Management's Discussion and Analysis

For the three months ended March 31, 2025 and 2024

TSXV: CTEK
WWW.CLEANTEKINC.COM

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIS OF PRESENTATION AND DESCRIPTION OF THE COMPANY

May 22, 2025 - The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations for Cleantek Industries Inc. ("Cleantek" or the "Company" which includes references to "we", "our", "us", "its"), is a review of the operations, current financial position and condition for the three months ended March 31, 2025 ("Q1 2025") and March 31, 2024 ("Q1 2024") and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2025 and the audited consolidated financial statements for the years ended December 31, 2024 and 2023 ("Annual Financial Statements"). All amounts are in thousands of Canadian dollars unless otherwise indicated.

The condensed consolidated interim financial statements of Cleantek have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. This MD&A and the unaudited condensed consolidated interim financial statements of Cleantek have been prepared by management and approved by the board of directors (the "Board") as of May 22, 2025.

Cleantek, headquartered in Calgary, Alberta, is an innovative provider of patented, clean technology solutions focused on reducing both cost and carbon intensity in the wastewater management and industrial lighting sectors across North America. Cleantek is a publicly traded company listed on the TSX Venture Exchange (the "TSXV") under the trading symbol CTEK.

READER ADVISORIES

This MD&A contains forward-looking statements and introduces financial measures which are not defined under IFRS aimed at helping the reader in making comparisons to metrics similarly disclosed by industry peers. Readers are cautioned that the MD&A should be read in conjunction with the Company's disclosure under "Non-IFRS Measurements" and "Forward-Looking Information" included at the end of this MD&A.

COMPANY OVERVIEW AND STRATEGY

Cleantek is an environmental technology-based company that provides specialized wastewater treatment and disposal equipment along with a portfolio of sustainable lighting rental solutions. Cleantek leverages its patented technology and industry expertise to provide equipment to service a diverse range of clientele in the mining, construction and energy sectors.

Cleantek's near term strategy is to continue to optimize its internal efficiencies, pursue asset utilization and position itself for growth through innovation and strategic partnerships.

The company has chosen to increase its focus on international expansion and has made significant progress in laying the groundwork for future growth. Cleantek shipped and installed two new HaloSE units into the international market in 2024 and has a number of international market opportunities it will look to capitalize on in 2025.

HIGHLIGHTS FOR THE FIRST QUARTER 2025

- Cleantek generated revenue of $3,705 for Q1 2025, an increase of $35, or 1%, from Q1 2024. The increased revenue in 2025 is primarily due to increased rental revenue partially offset by decreased HALO sales due to a non-recurring domestic HALO sale in Q1 2024;
- Cleantek's gross profit was $2,346 or 63% of revenue for Q1 2025 compared with gross profit of $2,372 and 65% of revenue for Q1 2024 due to increased transportation and mobilization costs;

- Cleantek's net income of $449 for Q1 2025 was down $73 when compared to Q1 2024 net income of $522 due to a Q1 2024 foreign currency gain of $224; and,
- Cleantek's Adjusted EBITDA[1] was $1,266 for Q1 2025 an increase of $60 compared to $1,206 for Q1 2024 due increased revenue and lower general and administrative expenses.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

(Canadian $000's, except per share amounts and percentages)	Three months ended March 31 2025	2024	Change
Revenue	3,705	3,670	35
Gross profit	2,346	2,372	(26)
Gross profit %	63	65	(2)%
Net income	449	522	(73)
Net income per share - basic ($)	$0.02	$0.02	$0.00
Net income per share - diluted ($)	$0.01	$0.02	$(0.01)
EBITDA[1]	1,193	1,406	(213)
Adjusted EBITDA[1]	1,266	1,206	60
Capital expenditures	685	150	535
As at:	March 31, 2025	December 31, 2024	Change
Total assets	15,192	13,641	1,551
Working capital deficit[1]	(1,028)	(1,939)	911
Non-current debt[1]	7,525	7,085	(440)
Total non-current liabilities	7,525	7,085	(440)

(1) Management considers EBITDA and adjusted EBITDA key metrics in analyzing operational performance and the Company's ability to generate cashflow. EBITDA is measured as net income (loss) before interest, tax, depreciation and amortization. Adjusted EBITDA is measured as EBITDA adjusted for share-based compensation and unusual items not representative of ongoing business performance such as gains and losses on the sale of assets, litigation expenses and settlements, executive severance and the impact of unrealized foreign exchange gains and losses. Working capital (or also referred to as net current assets/liabilities) for Cleantek is calculated as current assets less current liabilities per the statement of financial position. Non-current debt includes the non-current portion of long-term debt and lease liabilities per the Non-Current Liabilities on the statement of financial position. These items are not defined and have no standardized meaning under IFRS. Presenting these items from period to period provides management and investors with the ability to evaluate earnings trends more readily in comparison with prior periods' results. Please see the Non-IFRS Measurements section of this MD&A for further discussion of these items, and where applicable, reconciliations to measures calculated in accordance with IFRS.

EXPANSION AND OUTLOOK

Cleantek's strategy focuses on delivering innovative and cost-effective solutions that reduce the carbon intensity as well as the capital and operating costs of industrial operations.

The Company's near-term strategy will continue to focus on:

- maximizing utilization rates of its current fleet of sustainable lighting solutions and wastewater treatment assets;
- expanding and growing the Company's fleet of wastewater treatment assets to satisfy increased demand in the oil and gas, midstream, mining, industrial and construction markets;
- advancing its presence in international markets by expanding on current sales activity of sustainable lighting and wastewater solutions;

- evaluating new technology partnerships in an effort to diversify product offerings and customer groups;
- evaluate acquisition and merger opportunities to accelerate growth and market diversification.

The Company is uniquely positioned to capture growth opportunities in both wastewater evaporation and sustainable lighting markets. Cleantek expects increasing demand from the oil and gas, municipal grey water, and industrial wastewater sectors.

- International Expansion - Expanding on the Company's success with the recent HALO™ sales, Cleantek completed a proof-of-concept trial with a larger international customer with its HALO™ line and is exploring several promising opportunities diversifying Cleantek's geographic focus and customer base. This expansion includes exploring opportunities for rental and/or product sales in both the lighting and waster water divisions.
- EcoSteam – Cleantek introduced EcoSteam in 2024, a waste-gas powered solution for efficient wastewater treatment and dehydration. Based on market demand, Cleantek will look to offer twenty-five units to the market in 2025. Operational feedback continues to be excellent with the units exceeding anticipated productivity goals.
- DZeroE Iterative Development - To meet the growing demand for produced water evaporation, the "DZeroE" waste heat water evaporation technology traditionally deployed in drilling rig applications is being retrofitted for use in production facilities. This strategic, cost-effective initiative is expected to significantly improve equipment utilization and provide more consistent year-round usage. The DZeroE has also garnered interest in international markets and will be a primary focus for the company throughout 2025.
- SecureTek - Cleantek's line of remote security services, being offered as a stand-alone system or integrated with our sustainable lighting products, continues to drive higher utilization of existing assets and create an accretive new recurring revenue stream for the Company. Utilizing our existing infrastructure, SecureTek expands our reach into construction, mining, storage, agriculture, and other commercial markets with minimal capital investment.

RESULTS OF OPERATIONS

Cleantek has been able to maintain stable gross margin percentages through its continued employment of lean operating measures. The efficiency centric approach has prompted the re-organization of its operations structure and promoted a flatter, more accountable organization.

Revenue

	Three months ended March 31		
(Canadian $000's)	2025	2024	Change
Rental revenue	3,427	3,235	192
Equipment sales	278	435	(157)
Total revenue	3,705	3,670	35
Fleet Utilization percentage	38%	39%	(1)%

Cleantek's revenue is generated primarily from the rental and service of sustainable lighting solutions, including solar hybrid lighting towers and HALO lighting systems and ZeroE dehydration units, including mobile ZeroE dehydration units and a ZeroE production facility unit, based on fixed or agreed upon service contracts with its customers in the upstream and midstream segments of the energy industry as well as the commercial construction industry in western Canada and the United States. The Company occasionally sells assets from their rental fleet and when assets are sold revenue is recorded as an equipment sale and all unamortized costs associated with assets sold are recorded to cost of goods sold.

Revenue for the three months ended March 31, 2025, increased to $3,705 compared to $3,670 for the same period in 2024. Revenue for the three months increased primarily due to increased lighting rental revenue partially offset by decreased dehydration rental revenue and lower HALO sales. HALO sales revenue for Q1 2025 was earned through sales into the Middle East, or International market, while the Q1 2024 HALO sales revenue was related to non-recurring North American sales, demonstrating a successful shift in the Company's strategy in expanding equipment sales into International markets.

Direct operating expenses

	Three months ended March 31		
(Canadian $000's)	2025	2024	Change
Direct operating expenses	1,359	1,298	(61)
% of revenue	37	35	(2)%

Direct operating expenses are comprised of direct operating costs, including salaries and wages and other labour costs; repairs and maintenance of equipment; transportation and mobilization costs of equipment to and from customers; and other direct operating expenses.

Direct operating expenses were $1,359, or 37% of revenue, for the three months ended March 31, 2025, compared with $1,298, or 35% of revenue, for the same period in 2024. Direct operating expenses increased $61, and 2% of revenue, primarily as a result of the increased rental revenue combined with higher transportation and mobilization expenses.

Gross profit

	Three months ended March 31		
(Canadian $000's, except percentage)	2025	2024	Change
Gross profit	2,346	2,372	(26)
% of revenue	63	65	(2)%

Management considers gross profit a key metric in analyzing operational efficiency and performance and the Company's ability to generate cash flow. Cleantek's gross profit is measured as revenue less direct operating expenses.

Cleantek's gross margin was 63% for the three months ended March 31, 2025, compared to 65% for the same period in 2024. Decreased gross margins in 2025 are directly related to the increased direct operating expenses as a percentage of revenue explained above.

General and administrative expenses

	Three months ended March 31		
(Canadian $000's)	2025	2024	Change
General and administrative expenses	1,084	1,176	92

General and administrative expenses consist of salaries and wages and related benefit costs, professional and consulting fees and other general and administrative expenses.

General and administrative expenses for the three months ended March 31, 2025 decreased to $1,084, compared to $1,176 for the same period in 2024. Decreased general and administrative expenses were primarily due to decreased office lease costs in 2025.

Depreciation and amortization

(Canadian $000's)	Three months ended March 31 2025	2024	Change
Depreciation and amortization	506	593	87

Depreciation is recognized on property and equipment and right-of-use assets. Amortization is recognized on the intangible assets including patents.

Depreciation and amortization expense for the three months ended March 31, 2025 were $506, compared with the $593 in the same period in 2024. Depreciation expense decreased in 2025 due to the aging of the fleet partially offset by the larger fleet size.

Share-based compensation expense

(Canadian $000's)	Three months ended March 31 2025	2024	Change
Share-based compensation expense	26	29	3

Cleantek has equity-settled incentive programs and payment plans for the granting of additional Common Shares.

The Company has established a long-term incentive plan (the "Omnibus Plan") whereby the Company may grant stock options ("Options"), restricted share units ("RSUs"), performance share units or deferred share units ("DSUs") from time to time to employees, officers, directors, service providers and consultants of the Company to recognize the contributions made by individuals to the Company's growth and furnish an incentive to the future success and prosperity of the Company.

The share-based compensation expense for the three months ended March 31, 2025, of $26, compared to $29 for the same period in 2024, decreased due to the vesting of some RSU in the second quarter of 2024 partially offset by the granting of Options in the back half of 2024.

Finance costs

(Canadian $000's)	Three months ended March 31 2025	2024	Change
Finance costs	216	255	39

Finance costs consist primarily of the interest expense recognized on bank debt, long-term debt, the interest component of lease liability payments, debt renewal and other lending fees, accretion of the decommissioning offset by interest income.

Cleantek recognized finance costs of $216 for the three months ended March 31, 2025, compared to $255 in the same period in 2024. The decreased finance costs are the result of decreased debt throughout 2024.

Other (income) and expense items:

(Canadian $000's)	Three months ended March 31 2025	2024	Change
(Gain) loss on disposal of long-lived assets	41	(4)	(44)
Foreign exchange (gain) loss	5	(224)	(230)
Other expense (income)	(3)	(11)	(8)

In 2024 and 2023, the Company recognized gains and losses on dispositions of long-lived assets that were not being used in the normal course of operations.

Foreign exchange (gain) loss arises from exchange differences resulting from the translation of foreign denominated financial instruments as well as realized (gain) loss on the settlement of foreign denominated financial instruments. The foreign exchange loss recognized in 2025 are due to the strengthening of the Canadian dollar in 2025 and resulting impact on the US dollar denominated accounts receivables and cash balances.

Other expense (income) is primarily related to sub rental income of unused office space which has decreased in Q1 2025 due to the move to a smaller office in April 2024.

Income taxes

	Three months ended March 31		
(Canadian $000's)	2025	2024	Change
Current tax expense (recovery)	22	36	14
Deferred tax expense (recovery)	-	-	-
Total tax expense (recovery)	22	36	14

Income taxes consist of current and deferred income taxes.

The Company did not recognize any deferred tax expense or recovery for the first quarter of 2024 or 2023.

The Company did incur current taxes in 2025 and 2024 due to the Company's US operations and tax limitations on using prior year tax losses to offset only 80% of taxable income. Due to the Company's significant unrecognized deferred tax assets, no deferred tax expense is recognized in 2025 due to the unrecognized tax assets. Deferred tax assets are recognized only to the extent that it is probable that the assets can be recovered through deductions available against future taxable income.

Net income

	Three months ended March 31		
(Canadian $000's)	2025	2024	Change
Net income for the period	449	522	(73)

Net income of $449 for the three months ended March 31, 2025, was a decrease of $73 from the net income of $522 for the same period in 2024 due to a $224 foreign exchange gain included in Q1 2024 compared to a $6 foreign exchange loss in Q1 2025 partially offset by the expense reductions explained above.

EBITDA and Adjusted EBITDA

	Three months ended March 31		
(Canadian $000's)	2025	2024	Change
EBITDA(1)	1,193	1,406	(213)
Adjusted EBITDA(1)	1,266	1,206	59

(1) These items are not defined and have no standardized meaning under IFRS. Please see the Non-IFRS Measurements section of this MD&A for further discussion of these items, and where applicable, reconciliations to measures calculated in accordance with IFRS.

Management considers EBITDA and adjusted EBITDA key metrics in analyzing operational performance and the Company's ability to generate cashflow. EBITDA is measured as net income (loss) before interest, tax, depreciation and amortization. Adjusted EBITDA is measured as EBITDA adjusted for share-based compensation, gains or losses on the sale of assets and unusual items not representative of ongoing business performance such as the impact of unrealized foreign exchange gains and losses. EBITDA and adjusted EBITDA are non-IFRS measures as defined under "Non-IFRS Measurement".

Cleantek's EBITDA of $1,193 for the three months ended March 31, 2025, decreased from EBITDA of $1,406 in the same period in 2024 mainly due to the changes in net income, which have been explained in detail above.

Cleantek's adjusted EBITDA was $1,266 in the three months ended March 31, 2025, compared with the adjusted EBITDA of $1,206 in the same period in 2024. Movements for adjusted EBITDA were due to the same reasons described above.

CAPITAL EXPENDITURES

(Canadian $000's)	Three months ended March 31 2025	 2024	 Change
Additions to property and equipment	685	150	535
Additions to intangible assets	-	-	-
Total capital expenditures	618	150	535

In 2025, Cleantek had capital expenditures that included the new EcoSteam evaporation units and additions to the HALO™ crown-mounted lighting system fleet.

SUPPLEMENTAL QUARTERLY INFORMATION

The table below summarizes Cleantek's quarterly financial and operational highlights for the three months ended December 31, 2024 as well as the previous seven quarters:

(Canadian $000's, except per share amounts and percentages)	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2
Revenue	3,705	2,927	2,779	2,411	3,670	3,188	3,588	3,397
Gross profit	2,346	1,835	1,729	1,285	2,372	1,716	2,284	2,084
Gross profit %	63	63	62	53	65	54	64	61
Net income (loss)	449	1,466	(211)	(511)	522	(1,562)	245	(687)
Net income (loss) per share - basic ($)	$0.02	$0.05	$(0.01)	$(0.02)	$0.02	$(0.06)	$0.01	$(0.02)
EBITDA[1]	1,193	2,298	553	310	1,406	(373)	1,193	252
Adjusted EBITDA[1]	1,266	1,762	972	259	1,206	559	1,258	903
Total assets	15,192	13,641	12,907	13,410	14,379	15,263	15,675	15,810
Working capital deficit [1]	(1,028)	(1,939)	(2,901)	(3,184)	(2,739)	(2,942)	(7,982)	(8,196)
Non-current debt[1]	7,525	7,085	7,120	7,381	7,758	8,470	2,053	2,205
Total non-current liabilities	7,525	7,085	7,166	7,427	7,804	8,516	2,099	2,251

(1) These items are not defined and have no standardized meaning under IFRS. Please see the Non-IFRS Measurements section of this MD&A for further discussion of these items, and where applicable, reconciliations to measures calculated in accordance with IFRS.

Reported revenue, net income (loss), EBITDA, adjusted EBITDA are generally higher in the first and fourth quarters due to higher activity in the oil and gas sector.

Net income (loss) attributable to shareholders has also been impacted by the following variations and events:

- Increased revenue and strong net income in Q1 2025 reflects the increased fleet size and higher activity levels in the oil and gas sector for this time of year.
- Strong net income in the fourth quarter of 2024 reflects the decreased general and administrative and financing expenses for the year combined with a large gain on debt forgiveness, foreign exchange gain and insurance proceeds all earned in the further quarter.
- Improved net income (loss) in first and second quarters of 2024 reflect the decreased financing costs associated with fixed lower interest rate debt refinanced with BDC as the end of 2023 combined with lower professional fees in general and administration offset with decreased revenue.
- Increase in net loss in the fourth quarter of 2023 due to increased general and administrative expense and other expense due to related litigation expense and settlement combined with the lower revenue.
- Improved working capital deficiency in the fourth quarter of 2023 reflects the new BDC term loan and long term financing completed during this this quarter.

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

The following discussion relates to the consolidated position of liquidity and capital of Cleantek as at March 31, 2025 and December 31, 2024

The Company's strategy is to carry a capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

Cleantek considers its capital structure to include working capital, long-term debt, lease liabilities and shareholders' equity.

To maintain or adjust the capital structure, the Company may issue additional debt, issue new shares and adjust capital and operating expenditures to manage its current and projected debt levels.

The capital structure of Cleantek consists of the following:

(Canadian $000's)	March 31 2025	December 31 2024
Current assets	4,766	3,228
Current liabilities	5,794	5,167
Working capital deficit	(1,028)	(1,939)
Long-term debt – non-current	(7,036)	(6,534)
Lease liabilities – non-current	(489)	(551)
Shareholders' equity	1,873	1,389
	(6,680)	(7,635)

Debt and credit facilities

Cleantek's debt and credit facilities are comprised of the following:

(Canadian $000's)	March 31 2025	December 31 2024
Revolving Current Debt		
Bank Operating Line	1,422	1,486
Long-term debt		
BDC loans	7,699	6,940
Loans payable	246	406

Promissory notes	473	478
	8,418	7,824
Current portion of long-term debt		
BDC loans	1,193	1,002
Loans payable	171	270
Promissory notes	18	18
	1,382	1,290
Non-current portion of long-term debt		
BDC loans	6,506	5,938
Loans payable	75	136
Promissory notes	455	460
	7,036	6,534

BDC Loans

(Canadian $000's)	March 31 2025	December 31 2024
BDC Loans		
BDC term loan	6,564	6,806
BDC manufacturing financing facility	1,356	365
Deferred financing costs	(221)	(231)
	7,699	6,940
Current portion of BDC loans	(1,193)	(1,002)
Non-current portion of BDC loans	6,506	5,938

Bank Operating Line

On December 21, 2023, the Company entered into a revolving operating line with HSBC Bank Canada (HSBC), now Royal Bank of Canada (RBC), which provides for a revolving debt facility up to a maximum amount of $2,500. The amount available on a month-to-month balance is based on a percentage of accounts receivable and is determined at each month end. At March 31, 2025 the Company had access to $1,984 (December 31, 2024 - $1,862) of the operating line. The operating line carries an interest rate of prime plus 1% and is secured against the Company's accounts receivable. The operating line is payable on demand. The operating line is subject to the following covenants: (i) maintaining a Funded Debt to Adjusted EBITDA on a trailing 12 months ratio to not exceed more than 3 to 1 at any given time and (ii) a Fixed Charge Coverage ratio that must be above 1.1 to 1 at all times. At March 31, 2025 the Company was in compliance with all covenants. Funded debt includes the Bank Operating line, long term debt and lease liabilities less cash on hand, the promissory note and customer term loan. Adjusted EBITDA is defined as net income excluding interest expense, provisions for income taxes, non-cash items including depreciation and amortization and non-cash unrealized foreign exchange gains/losses, and certain non-recuring expenses such as litigation expenses and settlement and executive severance. Fixed Charge Coverage ratio is calculated by taking Adjusted EBITDA and dividing it by Debt Service costs which include current portions of long-term debt, term loans and lease liabilities plus finance costs for the last twelve months.

BDC Term Loan

On December 21, 2023, the Company entered into a term loan agreement with the Business Development Bank of Canada (BDC) which provides for a $7,200 non-revolving term loan, in a single loan advance ("BDC Term Loan"). The term loan initially matures on May 20, 2030, and included an initial 6-month interest only period after which time a blended monthly payment of $127 for principal and interest began. A loan amendment was signed on September 24, 2024, which provided the Company with two additional months of interest only for October and November 2024 and in December 2024 the blended monthly payments of

$127 for principal and interest resumed extending the loan maturity to July 10, 2030. The loan carries a three-year fixed interest rate of 8.20% per annum, after three years the interest rate will be renegotiated. The term loan is subject to a covenant of a Fixed Charge Coverage ratio that must be above 1.1 to 1 at all times. The Term Loan is secured by the fixed assets of the Company and its subsidiaries. The Fixed Charge Coverage is calculated the same as for the Bank Operating Line above.

BDC Manufacturing Financing Facility

On July 25, 2024, the Company entered into a manufacturing financing facility with BDC which provides up to $4,000 of financing for the manufacture or purchase of additional rental equipment. Disbursements under the manufacturing financing facility are based on 125% of approved invoices submitted to BDC up to the lapsing date of July 25, 2026, at which time any undistributed portion of the loan will be cancelled. The manufacturing financing facility will carry floating rate interest at BDC 's floating base rate, which at March 31, 2025 was 7.05%, plus an additional 0.45%. Loan will be repayable as interest only until June 28, 2025, and then interest plus principal payments starting on July 28, 2025. The manufacturing financing facility is subject to a covenant of a Fixed Charge Coverage ratio that must be above 1.1 to 1 at all times. The build loan is secured by the fixed assets of the Company and its subsidiaries. The Fixed Charge Coverage is calculated the same as for the BDC Term Loan and Bank Operating Line above. As at March 31, 2025 $1,356 of disbursements under the manufacturing financing facility had been made and the loan matures on June 28, 2031.

Loans payable

(Canadian $000's)	March 31 2025	December 31 2024
Loans payable		
Term loan payable – Vehicles	246	406
	246	406
Current portion of loans payable	171	270
Non-current portion of loans payable	75	136

Promissory notes

(Canadian $000's)	March 31, 2025	December 31, 2024
Promissory notes		
Vendor Promissory Note	473	478
	473	478
Current portion of promissory notes	18	18
Non-current portion of promissory notes	455	460

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any special purpose entities nor is it a party to any material off-balance sheet arrangements.

SHARE CAPITAL

Cleantek had the following outstanding Common Shares and equity instruments at March 31, 2025, and December 31, 2024:

	March 31 2025	December 31 2024
Common Shares	29,260,377	29,260,377

Stock Options	987,500	987,500
RSUs	619,170	619,170
DSUs	300,000	300,000
Warrants	500,00	500,00
Total outstanding securities	31,667,047	31,667,047

As of the date of this MD&A, Cleantek had 29,315,377 Common Shares outstanding.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Cleantek places great emphasis on providing a safe and secure working environment for all employees, contractors and consultants, and recognizes the importance of operating in a sustainable manner. The Company has a strong commitment to safety and sustainability in its business operations and the identification, elimination or control of workplace hazards; promotion and provision of a work environment in which individuals are treated with respect, provided with equal opportunity and is free of all forms of and abusive and harassing conduct; and ethical business conduct and legal compliance. Cleantek's executive team places the highest priority on the health and safety of its staff and third parties at its sites, as well as the preservation of the environment. The Company's corporate culture is built around supporting these priorities, as reflected in its well-established practices and policies. Cleantek's high safety standards include active monitoring of all field workers, performing environmental, health and safety ("EHS") audits and using third parties and implementing safety processes from employee training in compliance with operational processes and procedures to emergency preparedness. By extension, the Company incorporates its EHS standards into its subcontractor selection process to ensure that its commitment to high EHS standards is shared by its subcontractors and stakeholders.

The Board also maintains a focus on safety and sustainability working with management to fulfill its oversight responsibilities relating to operating in a safe, environmentally and socially responsible (sustainable) manner and ensuring the integrity of policies and practices with respect to: workforce and public safety in Company activities and at its operating sites; and sustainability in Company activities with respect to people (wellbeing), planet (environmental) and prosperity (community and innovation) considerations ensuring that there are appropriate processes in place to facilitate identification of various safety and sustainability risks that may arise from the Company's operations and related mitigation and possible resulting consequential risks to the Company, its subsidiaries and directors, officers and employees; assessing whether the Company's safety and sustainability policies are effective, properly implemented and comply with applicable legislation and industry standards; reviewing corporate safety and sustainability activities and performance; reviewing the Company's method of communicating (internally and externally) safety and sustainability policies, practises and procedures; reviewing and assessing the sufficiency of resources to the Company's safety and sustainability program; ensuring that appropriate reporting procedures are established relating to safety and sustainability matters by management to the Board.

RISK ASSESSMENT

There are a number of risks facing Cleantek. Some of the risks are common to all businesses while others are specific to a sector.

Many of these risks are outside of the Company's control. The risks and uncertainties described below are not the only risks that the Company faces. Additional risks and uncertainties, including those of which management is not currently aware of or which are currently deemed immaterial, may adversely affect the Company. Any of these factors, either alone or taken together, could have a material adverse effect on the Company and could change whether any forward-looking statements are ultimately realized.

These risks cannot be eliminated, however, Cleantek's management is committed to proactively monitoring, and where possible, mitigating risk. Issues affecting, or with the potential to affect, the Company's assets, operations and/or reputation, are generally of a strategic nature or are emerging issues that can be identified early and then managed, but occasionally include unforeseen issues that arise unexpectedly and must be managed on an urgent basis. Cleantek takes a proactive approach to the identification and management of issues that may affect the Company's assets, operations and/or reputation and has established consistent and clear policies, procedures, guidelines and responsibilities for issue identification, management and mitigation.

FINANCIAL RISKS

Cleantek defines financial risk as the risk of loss or lost opportunity resulting from financial management and market conditions that could have a positive or negative impact on the Company's cash flows in the normal course of business. These risks are: credit risk, liquidity risk, and market risk. The Corporation's overall risk management program and prudent business practices seek to minimize any potential adverse effects on the Corporation's financial performance. The MD&A should be read in conjunction with the Annual Financial Statements.

ACCOUNTING STANDARDS, CHANGES AND PRONOUNCEMENTS

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

A summary of significant accounting policies can be found in *note 3 Significant Accounting Policies* of the Annual Financial Statements.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of financial statements requires management to make certain judgments, accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

A summary of Cleantek's critical accounting estimates, judgments and assumptions can be found in *note 2* to the Annual Financial Statements for the year ended December 31, 2024. There have been no significant changes to the use of estimates, judgements or assumptions since December 31, 2024.

RELATED PARTY BALANCES AND TRANSACTIONS

Executive loan facility agreement

As part of the private placement completed on September 5, 2024 for total proceeds of $150 an executive loan facility agreement was completed, for a total loan amount of $50, between the Company and current President and Chief Executive Officer where the loan proceeds were used to participate in the private placement. The executive loan bears floating rate interest at the Canada Revenue Agency prescribed interest rate, which was 4% at March 31, 2025, and will be adjusted quarterly. The principal amount outstanding together with any and all interest accrued shall be paid in full no later than December 31, 2025. As such the full loan amount has been classified as current and is included in other assets.

COMMITMENTS AND CONTINGENCIES

Contractual obligations and commitments

The expected timing of cash outflows relating to financial liabilities at March 31, 2025 are outlined in the table below:

(Canadian $000's)	Carrying amount[1]	Contractual outflows[2][3] < 1 year	2 to 3 years	4 to 5 years	Thereafter	Total[1]
Financial liabilities						
Accounts payable and accrued liabilities	2,661	2,661	-	-	-	2,661
Bank operating line[5]	1,422	1,422	-	-	-	1,422
Long-term debt						
BDC loans[3]	7,920	1,791	3,645	3,577	805	9,818
Loans payable	246	178	76	-	-	254
Promissory notes	473	60	120	120	545	845
	12,722	6,112	3,841	3,697	1,350	15,000
Lease liabilities and other commitments						
Lease liabilities	818	383	526	-	-	909
Other property lease commitments[4]	-	94	96	-	-	190
Other operating and capital commitments	-	46	58	58	-	162
	818	523	680	58	-	1,261

(1) Includes the current and non-current portions.
(2) Amounts include principal and interest portions, except for the Bank Operating Line.
(3) Carrying amount excludes deferred financing charges of $221. Amounts are based on Term loan balances including principal and interest based on the three year fixed rate assuming rate is mainitianed for the duration of the loan.
(4) Includes leased property utility, operating cost and property tax commitments.
(5) Operating line is interest only and both the loan balance and the rate are variable. The Bank Operating line is a demand loan and is considered current as a result.

Litigation and claims

The Company is involved in litigation and claims arising in the normal course of operations. Management is of the opinion that pending litigation will not have a material impact on the Company's financial position or results of operations.

SUBSEQUENT EVENTS

Tariffs

The recent decision by the U.S. government to levy tariffs on Canadian goods and the retaliatory response from the Canadian government has created considerable economic uncertainty. The Corporation is assessing the direct and indirect impacts to its business of such tariffs, retaliatory tariffs or other trade protectionist measures implemented as this situation develops, and such impacts could be material.

NON-IFRS MEASUREMENTS

Cleantek uses certain financial measures referred to in this MD&A to quantify its results that are not prescribed by IFRS. The following terms: "EBITDA", "adjusted EBITDA", "working capital" and "non-current debt" are not recognized measures under IFRS and may not be comparable to that reported by other companies. Cleantek believes that, in addition to measures prepared in accordance with IFRS, the non-IFRS measurements provide useful information to evaluate the Company's performance and ability to generate cash, profitability and meet financial commitments.

These non-IFRS measures ae intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

EBITDA and Adjusted EBITDA

Management considers EBITDA and adjusted EBITDA key metrics in analyzing operational performance and the Company's ability to generate cash flow. EBITDA is measured as net income (loss) before interest, tax, depreciation and amortization as differences in accounting treatments may distort our core business results. Adjusted EBITDA is measured as EBITDA adjusted for certain non-cash items, including share-based compensation, gains and losses on sale of assets, impact of unrealized foreign exchange gains and losses as well as unusual items not representative of ongoing business performance such as litigation expense and settlements and executive severance.

The following table provides a reconciliation of the non-IFRS measures, EBITDA and adjusted EBITDA, to the applicable IFRS measurements for Cleantek:

	Three months ended March 31	
(Canadian $000's)	2025	2024
Net income	449	522
Tax expense	22	36
Depreciation and amortization	506	593
Finance costs	216	255
EBITDA	1,193	1,406
Share-based compensation	26	29
(Gain) loss on disposal of assets	41	(4)
Unrealized FX (gain) loss	6	(224)
Adjusted EBITDA	1,266	1,206

Working capital

Working capital (or also referred to as net current assets/liabilities) for Cleantek is calculated as current assets less current liabilities per the statement of financial position. The following table provides a reconciliation of working capital, a non-IFRS measure to the applicable IFRS measurements for the Company:

(Canadian $000s)	March 31 2025	December 31 2024
Current assets	4,766	3,228
Current liabilities	5,794	5,167
Working capital deficit	(1,028)	(1,939)

Non-current debt

Management considers non-current debt in analyzing the Company's capital structure. Cleantek's capital structure consists of working capital, non-current debt and shareholders' equity. Non-current debt measures the long-term borrowings of the Company. Non-current debt for Cleantek is calculated as the non-current portions of long-term debt and lease liabilities. The following table provides a reconciliation of non-current debt, a non-IFRS measure to the applicable IFRS measurements for the Company:

(Canadian $000s)	March 31 2025	December 31 2024
Long-term debt – non-current portion	7,036	6,534
Lease liabilities – non-current portion	489	551
Non-current debt	7,525	7,085

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A constitute forward-looking statements and forward-looking information (collectively "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as: "anticipates", "believes", "continues", "estimates", "could", "expects", "intends", "may", "objective", "ongoing", "plans", "will", "projects", "should", or similar expressions suggesting future outcomes or events. In particular, this MD&A contains forward-looking statements relating, but not limited to:

- maximizing utilization rates of its current fleet of sustainable lighting solutions and wastewater treatment assets;
- expanding and growing the Company's fleet of wastewater treatment assets to satisfy increased demand in the oil and gas, midstream, mining, industrial and construction markets;
- continuing to focus on expansion into international markets through the sale and rental of sustainable lighting solutions and wastewater units;
- evaluating new technology partnerships in an effort to diversify product offerings and customer groups.

Such statements are based on assumptions of future events and actual results could vary from these assumptions. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Cleantek. These include, but are not limited to, risks associated with renewable energy sources, such as market competition, volatility of prices, currency fluctuations, environmental risk, and competition from other producers and ability to access sufficient capital from internal and external sources.

Although management believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be accurate, as results and future events could differ materially from those expected or estimated in such statements. As such, readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements contained in this MD&A are made as of the date hereof for the purposes of providing the readers with Cleantek's expectations for the coming year. The forward-looking statements and information may not be appropriate for other purposes. Furthermore, the Company undertakes no obligation to update or revise these forward-looking statements or information as a result of new information or future events, other than as required by applicable securities laws. However, in the event that subsequent events are reasonably likely to cause actual results to differ materially from forward-looking statements previously disclosed by the Company for a period that is not yet complete, Cleantek will provide disclosure on such events and the anticipated impact of such events.

ADDITIONAL INFORMATION

Additional information regarding Cleantek and its business and operations can be obtained by contacting the Company at Cleantek Industries Inc., Suite 1210, 520 – 5th Avenue SW, Calgary, Alberta, Canada T2P 3R7 or by e-mail at info@cleantekinc.com. Additional information related to Cleantek is available on www.cleantekinc.com and on the Company's SEDAR profile at www.sedarplus.ca.