy companies, uniquely positioning it as a leader in the solar franchise space.

Product Development

Stardust is currently exploring the recycling of solar panels, with over 96% of solar panel components recyclable into raw materials resale to manufacturers. Composed of aluminum, glass, silicon, and electrical parts, these solar panels present an opportunity for a Green circular economy. Stardust is looking to the future to solve the problems of tomorrow. Anticipating the replacement of any outdated solar panels will be discarded in favor of the with newer and more powerful technologies, Stardust aims to utilize it wide network of solar installers and franchisees for old solar panel collection and replacement. The collected solar panels will be transported via rail to a central recycling facility to be processed and returned back to their raw material state.

Stardust is also developing a mobile application for its students and trainees. The Company is developing a mobile certificate platform so installers can show encrypted proof of their training credentials. This mobile application will work directly with Android or iOS phone wallets to upload the certificate in the form of a wallet pass. The certificate will also be populated with a QR code reverting the individuals' proof of training and certification.

Company Overview

During the year ended December 31, 2024, Stardust Solar used $1,107,678 in operating activities compared to $231,210 used in operating activities in 2023. The Company continued to be cash flow positive on an overall basis in the year of 2024 generating $927,840 in net cash inflows compared to 315,653 in 2023. The Company is also seeing improved gross profits from $876,959 in 2023 to $967,112 in 2024, an increase of $90,153 or 10%.

The Company believes the following non-GAAP financial measures provides meaningful insight to its shareholders in understanding the Company's performance, and may assist in the evaluation of the Company's business relative to that of its peers:

(Canadian Dollars)

Year ended December 31	2024	2023	$ Chg	% Chg
System assessment & installations	$ 108,482	$ 116,777	$ (8,295)	(7)%
Product sales	2,766,383	1,691,791	1,074,592	64%
Training & exam administration	234,486	314,873	(80,387)	(26%)
Franchise fees	503,525	515,368	(11,843)	(2)%
Total revenue	**$ 3,612,876**	**$ 2,638,809**	**$ 974,067**	**37%**

The Company has seen strong consolidated revenue growth during the year ended December 31, 2024, primarily driven by the Product sales and Franchise Fees categories, as shown in the table above.

In the year of 2024, total revenue increased by $974,067, a 37% growth compared to 2023. This increase stemmed from the product sales by the franchise operations in the US and franchise fees in Canada and also from the head office operations, notably driven by product sales. These sales reflect the sustained strength and expansion of the Company's Canadian franchise network operations, as shown in the table below.

Year ended December 31, 2024	Head Office Operations	Canadian Franchise Operations	USA Franchise Operations	Total
System assessment & installations	$ 83,033	$ -	$ 25,649	$ 108,482
Product sales	1,607,710	-	1,158,673	2,766,383
Training & exam administration	234,486	-	-	234,486
Franchise fees	76,986	358,368	68,171	503,525
Total revenue	**$ 2,002,215**	**$ 358,368**	**$ 1,252,293**	**$ 3,612,876**

Year ended December 31, 2023	Head Office Operations	Canadian Franchise Operations	USA Franchise Operations	Total
System assessment & installations	$ 105,507	$ -	$ 11,270	$ 116,777
Product sales	1,523,965	-	167,826	1,691,791
Training & exam administration	312,174	-	2,699	314,873
Franchise fees	30,996	451,316	33,056	515,368
Total revenue	**$ 1,972,642**	**$ 451,316**	**$ 214,851**	**$ 2,638,809**

In the year of 2024, the Head Office Operations contributed the most to the total revenue, followed by the USA Franchise Operations and Canadian Franchise Operations. The significant increase in the USA Franchise Operations and product sales in the U.S were pivotal in driving the overall revenue growth.

The USA Franchise Operations generated total revenue of $1,252,293 during the year ended December 31, 2024, a substantial increase from $214,851 in 2023, representing an increase of $1,037,442 or 482%. This revenue growth in 2024 was primarily driven by product sales in the US.

The Head Office Operations generated a total revenue of $2,002,215 during the year ended December 31, 2024, compared to $1,972,642 in 2023. This increase was primarily attributable to some increase in product sales offset by decrease training & exam administration revenue and also system assessment and direct installations completed by the head office.

The Canadian Franchise Operations reported total revenue of $358,368 in 2024, down from $451,316 for the year of 2023, representing a decrease of $92,948, or 21%. The decrease was primarily attributable to lower number of new franchise territories added in Canada in 2024 (6 new franchise territories) compared to 2023 (10 new franchise territories) resulting in lower initial fees and royalties generated in Canada in 2024.

KEY DEVELOPMENTS

This is a summary of the Company's key developments during the year ended December 31, 2024:

- On February 5th, 2024, Stardust signed an agreement with Tesla Inc. (USA) to purchase and resell the Tesla Powerwall energy storage systems across the USA.
- On February 9th, 2024, the Company signed two new franchise units in Winnipeg, MB Central and Winnipeg, MB Suburbs.
- On March 17th, 2024, Stardust approved the private sale of the Franchise Rights of Stardust Solar Edmonton to a new Franchisee and Operator.
- On March 19th, 2024, Stardust signed a contract agreement with Smith Franchise Consulting to sell and develop new franchise units in Canada and US.
- May 10th, 2024, the Company signed a new franchise unit in Halton, ON.
- On June 20th, 2024, Stardust signed a Mutual Release and Termination of Stardust Solar Peel, ON
- On June 24th, 2024, the Company signed a Mutual Release and Termination of Stardust Solar Barrie, ON.
- June 25th, 2024, Stardust awarded the Barrie territory to Stardust Solar Sudbury, ON.
- June 27th, 2024,the Company signed a new franchise unit for the region of Peel, ON.
- August 19th, 2024, Stardust signed a new franchise unit in Central Newfoundland, NL.
- September 13th, 2024, the Company signed a new franchise unit in Hamilton, ON.
- September 25, 2024, Stardust completed the RTO transaction with Bold Capital Enterprises Ltd. and closed concurrent financings.
- October 4th, 2024: the Company terminated two franchise units in Kansas, MO and Oklahoma City, OK.
- October 7th, 2024,Stardust Solar Energy Inc. Commences Trading on TSXV under Symbol "SUN".
- October 15, 2024, Stardust retains market making services from ITG and IR services from ClimateDoor.

(Canadian Dollars)

- October 15, 2024, the Company closes the market in a celebration at TSXV in Vancouver.
- October 17, 2024, Stardust Approved for Powerwall Sales in the US.
- October 29, 2024, Stardust commencement of Trading on the Frankfurt Stock Exchange under symbol "6330".
- November 4, 2024, Stardust appoints Rematek as Powerwall distributor for Province of Quebec.
- November 7, 2024, Stardust announces grants of RSUs and Options exercisable at $0.20.
- November 21, 2024, Stardust applies for franchisor permits in 42 U.S. states.
- November 27, 2024, Stardust secures positive resolution and reaches a settlement agreement to recover the SinuSafe loan plus interest.
- December 4, 2024, Stardust Solar announces non-brokered private placement of units at $0.10.
- December 4, 2024, Stardust signed a new franchise unit in New Westminster, BC, Canada.
- December 5, 2024, Stardust completes acquisition of Solar Grids' assets.
- December 19, 2024, Stardust launches first Tesla Ride Share location in Sudbury, ON.
- December 31, 2024, Stardust signed a new franchise unit in Houston, TX.
- December 31, 2024, Stardust received a settlement payment of $395,208 in full settlement of the SinuSafe loan principal and accrued interest.

SUMMARY OF QUARTERLY RESULTS

The table below sets out a summary of certain financial results of the Company over the past eight quarters and is derived from the audited annual consolidated financial statements and unaudited quarterly consolidated financial statements of the Company.

Quarter ended	Revenue	Net income (loss)	Net and comprehensive income (loss)	Basic and diluted net income (loss) per share
December 31, 2024	$ 767,005	$ (522,333)	$ (519,911)	(0.01)
September 30, 2024	896,030	(4,354,057)	(4,354,324)	(0.20)
June 30, 2024	1,115,570	(152,726)	(152,945)	(0.01)
March 31, 2024	834,271	(389,269)	(389,112)	(0.01)
December 31, 2023	756,388	(370,360)	(338,543)	(0.01)
September 30, 2023	493,893	(378,498)	(378,782)	(0.01)
June 30, 2023	1,033,843	182,994	183,054	0.00
March 31, 2023	364,156	307,824	276,136	0.00

The Company has experienced continued growth over the past eight quarters as can be seen by the revenue growth. A significant contributor of the revenue growth trend was the increase in franchisee numbers, and the related increases in product sales to these franchisees. The Company added 7 new franchise territories before Q2 2022, nearly doubling the number from 8 franchise territories at the beginning 2022. Stardust further added 1 new franchise territory before the end of 2022 for a total of 16 franchise territories at the end of Q4 2022. The growth trend continued during 2023, with the Company adding 12 new franchise territories before the end of Q4 2023, for a total of 28 franchise territories. During 2024, the Company further added 6 new franchise territories in Canada, 49 new franchise territories in the US and 1 international franchise territory in Antigua & Barbuda. In Q4 2024, the Company added one new franchise territory in Canada, and 49 in the US, and one international franchise territory. As of the date of this Annual MD&A, Stardust has a network of 32 franchise territories in Canada, 61 franchise territories in the United States and one international franchise territory in Antigua & Barbuda. This expansion highlights the Company's strategic market penetration and strengthens its presence in North America and internationally. This expansion brought additional franchise fees, as well as new product sales pipelines. Net loss has generally remained comparable from quarter to quarter when looking only at operating expenses, not including expenses related to the Bold's RTO transaction, which closed in the quarter ended September 30, 2024, and other transaction related expenses.

(Canadian Dollars)

SELECTED FINANCIAL INFORMATION

The table below sets out selected financial results of the Company and is derived from the Financial Statements.

As at		December 31, 2024		December 31, 2023
Current assets	$	1,652,399	$	795,026
Non-current assets		632,543		80,117
Total assets	**$**	**2,284,942**	**$**	**875,143**
Current liabilities	$	1,846,837	$	1,539,869
Non-current liabilities		882,105		24,873
Total liabilities	**$**	**2,728,942**	**$**	**1,564,742**

For the year ended		December 31, 2024		December 31, 2023
Revenue	$	3,612,876	$	2,638,809
Net loss and comprehensive loss		(5,416,292)		(574,967)
Net loss per share, basic and diluted	$	(0.16)	$	(0.03)

Throughout its history, the Company has not declared any cash dividends. During the year ended December 31, 2024, the Company exhibited robust growth relative to the same period in the previous year, primarily attributable to an increase in revenue. This growth was achieved by transitioning from operating solely the Canadian Head Office Operations and the Canadian Franchise Operations as a proof-of-concept business model in 2021 to expanding sales and franchise opportunities in the US market. This expansion has led to an increase in product sales and the expansion of the franchisee base, accompanied by higher operational costs, including labor, marketing, and professional fees, to support this growth.

DISCUSSION OF OPERATIONS

Revenue

Revenue for the year ended December 31, 2024, was $3,612,876 compared to $2,638,809 for the year ended December 31, 2023. The increase in revenue was mostly due to the significant growth in product sales of existing and new franchisees, and expansion into the US market with the franchise model. This translates into higher product sales revenue, while training and exam administration revenue remained relatively unchanged.

Direct Cost

Direct costs for the year ended December 31, 2024, was $2,645,764 compared to $1,761,850 for the corresponding period in 2023. Direct costs consist of the primarily of the cost of product purchases (including related freight and duty), which accounted for approximately 94% of the total direct costs during the year ended 2024 (2023 – 88%). This figure also includes subcontractors and freight, and the increase in direct costs was mostly due to the increase in product sales (increased by 64%) by new and existing franchisees, particularly in the US market, where the Company's initial market penetration strategy has resulted in the predominantly small product sales gross margin offset by the overall increase in total revenue.

Gross Profit

In the year ended December 31, 2024, the overall gross profit increased by 10% to $967,112, up from $876,959 in the year of 2023. This growth can be attributed to strong performances across multiple revenue streams including product sales and franchise fees.

Product sales: the gross profit from product sales, including freight and duty increased by $129,443 or 91% from $142,087 in 2023 to $271,530 in 2024. This growth contributed significantly to the overall gross profit improvement during the year 2024.

Training and exam administration: the gross profit from training and exam administration, which includes subcontractors, decreased by $19,152 or 19% from $102,727 in 2023 to $83,575 in 2024.

Franchise Fees: Gross profit from franchise fees decreased by $11,843 or 2% form $515,368 in 2023 to $503,525,406 in 2024.

Expenses

For the year ended December 31, 2024, total operating expenses amounted to $2,882,411, a significant increase from $1,417,257 in 2023. The substantial rise primarily attributed to the legal and professional fees incurred in connection with the corporate mergers and acquisitions (M&A) activity during the year of 2024. These expenses encompassed corporate transaction-related legal and professional services.

EBITDA and Adjusted EBITDA

For the year ended December 31, 2024, the total unadjusted operating loss was $1,915,299, an increase of $1,375,001 from the total unadjusted operating loss of $540,298 in 2023. The increase in total unadjusted operating loss can primarily be attributed to the substantial legal and professional fees incurred in connection with the corporate mergers and acquisitions (M&A) activity during the year of 2024. This operating loss included non-recurring corporate transaction-related legal and professional services. In 2024, the Company incurred $374,474 in professional and legal expenses directly attributable to the reverse takeover transaction with Bold Capital Enterprises Ltd. and $88,043 in professional and legal expenses directly attributable to the acquisition transaction with Solar Grids Development LLC. In 2024, the adjusted net operating loss (adjusted EBITDA) amounted to $1,254,400, a significant increase from the $423,800 loss recorded in 2023. This increase in adjusted operating loss (adjusted EBITDA) can be primarily attributed to the substantial 64% growth in product sales revenue, achieved in 2024, compared to 2023. Additionally, the overall increase in operating expenses is largely attributable to the heightened corporate activities mandated for publicly traded entities. These material variances in individual accounts are discussed in detail below.

Salaries and Wages

Salaries and wages for the year of 2024 amounted to $759,708, compared to $680,764 in 2023. This increase of $78,944 or 12%, is primarily attributable to the hiring of additional employees in late 2023 and during the year of 2024. Furthermore, the increase reflects higher health and benefits insurance premiums paid by the Company.

Professional Fees

Professional fees in the year ended December 31, 2024 amounted to $987,441 an increase from $313,188 in 2023. This increase is primarily due to additional legal, audit, and accounting costs associated with debt and equity transactions, business combinations, and corporate activities, as well as the Company's expansion into the US solar market. The total includes $462,517 for one-time legal and professional fees related to corporate asset and business acquisition transactions with Solar Grids Development LLC and Bold Capital Enterprises Ltd. Additionally, the increase is attributable to technical and operating consulting fees incurred to support expanded operations, sales growth, customer acquisition, and technical maintenance, support, and onboarding.

Advertising and Promotion

Advertising and promotion expenses incurred during 2024 amounted to $377,029, a significant increase from $116,693 in 2023. This substantial increase of $260,336, representing a 223% growth, was directly attributable to the overall expansion of the business's revenue and the corresponding need for additional advertising and promotion support and additional investor relations expenses of $142,796 in 2024.

Interest and Bank Charges

Interest and bank charges for the year ended December 31, 2024, amounted to $125,929, an increase from $52,292 in 2023. This increase is primarily an elevated volume of credit and debit card transactions and higher processing fees associated with customer payments. This figure also includes calculated interest from the lease of office premises and interest charges related to loans and borrowings, as disclosed in the consolidated financial statements for the year ended December 31, 2024.

Insurance

Insurance expenses amounted to $52,348 for the year ended December 31, 2024, as compared to $40,323 for the year ended December 31, 2023. This increase was primarily due to various adjustments in premiums for the corporate insurance policies.

Travel

During the year of 2024, travel expenses remained relatively unchanged, totaling $13,527. This figure is comparable to the $12,710 incurred during 2023. This can be attributed to the implementation of cost-saving measures, which primarily involved the increase in the volume of virtual and online training sessions.

Business taxes, licenses, and memberships

For the year ended December 31, 2024, business taxes, licenses, and memberships expenses totaled $120,812, compared to $57,402 for the year ended in 2023. The increase of $63,410 or 110% is primarily attributed to the acquisition of additional software licenses, memberships, and online subscriptions, which were directly linked to the Company's substantial revenue growth experienced in 2024.

Office Expenses

Office expenses for the year ended December 31, 2024, were $133,923, compared to $41,871 in the previous year, representing an increase of $92,052. This increase was primarily due to increased expenses associated with public listing of the company, overall revenue growth including, and higher business and accounting software expenses related to the Company's US growth strategy. These increases were partially offset by lower programming and website maintenance costs.

Amortization

Amortization expense for the year ended December 31, 2024, was $72,451, compared to $64,206 for the year ended December 31, 2023. This figure is primarily derived from the calculated amortization of the Right-of-Use Asset from the office premises lease and amortization of intangible assets including acquired Solar Grids franchise agreements, customer lists and trademarks, as detailed in the consolidated financial statements for the year ended December 31, 2024.

LIQUIDITY

As at December 31, 2024, the Company had total current assets of $2,284,942, compared to $875,143 at December 31, 2023. The current assets comprised of $1,284,764 in cash and equivalents, $313,776 in accounts receivable, $32,739 in prepaid expenses, and $21,120 in inventory in-transit. The substantial increase in total current assets can be attributed to several factors. Firstly, the Company acquired cash of $1,083,545 through the Bold RTO Transaction completed on September 25, 2024. Secondly, there were concurrent financings, including proceeds from loans and borrowings of $548,000, recovery of SinuSafe loan of $395,208, convertible loans of $260,000 and subscription receipts of $39,000 and $23,000. The timely shipment and delivery dates also contributed to a reduction in the in-transit inventory compared to December 31, 2023.

As of December 31, 2024, the Company's total current liabilities amounted to $1,846,837. This figure includes $1,326,007 in accounts payable and accrued liabilities, $51,520 in goods and services tax payable, $59,944 in the current portion of lease liability, $1,859 due to related parties, $23,000 in share subscription receipts, $358,173 in deferred revenue, $21,069 in the current portion of loans and borrowings, and $5,265 in income tax liability. The increase in accounts payable and accrued liabilities can be attributed to higher professional fees, particularly legal and audit fees incurred in connection with the corporate transactions. However, this increase was partially mitigated by a decrease of $315,865 in subscription receipts that were converted to common shares upon the completion of the Bold RTO transaction. Additionally, this decrease has been further offset by a reduction in deferred revenue, which was recognized without any cash outflows.

As at December 31, 2024, the Company reported a working capital deficiency of $194,438, with current assets totaling $1,652,399 and current liabilities amounting to $1,846,837. This includes deferred revenue of $358,173, representing customer deposits, which will be earned over time and does not involve cash outflow. In comparison, the working capital deficiency of $194,438 at December 31, 2024, represents a substantial improvement over the deficiency of $744,843 at December 31, 2023.

The Company's ability to meet its ongoing obligations and activities depends on its ability to generate cash flow through operations and the issuance of common shares of the Company pursuant to equity financings and short-term or long-term loans and borrowings. Capital markets may not be receptive to future offerings of new equity from treasury or debt, whether by way of private placements or public offerings.

(Canadian Dollars)

	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Accounts payable and accrued liabilities	$ 1,326,007	$ 1,236,007	$ -	$ -	$ -
Loans and borrowings	498,319	21,069	426,770	47,104	3,376
Deferred revenue	358,173	358,173	-	-	-
Convertible loans	233,301	-	233,301	-	-
Lease liability	231,498	59,944	163,388	8,166	-
Goods and services tax payable	51,520	94,956	-	-	-
Subscription receipts	23,000	23,000	-	-	-
Income tax liability	5,265	5,265	-	-	-
Due to related parties	1,859	1,859	-	-	-
Total current obligations	**$ 2,728,942**	**$ 1,846,837**	**$ 823,459**	**$ 55,270**	**$ 3,376**

The Company collects cash in advance of recognizing revenue for upfront franchisee fees. It's core business model requires minimal working capital invested in inventory as the Company receives payment in advance of fulfilling orders from our customers. For installations performed by the Company, the customers are required to pay deposits sufficient to cover material costs with our suppliers, minimizing the impact to working capital. Additionally, for Franchisee installations and product sales to them (to then be billed by independent franchisees to their end customers), the Company similarly requires deposits ahead of major materials purchases. Policies such as these alleviate working capital pressures on the Company, and Management actively considers other such means to improve the working capital situation of the Company.

CAPITAL RESOURCES

As of the date of this Annual MD&A, the outstanding share data is presented on a post-consolidation basis, following the share consolidation on September 25, 2024.

	Common shares issued and outstanding (post-consolidation)	Warrants	Options	RSUs
Balance at December 31, 2024	73,794,035	155,600	2,355,000	3,789,474
Balance at the date of this Annual MD&A	88,800,139	14,355,654	2,785,000	3,789,474

The Company defines capital as shareholders' deficit and amounts due to related parties. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to pursue the development of its technology, products, and services and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

There were no changes in the Company's approach to capital management during the year.

The Company has several commitments for consulting services with related parties with commercial substance at a monthly rate comparable to an arm's length compensation level. The Company also has a contractual commitment for monthly software maintenance services.

There are no other sources of financing arranged but not yet used by the Company. There are no commitments for capital expenditures.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial performance or financial condition, including with respect to revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

PROPOSED TRANSACTIONS

As at the date of this MD&A, the Company has not entered into any binding or non-binding agreements with respect to any proposed asset or business acquisitions or dispositions that have not been disclosed publicly. There are no proposed transactions being negotiated or contemplated that are expected to have a material effect on the financial condition, results of operations, or cash flows of the Company.

RELATED PARTY TRANSACTIONS

Key Management

The Company's related parties consist of key management personnel and companies owned directly or indirectly by key management personnel.

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board of Directors and corporate officers.

During the year ended December 31, 2024, remuneration of key management included in salaries and wages was $315,252 (2023 - $277,337) and as of December 31, 2024, no salaries or wages were owed to the Company's key management personnel (December 31, 2023 - $nil).

On February 10, 2023, the Company issued 105,263,158 share purchase warrants to its key management personnel and VST, which had a total fair value of $76,000 accounted for as a dividend within the statement of shareholder' deficiency. These share purchase warrants are also subject to early expiry upon the Company's common shares being listed on a recognized securities exchange. As of December 31, 2023, all of the share purchase warrants were outstanding.

On September 25, 2024, the Company granted 500,000 stock options at an exercise price of $0.40 per share pursuant to a consulting agreement with the Company's former director and officer. These stock options vest immediately and can be exercised until September 25, 2027. The fair value of these stock options was determined to be $52,387. As at December 31, 2024, these stock options remain outstanding.

On February 10, 2023, the Company conditionally granted 3,289,474 RSUs to key management personnel. The Company previously assessed that probability of meeting all conditional grant and vesting terms was negligible. Accordingly, the fair value of these RSUs was previously determined to be $nil. The Company reassessed the fair value of these replacement RSUs on the date of issuance of the replacement RSUs. On October 7, 2024, following the Company's listing on the TSXV, the original RSUs were canceled, and 3,289,474 replacement RSUs were granted to key management personnel under the Omnibus Plan. These replacement RSUs will vest as follows: 40% on October 7, 2025, 15% on April 7, 2026, 15% on October 7, 2026, 15% on April 7, 2027, and 15% on October 7, 2027. Additionally, 2,631,579 RSUs will start vesting after the Company meets the revenue milestone of $5,000,000 in consolidated revenue for the fiscal year ending December 31, 2025. All RSUs will expire on October 7, 2028. The grant date value of these RSUs was $789,474.

On November 6, 2024, the Company granted 800,000 stock options to its key management personal at an exercise price of $0.20 per share. These stock options vest in four and can be exercised until September 25, 2027. Each option is exercisable for one common share of the Company at an exercise price of $0.20 per share for a period of three years from the grant date. All options shall vest in quarterly instalments over a period of 12 months from the date of grant. The total fair value of these options on the grant date was $30,262. As at December 31, 2024, these stock options remain outstanding.

During the year ended December 31, 2024, a company controlled by a former director charged $27,898 (2023 - $25,544) for various consulting services including PV installation and design training and curriculum; of this amount at December 31, 2024, $1,417 is included in accounts payable (December 31, 2023 - $nil).

In 2024, Stardust entered into a convertible loan agreement with director and senior offier of the Company and received an aggregate amount of $80,000 (note 8). The maturity date of the convertible loan is two years from the date of issuance. The convertible loans bear interest at a rate of 12% per annum, which shall become due and payable on the maturity date. This convertible loans was accounted for as a compound financial instrument comprising a financial liability and an equity component (the conversion option). As at December 31, 2024, the carrying amount of the financial liability component of the convertible loans was $70,814 (December 31, 2023 - $Nil), including the cumulative amount of interest of $4,036 at effective interest rate of 21.12% per annum. The equity component, specifically the conversion option of the convertible loans, was valued at $13,221 and recorded in shareholders' deficiency.

A company controlled by an officer and director of the company charged $121,463 for various consulting services provided in 2024 (2023 - $8,000). As of December 31, 2024, $2,979 was outstanding (December 31, 2023 - $7,376).

On November 6, 2024, the Company granted 250,000 RSUs to a director and officer of the Company. The RSUs will vest after one year and expire on November 6, 2028. The grant date value of these RSUs was $22,500.

As at December 31, 2024, the total amount due to related parties was $1,859 payable to key management personnel (December 31, 2023 - $36,430). Amounts due from/to related parties are unsecured, non-interest-bearing and are without fixed terms of repayment.

FOURTH QUARTER INFORMATION

The Company's business is not heavily subject to seasonality as the demand for Solar installation services is relatively constant throughout the period. This is supported by review of the Company's quarterly revenue figures, which shows no clear trend of seasonality during the overall growth in revenue over this period. Please refer to the Summary of Quarterly Results table earlier in this Annual MD&A for this table.

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting estimates are presented in Note 4 in the notes to the annual consolidated financial statements for the year ended December 31, 2024, and in the notes to the consolidated financial statements for the year ended December 31, 2023. The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period presented and reported amounts of expenses during the same period. Actual outcomes could differ from these estimates. The Financial Statements include estimates, which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Any revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects the future. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

CHANGES IN ACCOUNTING POLICIES

Adoption of amendments to IAS 1

Effective January 1, 2024, the Company adopted the amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities as current or non-current. The amendments clarify that the classification is based on rights that exist at the end of the reporting period and make clear that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The adoption of these amendments did not have a material impact on the Company's financial statements.

Upcoming standard – IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board issued IFRS 18, which will replace IAS 1 and introduces significant changes to the presentation and structure of financial statements. IFRS 18 introduces a defined structure for the statement of profit or loss, including new subtotals such as "operating profit", and provides enhanced guidance on management-defined performance measures. Although IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, early adoption is permitted. The Company is currently assessing the potential impact of IFRS 18 on its financial statements. There have been no changes in accounting policies for the Company during the year ended December 31, 2024 and the fiscal year ended December 31, 2023.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. Management approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

The fair values of financial instruments, which includes cash, bank indebtedness, accounts payable and accrued liabilities, and amounts due to parent approximates their carrying values due to the relatively short-term maturity of these instruments.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in a bank account in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a bank that is a high credit quality financial institution as determined by rating agencies. Credit risk on cash is assessed as low.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's accounts payable and accrued liabilities are contractually due within 12 months. The amount due to parent has no formal terms of repayment and will be settled in a manner agreeable to both parties working with the working capital needs of the Company.

The Company's access to financing is uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

e) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The majority of the Company's operations and transactions are conducted in Canadian dollars (49% of consolidated revenue was conducted in Canadian Dollars during the year ended December 31, 2024, 92% for the year ended December 31, 2023). As at the date of this Annual MD&A, the Company does not hedge its exposure to fluctuations in foreign exchange rates. Therefore, Foreign exchange risk is assessed as moderate.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies in Note 4 of the Company's financial statements for the year ended December 31, 2024, have been consistently applied to all periods presented in the financial statements.

KEY DEVELOPMENTS SUBSEQUENT TO DECEMBER 31, 2024

This is a summary of the Company's key developments subsequent to December 31, 2024:

- January 10, 2025, the Company repaid to its secured lender the full amount of principal and interest accrued under the secured loan.
- January 20, 2025, the Company closed of the first of the two tranches of its non-brokered private placement offering. The Company issued 6,350,000 units at a price of $0.10 per unit, generating aggregate gross proceeds of $635,000.
- January 25, 2024 Stardust Solar announces upsize of non-brokered private placement to $1,200,000.
- January 30, 2025, the Company closed the second and final tranche (the "Second Tranche") of its upsized non-brokered private placement offering. In connection with the Second Tranche, the Company issued 5,246,104 units at a price of $0.10 per unit, generating aggregate gross proceeds of approximately $524,610.
- February 19, 2025, the Company reports strong backlog with $2,000,000 in signed contracts across North American franchise network.
- February 26, 2025 Stardust Solar receives designation as top pick at CEM Whistler event beating 56 other companies presenting.
- March 5, 2025: Stardust signed a new franchise unit in Columbia, SC
- March 5, 2025: Stardust signed a new franchise unit in Dallas-Fort Worth, TX
- March 18, 2025: Stardust signed a new international franchise unit in Antigua and Barbuda
- March 24, 2025 Stardust Solar announces non-brokered private placement of units at $0.125 for upcoming IR campaign.
- March 24, 2025: Stardust signed an expansion awarding Stardust Solar Red Deer an additional franchise unit in Banff and central Alberta.
- March 24, 2025: Stardust signed an expansion awarding Stardust Solar Edmonton three additional franchise units in greater Edmonton and central Alberta.
- April 1, 2025: Stardust signed a new Franchise Agreement awarding Stardust Solar Central Florida (Formerly Solar Grids Sumter, FL) one franchise territory unit in Central Florida.
- April 9, 2025: Stardust signed a new Franchise Agreement awarding one franchise territory unit to a new franchise, Stardust Solar North York, Ontario.
- April 22, 2025: Stardust signed a new Service Agreement with ReShift media to provide digital advertising services for Stardust Solar Energy.
- May 1, 2025: Stardust signed a new Franchise Agreement awarding one franchise territory unit to a new franchise, Stardust Solar Scarborough, Ontario
- May 9, 2025: Stardust signed a new Franchise Agreement awarding five (5) franchise territory units to a new franchise, Stardust Solar Miami-Dade, Florida

- May 13, 2025: Stardust terminated forty (40) Franchise Agreements with Solar Grids Midwest, cancelling forty (40) franchise units spanning the States of Michigan and Ohio.
- May 13, 2025: Stardust signed a new Franchise Agreement awarding twenty (20) franchise territory units comprising the entire State of Michigan to a new franchise, Stardust Solar Michigan.
- May 15, 2025: Stardust signed a new Franchise Agreement awarding one franchise territory unit to a new franchise, Stardust Solar Biloxi, Mississippi.
- May 18, 2025: Stardust signed a Service Agreement with Heliose, a subsidiary of Aurora Solar Inc. to provide advertising & lead generation services for Stardust Solar Energy Inc.
- May 19, 2025: Stardust signed an Amending Agreement awarding Stardust Solar Columbus twenty-three (23) additional franchise units, giving Stardust Solar Columbus twenty-four (24) total franchise units spanning the entire State of Ohio.
- June 6, 2025: Stardust terminated Franchise Agreements with Stardust Solar PEI, terminating two franchise territory units in Prince Edward Island and New Brunswick.

RISK FACTORS

In addition to the other information included in this report, readers should carefully consider the following factors, which describe the risks, uncertainties and other factors that may materially and adversely affect the Company's business, products, financial condition and operating results. There are many factors that affect the Company's business and results of operations, some of which are beyond the Company's control. The following is a description of some, but not all, of the important factors that may cause the Company's actual results of operations in future periods to differ materially from those currently expected or discussed in the FLS set forth in this report relating to the Company's financial results, operations and business prospects. Except as required by law, the Company undertakes no obligation to update any such FLS to reflect events or circumstances after the date of this Annual MD&A.
For the purposes of this section, "**Material Adverse Change**" means any change of circumstances or any event which has, or would reasonably be expected to have, a material adverse effect in respect of the Company, any one or more changes, events or occurrences, and "**material adverse effect**" means, in respect of the Company, any change (or any condition, event or development involving a prospective change) in the business, operations, affairs (including the employment status of key employees), assets, liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise) capitalization, financial condition, licenses, permits, rights or privileges of the Company or any of its subsidiaries which in the judgment of the Company, acting reasonably in the circumstances, could reasonably be expected to materially and adversely affect the Company and its subsidiaries taken as a whole or the value of the securities of the Company.

The Company is subject to a number of risks and uncertainties that may significantly impact its financial condition and future financial performance. Prospective investors should carefully consider the risks described below, together with all the other information included in this Annual MD&A, before making an investment decision.

No History of Profitable Operations

The Company has not achieved profitable operations or paid any cash dividends, and it is unlikely to produce profitable earnings or pay dividends in the immediate or foreseeable future.

Availability of Financing

The Company will be competing with other companies in the capital markets for available financing. There is no assurance that the Company will be able to obtain sufficient financing or financing on satisfactory terms, if at all.

On February 24, 2022, Russian troops started to invade Ukraine. In response to this military action, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally. The current circumstances are dynamic and the duration of the conflict and related impact of imposed sanctions on the business cannot be reasonably estimated at this time. While the company expects any direct impacts of the conflict in Ukraine to the business to be limited, the direct impacts on the economy may negatively affect the business and future operations.

Availability of Rebates, Tax Credits, and Other Financial Incentives

Certain municipalities, provinces, states and federal governments provide incentives to end users and purchasers of solar energy systems, electric vehicles, and other such renewable energy products and retrofits for homes and businesses.

These governmental rebates, tax credits and other financial incentives significantly lower the effective price of solar energy systems and related infrastructure to customers. Uncertainty about the introduction of, reduction in, or elimination of such incentives, or delays or interruptions in the implementation of favorable federal, provincial, state or municipal laws could substantially increase the cost of the Company's systems to some of its customers, resulting in significant reductions in demand for the Company's products from customers, which would negatively impact its sales. Such incentives take time to be disbursed and to affect actual expenditure decisions. Final grant approval timelines can vary greatly between agencies and projects which creates revenue flow risk to the Company. These incentives may also expire on specified dates, end when the allocated funding is no longer available, or be reduced or terminated as a matter of regulatory or legislative policy. Any reduction in rebates, tax credits or other financial incentives could reduce the demand for solar energy systems and related infrastructure, including infrastructure the Company offers.

Dependence on Key Personnel

The Company strongly depends on the business and technical expertise of its management, and it is unlikely that this dependence will decrease in the near term. Loss of the Company's key personnel could slow the Company's ability to innovate, although the effect on ongoing operations would be manageable as experienced key operations personnel could be put in place. As the Company's operations expand, additional general management resources will be required.

If the Company expands its operations, the ability of the Company to recruit, train, integrate and manage a large number of new employees is uncertain and failure to do so would have a negative impact on the Company's business plans.

Cancellation of underperforming franchisees

The Company may periodically terminate agreements with underperforming franchisees who fail to meet contractual obligations or minimum performance criteria. Upon termination, these franchise territories become available for resale to qualified franchisees who can then commence operations. Investors should be aware that there may be delays in re-establishing operations in these territories, potentially impacting regional performance temporarily.

Cancellation of Solar Projects

The Company may experience cancellations of some solar projects due to a variety of factors unrelated to the Company's performance. Such cancellations can be related to the financial constraints of a client, changes in financial incentives, or a variety of other external factors. While not frequent, these cancellations may affect both the Company's product sales and royalty revenues. Investors should consider these potential risks when evaluating the Company's future performance.

U.S. tariffs

The Company is well positioned to handle US tariffs as it has incorporations on both side of the border. Stardust Solar has head office operations in Burnaby, BC Canada and in Las Vegas, NV USA. This allows the operations to work independently in both countries, avoiding the need to do cross border logistics on much of its product line.

However, there is one product line which may be impacted by tariffs, Tesla Energy equipment. Stardust Solar is a significant distributor of Tesal Powerwalls in Canada which are imported from Texas, USA. Any retaliatory tariffs imposed by Canada will impact these products. As well, energy storage incentives in British Columbia have been paused for all Tesla products until a further notice. This may cause an increase in price of Tesla equipment, but the Company has not yet seen a decrease in demand at this time.