

Power Clouds Inc.

Supplemental Information

August 1, 2017

Item 1.01 Entry into a Material Definitive Agreement.

On July 25, 2017, Power Clouds Europe B.V., a Netherlands corporation (the “Purchaser”), a wholly owned subsidiary of Power Clouds Inc., a Nevada corporation (“PWCL” or “Parent”), and Liquid Sun Srl, an Italian company (the “Seller”) entered into a Preliminary Business Cessation Agreement (the “APA”). Pursuant to the terms of the APA, the Seller agreed to sell to the Purchaser, and the Purchaser agreed to purchase from the Seller, certain assets, agreements and liabilities related to three photovoltaic installations located on three power plants with a total of 2,244.37 KW (2.24MW) of power located in the Budrio and Anagni regions of Italy in exchange for €3,650,000 (approximately \$4,250,000), to be paid on closing.

The APA provides for certain additional rights and obligations of the parties, and standard reps and warranties given from the Seller to the Purchaser, including indemnification by the Seller for any misrepresented liabilities or lost assets.

The closing is subject to Power Clouds closing a third party financing of a minimum sum of \$4,250,000 on acceptable terms. The APA is subject to certain closing conditions, including, among other things, the execution of definitive agreements related to the transfer of the ownership of the assets, agreements and liabilities, the payment of the sales price and the fulfillment of all obligations agreed to, including, but not limited to, any outstanding issues under the operations and maintenance contract having been fully and finally resolved. The closing must occur no later than October 15, 2017. Should the closing not occur by that date, the party responsible for impeding the closing shall pay a penalty to the other party in the amount of €120,000 (approximately \$140,000).

While the APA contemplates that closing will take place by October 15, 2017, the conditions precedent to closing are such that there can be no assurance that the acquisition will be completed in that time or at all.