CLEANTEK INDUSTRIES

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2026

TSXV: CTEK
WWW.CLEANTEKINC.COM

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The management of Cleantek Industries Inc. (the "Company") is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards and are considered by management to present fairly the consolidated financial position, results of operations and cash flows of the Company.

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
As at

(Canadian $000's)	Note	June 30, 2026	December 31, 2025
ASSETS			
Current assets			
Cash and cash equivalents		846	295
Accounts receivable		4,538	3,363
Prepaids		762	445
Inventory		1,349	109
Other assets		199	342
Total current assets		7,694	4,554
Non-current assets			
Property and equipment	3	8,480	8,466
Right-of-use assets		1,030	1,244
Intangible assets	4	191	221
Total non-current assets		9,701	9,931
Total assets		**17,395**	**14,485**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank operating line	5	678	1,046
Accounts payable and accrued liabilities		1,680	1,867
Current portion of long-term debt	5	1,845	1,703
Current portion of lease liabilities		376	420
Total current liabilities		4,579	5,036
Non-current liabilities			
Long-term debt	5	8,610	6,087
Lease liabilities		553	701
Total non-current liabilities		9,163	6,788
Total liabilities		**13,742**	**11,824**
Shareholders' equity			
Share capital	6	68,708	68,680
Treasury shares		-	(3)
Contributed surplus		3,617	3,593
Accumulated other comprehensive income (loss)		13	(189)
Accumulated deficit		(68,685)	(69,420)
Total shareholders' equity		**3,653**	**2,661**
Total liabilities and shareholders' equity		**17,395**	**14,485**

Commitments and contingencies 14

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET INCOME (Unaudited)

(Canadian $000's, except per share amounts)	Note	Three months ended June 30 2026	Three months ended June 30 2025	Six months ended June 30 2026	Six months ended June 30 2025
Revenue					
Rentals and services	8	2,921	2,684	6,270	6,111
Equipment sales	8	2,205	668	2,370	946
		5,126	3,352	8,640	7,057
Direct operating expenses	9	2,511	1,570	3,950	2,929
Gross profit		2,615	1,782	4,690	4,128
Other expenses					
General and administrative	9	1,283	1,006	2,346	2,090
Depreciation and amortization		544	489	1,068	995
Share-based compensation	7	23	44	59	70
Finance costs	10	228	224	451	440
Foreign exchange (gain) loss		67	459	65	464
Loss on disposal of long-lived assets		-	-	-	41
Other expense (income)		(59)	(6)	(59)	(9)
		2,086	2,216	3,930	4,091
Income before income taxes		**529**	**(434)**	**760**	**37**
Income tax expense					
Current		11	22	25	44
Deferred		-	-	-	-
		11	22	25	44
Net income		**518**	**(456)**	**735**	**(7)**
Net income per share ($)					
Basic	11	$0.02	$(0.02)	$0.03	$(0.00)
Diluted	11	$0.02	$(0.02)	$0.02	$(0.00)

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(Canadian $000's)	Three months ended June 30 2026	Three months ended June 30 2025	Six months ended June 30 2026	Six months ended June 30 2025
Net income	518	(456)	735	(7)
Other comprehensive income				
Foreign currency translation gain	19	287	202	296
Total comprehensive income	**537**	**(169)**	**937**	**289**

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

(Canadian $000's)	Note	Share capital	Treasury shares	Contributed surplus	Accumulated other comprehensive income (loss)	Accumulated deficit	Total
At January 1, 2025		68,672	-	3,493	(467)	(70,309)	1,389
Net income		-	-	-	-	(7)	(7)
Share-based compensation expense	7	-	-	70	-	-	70
Shares issued for share-based compensation expense	6	8	-	(37)	-	(34)	(63)
Foreign currency translation gain		-	-	-	296	-	296
At June 30, 2025		**68,680**	**-**	**3,526**	**(171)**	**(70,350)**	**1,685**
At January 1, 2026		68,680	(3)	3,593	(189)	(69,420)	2,661
Net income		-	-	-	-	735	735
Share-based compensation expense	7	-	-	59	-	-	59
Shares issued/transferred for share-based compensation	6	28	3	(35)	-	-	(4)
Foreign currency translation gain		-	-	-	202	-	202
At June 30, 2026		**68,708**	**-**	**3,617**	**13**	**(68,685)**	**3,653**

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

		Three months ended June 30		Six months ended June 30	
(Canadian $000's)	Note	2026	2025	2026	2025
Cash (used in)/provided by:					
Operating activities					
Net income		518	(456)	735	(7)
Adjustments for:					
Depreciation and amortization		544	489	1,068	995
Share-based compensation expense	7	23	44	59	70
Finance costs	10	228	224	451	440
Loss on disposal of long-lived assets		-	-	-	41
Foreign exchange loss		32	456	43	462
Interest paid on financed insurance premiums	10	(4)	-	(8)	-
Non-cash direct operating expenses from reclassification of assets under construction to inventory	3	(6)	101	157	132
Changes in non-cash working capital	13	(2,198)	(471)	(2,776)	(1,002)
Net cash flow from (used in) operating activities		(863)	387	(271)	1,131
Investing activities					
Additions to property and equipment	3	(397)	(134)	(812)	(819)
Proceeds on disposal of long-lived assets		-	-	-	98
Net cash flow used in investing activities		(397)	(134)	(812)	(721)
Financing activities					
Net change in operating line	5	433	(83)	(368)	(147)
Proceeds from long-term debt	5	2,000	152	3,418	1,143
Deferred financing fees incurred		(15)	-	(15)	-
Repayment of long-term debt	5	(401)	(337)	(791)	(755)
Repayment of lease liabilities		(106)	(111)	(209)	(191)
Payment of cash interest	10	(203)	(204)	(401)	(399)
Net cash flow from (used in) financing activities		1,708	(583)	1,634	(349)
Increase in cash and cash equivalents		448	(330)	551	61
Effect of foreign exchange on cash and cash equivalents		-	2	-	1
Cash and cash equivalents, beginning of period		398	661	295	271
Cash and cash equivalents, end of period		846	333	846	333

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

1. REPORTING ENTITY

Cleantek Industries Inc. ("Cleantek" or the "Company") is a public company trading on the TSX Venture Exchange ("TSXV") under the symbol CTEK. Cleantek's primary business is the rental and service of equipment to the oil and gas and construction industries in Western Canada and the United States. The Company's principal place of business is located at Suite 1210, 520 – 5th Avenue SW, Calgary, Alberta, T2P 3R7.

The Company has the following wholly owned subsidiary, which is consolidated in these financial statements:

Name of subsidiary	Jurisdiction of incorporation/formation
Apollo Lighting Solutions Inc.	Delaware, U.S.A.

2. BASIS OF PREPARATION

Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, and following the same accounting policies and methods of computation as the annual consolidated financial statements for the year ended December 31, 2025. These unaudited condensed consolidated interim financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited annual consolidated financial statements at December 31, 2025, which are available on SEDAR at www.sedarplus.ca.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on August 13, 2026.

Basis of measurement and functional and presentation currency

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis.

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the Company. Its wholly owned subsidiary, Apollo Lighting Solutions, has a US dollar functional currency.

Use of estimates, judgements and assumptions

The preparation of these unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and judgments are based on management's best understanding of current events and actions that Cleantek may undertake in the future. Actual results may differ from these estimates and judgments. Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which estimates are revised and for any future years affected.

There have been no significant changes to the use of estimates, judgements or assumptions since December 31, 2025, as detailed in note 2 of the annual consolidated financial statements for the years ended December 31, 2025 and 2024.

Seasonality

The Company's operations are subject to seasonal fluctuations that affect the comparability of results between periods. Demand for the Company's equipment rental and field services in Western Canada is typically lower in the first quarter due to spring road bans and reduced customer activity during the spring breakup period, which limits access to well sites and work locations. As a result, the results of operations for the three and six months ended June 30, 2026 are not necessarily indicative of the results to be expected for the full year ended December 31, 2026.

3. PROPERTY AND EQUIPMENT

(Canadian $000's)	Assets under construction	Rental equipment	Automotive	Office equipment	Total
Cost					
At December 31, 2025	370	33,179	1,039	492	35,080
Additions	424	165	207	16	812
Raw materials transferred to inventory	(157)	-	-	-	(157)
Completed units placed into service	(21)	21	-	-	-
Dispositions	-	-	-	(11)	(11)
Impact of foreign exchange	-	244	36	0	280
At June 30, 2026	616	33,609	1,282	497	36,004
Accumulated depreciation and impairment					
At December 31, 2025	-	25,713	422	479	26,614
Depreciation	-	728	69	3	800
Dispositions	-	-	-	(6)	(6)
Impact of foreign exchange	-	102	14	0	116
At June 30, 2026	-	26,543	505	476	27,524
Carrying amount					
At December 31, 2025	370	7,466	617	13	8,466
At June 30, 2026	616	7,066	777	21	8,480

As At June 30, 2026, management determined that no indicators of impairment or impairment reversal existed for the Company's Rental Fleet CGU.

4. INTANGIBLE ASSETS

(Canadian $000's)	Patents	ZeroE development	Total
Cost			
At December 31, 2025	2,141	2,347	4,488
Additions	-	-	-
At June 30, 2026	2,141	2,347	4,488
Accumulated amortization and impairment			
At December 31, 2025	2,141	2,126	4,267
Amortization	-	30	30
At June 30, 2026	2,141	2,156	4,297
Carrying amount			
At December 31, 2025	-	221	221
At June 30, 2026	-	191	191

As At June 30, 2026, the Company did not identify an indicator of impairment or impairment reversal.

5. DEBT AND CREDIT FACILITIES

Debt and credit facilities are comprised of the following:

(Canadian $000's)	June 30, 2026	December 31, 2025
Current debt		
Bank operating line	678	1,046
Long-term debt		
BDC loans	9,725	7,181
Loans payable	279	149
Promissory notes	451	460
	10,455	7,790
Current portion of long-term debt		
BDC loans	1,728	1,621
Loans payable	97	63
Promissory notes	20	19
	1,845	1,703
Non-current portion of long-term debt		
BDC loans	7,997	5,560
Loans payable	182	86
Promissory notes	431	441
	8,610	6,087

Movements in long-term debt were as follows:

(Canadian $000's)	June 30, 2026	December 31, 2025
Balance, beginning of period	7,790	7,824
Proceeds of long-term debt	3,418	1,480
Deferred financing fees incurred	(15)	-
Payments on long-term debt	(1,130)	(1,591)
Interest on long-term debt	339	-
Amortization of deferred financing fees	21	42
Accretion on promissory note	21	42
Foreign exchange adjustments	11	(7)
Balance, end of period	10,455	7,790

Bank operating line

As At June 30, 2026, the Company had borrowing capacity of $2,500 (December 31, 2025 – $2,111) under the facility. The decrease in available capacity reflects a lower accounts receivable balance At June 30, 2026, as the borrowing base is calculated as a percentage of eligible receivables.

Borrowings under the operating line bear interest at the Royal Bank of Canada ("RBC") prime rate plus 1%. The facility is secured by the Company's accounts receivable and is payable on demand.

The operating line is subject to financial covenants, including:

i. Funded Debt to Adjusted EBITDA ratio of not more than 3.0 to 1.0 on a trailing twelve-month basis; and

ii. Fixed Charge Coverage ratio of not less than 1.1 to 1.0.

For covenant purposes, EBITDA is defined as earnings before interest expense, income taxes, depreciation and amortization, adjusted for certain non-cash and non-recurring items as defined in the lending agreement. Adjusted EBITDA includes adjustments for gains or losses on sale of assets, deferred taxes, extraordinary items and other non-cash items permitted under the lending agreement.

For covenant purposes, Funded Debt includes interest-bearing indebtedness, including the operating line, long-term debt and lease liabilities. The Fixed Charge Coverage ratio is calculated as Adjusted EBITDA divided by debt service obligations, including principal repayments and finance costs related to debt and lease liabilities, for the trailing twelve-month period.

As At June 30, 2026, the Company was in compliance with all covenants under the facility.

Effective March 30, 2026, the Company entered into a separate revolving demand facility of $1,390 available for letters of credit and letters of guarantee. As At June 30, 2026, no amounts had been drawn or issued under the facility.

BDC loans

(Canadian $000's)	June 30, 2026	December 31, 2025
BDC term loan	5,271	5,803
BDC manufacturing financing facility	2,637	1,567
BDC working capital facility	2,000	-
Deferred financing costs	(183)	(189)
	9,725	7,181
Current portion of BDC loans	1,728	1,621
Non-current portion of BDC loans	7,997	5,560

BDC term loan

On December 21, 2023, the Company entered into a non-revolving term loan agreement with the Business Development Bank of Canada ("BDC") providing for a single advance of $7,200. The term loan bears blended monthly payments of $127, comprising principal and interest, and matures on July 10, 2030. Interest is charged at a fixed rate of 8.20% per annum for the initial three-year term, after which the rate will be renegotiated.

The term loan is secured by the fixed assets of the Company and its subsidiary. The facility includes a financial covenant requiring a Fixed Charge Coverage ratio of not less than 1.1 to 1.0, measured commencing December 31, 2024, calculated on the same basis as described for the Company's operating line of credit. As at June 30, 2026, the Company was in compliance with this covenant.

BDC manufacturing facility

On July 25, 2024, the Company entered a manufacturing financing facility with BDC providing for borrowings of up to $4,000 to finance the manufacture or purchase of additional rental equipment.

The facility bears interest at BDC's floating base rate plus 0.45%. At June 30, 2026, the applicable rate was 7.00% (December 31, 2025 – 7.00%). The loan was interest-only until July 28, 2025, with blended principal and interest payments commencing August 28, 2025. The facility matures on June 28, 2031.

The facility is secured by a general security agreement over the fixed assets of the Company and its subsidiary, Apollo Lighting Solutions Inc., registered in the Provinces of Alberta, British Columbia, and Saskatchewan. The facility is subject to a financial covenant requiring a Fixed Charge Coverage Ratio of not less than 1.10 to 1.00. The Company was in compliance with this covenant at June 30, 2026, and December 31, 2025.

On April 23, 2026, in connection with the Company entering into the working capital facility, the remaining undrawn commitment of $1,030 under the manufacturing financing facility was cancelled.

As at June 30, 2026, $2,637 was outstanding under the facility (December 31, 2025 – $1,567).

BDC working capital facility

On April 23, 2026, the Company entered into a working capital facility with BDC in the amount of $2,000.

The facility bears interest at BDC's floating base rate plus 0.50% per annum. At June 30, 2026, the applicable rate was 7.05% per annum. Interest is calculated monthly on the outstanding principal balance. Principal repayments commence January 4, 2027, with the outstanding balance due in full on March 1, 2032.

The facility is secured by a general security agreement from the Company over all present and after-acquired personal property, registered in the Provinces of Alberta, British Columbia, and Saskatchewan, and a guarantee from Apollo Lighting Solutions Inc. supported by a general security agreement registered in the same provinces and in the State of Texas.

The facility is subject to a financial covenant requiring a Fixed Charge Coverage Ratio of not less than 1.10 to 1.00, tested annually commencing December 31, 2026.

As at June 30, 2026, $2,000 had been fully drawn under the facility (December 31, 2025 – nil).

Loans payable

(Canadian $000's)	June 30, 2026	December 31, 2025
Term loans payable – Vehicles	279	149
Current portion of loans payable	97	63
Non-current portion of loans payable	182	86

Cleantek entered into loan agreements to finance the purchase of vehicles for use by field operations staff in servicing rental equipment. The loans are secured by the related vehicles, bear interest at fixed rates of 3.99 % to 8.99% per annum (December 31, 2025 – 3.99% to 8.99%) and have original terms ranging from 36 to 60 months (December 31, 2025 – 48 to 60 months).

Promissory note

(Canadian $000's)	June 30, 2026	December 31, 2025
Vendor promissory note	1,045	1,045
Unamortized discount (contra)	(594)	(585)
	451	460
Current portion of promissory note	20	19
Non-current portion of promissory note	431	441

In January 2021, the Company entered into an agreement with a vendor to convert an outstanding accounts payable balance of $1,045 into an unsecured promissory note (the "Vendor Promissory Note"). The Vendor Promissory Note is non-interest bearing, repayable in monthly instalments of $5, and matures upon the earlier of a change of control, a liquidity event, or such time as the Company has sufficient financial capacity to repay the outstanding principal. The note was initially recognized at its fair value, discounted using an effective interest rate of 9.00%.

6. SHARE CAPITAL

Authorized share capital

The Company is authorized to issue:

- an unlimited number of common shares; and
- an unlimited number of preferred shares.

Issued share capital

(Canadian $000's, except number of shares 000's)	Number of Shares	2026 Amount	Number of Shares	2025 Amount
Common shares				
Opening balance January 1	29,315	68,680	29,260	68,672
Shares issued	170	28	55	8
At June 30	29,485	68,708	29,315	68,680

7. SHARE-BASED COMPENSATION

Share-based incentive programs and payment plans

The Company has the following equity-settled share-based compensation:

Stock option plan

The Company has established a stock option plan whereby the Company may grant stock options 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 aggregate number of the shares issuable under the terms of the plan shall not exceed 10% of the outstanding common shares at the date of grant. The exercise price of the stock options is determined by the Board of Directors. The stock options vest evenly over a period of three years and are exercisable for a period of five years from the grant date to purchase one common share for each stock option held.

Share warrants

In certain instances, warrants will be issued in conjunction with share issuances, referred to as a Subscription Unit. Each Subscription Unit entitles the equity holder to one share and one or one-half common share purchase warrant. The warrant allows the holder to purchase an additional one or one-half share at a stipulated exercise price for a period of 24 months. Warrants vest immediately on issuance.

Restricted share unit plan

Terms and vesting periods of RSUs and DSUs are determined by the board at the time of the grant and based on the equity-based compensation plan.

On the vesting date, the RSUs and DSUs are redeemed and the Company issues one common share for each vesting RSU or DSU held by the employee or member of the board.

The fair value of the RSU and DSU is recognized over the vesting period and is based on the value at the date of grant.

During the six months ended June 30, 2026, no RSUs were granted (March 31, 2025 – nil). RSUs vest equally over a three-year period from the grant date, with fair value measured at the share price on the date of grant.

During the six months ended June 30, 2026, no DSUs were granted to members of the Board (March 31, 2025 – nil). DSUs vest immediately upon grant, with the underlying shares issuable upon the director's retirement. Fair value is measured at the share price on the date of grant.

Stock options

The following table provides a summary of the Company's stock options:

	June 30, 2026		December 31, 2025	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding at beginning of period	1,542,500	$0.20	987,500	$0.15
Granted	-	$0.00	780,000	$0.28
Cancelled	-	$0.00	(225,000)	$0.24
Outstanding at end of period	1,542,500	$0.20	1,542,500	$0.20
Weighted avg remaining life (years)		2.6		2.9
Exercisable at end of period	514,167	$0.20	304,167	$0.15

As of June 30, 2026, the following stock options were outstanding and exercisable:

Expiry date	Exercise price	Outstanding	Exercisable
July 2028 to August 2029	$0.15	912,500	304,167
April 2028 to April 2030	$0.28	630,000	210,000
Total		1,542,500	514,167

Share warrants

The following table provides a summary of the Company's share warrants:

	June 30, 2026		December 31, 2025	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding at beginning of period	500,000	$0.25	500,000	$0.25
Granted	-	$0.00	-	$0.00
Expired	-	$0.00	-	$0.00
Outstanding at end of period	500,000	$0.25	500,000	$0.25
Weighted avg remaining life (years)		0.2		0.7
Exercisable at end of period	500,000	$0.25	500,000	$0.25

Restricted share units

The following table provides a summary of the Company's Restricted Share Units:

	June 30, 2026	December 31, 2025
	Number of restricted share units	Number of restricted share units
Outstanding at beginning of period	205,000	619,170
Vested	(205,000)	(330,000)
Forfeited	-	(84,170)
Outstanding at end of period	-	205,000

Deferred share units

The following table provides a summary of the Company's Deferred Share Units:

	June 30, 2026	December 31, 2025
	Number of deferred share units	Number of deferred share units
Outstanding at beginning of period	300,000	300,000
Exercised	-	-
Outstanding at end of period	300,000	300,000

Share-based compensation expense

Cleantek recorded the following equity-settled share-based payments as share-based compensation in net income:

(Canadian $000's)	2026	2025	2026	2025
Stock options	22	35	54	48
Restricted share units	1	9	5	22
Total share-based compensation expense	23	44	59	70

8. GEOGRAPHIC INFORMATION

The Company operates primarily in Canada and the United States. Revenue is attributed to geographic areas based on the location of the customer. Non-current assets are attributed based on the location of the asset. The Company also generated revenue from international markets, primarily the Middle East, which is contracted through Cleantek Industries Inc.

The following tables present revenue and non-current assets by geographic segment:

Revenue by geography

For the three months ended June 30:

(Canadian $000's)	Canada	United States	International	Total
2026				
Rentals and services	1,131	1,790	-	2,921
Equipment sales	-	-	2,205	2,205
Total revenue	1,131	1,790	2,205	5,126
2025				
Rentals and services	971	1,707	6	2,684
Equipment sales	-	-	668	668
Total revenue	971	1,707	674	3,352

For the six months ended June 30:

(Canadian $000's)	Canada	United States	International	Total
2026				
Rentals and services	2,705	3,565	-	6,270
Equipment sales	-	-	2,370	2,370
Total revenue	2,705	3,565	2,370	8,640

2025				
Rentals and services	2,605	3,485	21	6,111
Equipment sales	-	-	946	946
Total revenue	2,605	3,485	967	7,057

Non-current assets by geography

(Canadian $000's)	Canada	United States	International	Total
June 30, 2026				
Property and equipment	3,588	4,837	55	8,480
Intangible assets	191	-	-	191
Right-of-use assets	598	432	-	1,030
Total non-current assets	4,377	5,269	55	9,701
December 31, 2025				
Property and equipment	3,560	4,906	-	8,466
Intangible assets	221	-	-	221
Right-of-use assets	766	478	-	1,244
Total non-current assets	4,547	5,384	-	9,931

9. DIRECT OPERATING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

The Company classifies net income (loss) using the function of expense method, which presents expenses according to their function, such as direct operating expenses, and general and administrative expenses. This method is more closely aligned to the Company business structure and provides more relevant information.

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

General and administrative expenses consist of salaries and wages, which include labor and related benefits costs including bonuses and other related payroll benefits; professional fees, which include fees for consulting, legal, audit and tax services; and other general and administrative expenses.

The following tables provide additional information on the nature of the:

	Three months ended June 30		Six months ended June 30	
(Canadian $000's)	2026	2025	2026	2025
Direct operating expenses				
Salaries and wages	822	791	1,565	1,558
Repairs and maintenance	121	80	264	195
Transportation and mobilization	238	222	510	495
Cost of goods sold	991	226	1,029	283
Other direct costs	339	251	582	398
Total direct operating expenses	2,511	1,570	3,950	2,929
General and administrative expenses				
Salaries and wages	687	614	1,307	1,252
Professional fees	237	128	414	359
Other general and administrative costs	359	264	625	479
Total general and administrative expenses	1,283	1,006	2,346	2,090

10. FINANCE COSTS

(Canadian $000's)	Note	Three months ended June 30 2026	2025	Six months ended June 30 2026	2025
Interest on bank operating line		9	19	23	41
Interest on long-term debt	5	175	161	339	316
Amortization of deferred financing fees	5	10	11	21	21
Accretion of discount on promissory note	5	11	10	21	21
Interest on lease liabilities		19	23	39	41
Interest on financed insurance premiums		4	-	8	-
Total finance costs		228	224	451	440

11. NET INCOME (LOSS) PER SHARE AMOUNTS

Basic and diluted net income (loss) per share for the period has been calculated on the basis of the weighted average number of common shares outstanding as follows:

(Canadian $000's, except for common shares in number of shares and earnings per share in Canadian dollars)	Three months ended June 30 2026	2025	Six months ended June 30 2026	2025
Net income	518	(456)	735	(7)
Weighted average common shares outstanding:				
Basic	29,379,937	29,297,850	29,320,487	29,273,284
Effect of dilutive securities:				
Stock options	1,073,481	-	1,060,004	-
Warrants	312,856	-	307,479	-
RSUs	-	-	-	-
DSUs	300,000	-	300,000	-
Dilutive	31,066,274	29,297,850	30,987,970	29,273,284
Income per share – basic	$0.02	($0.02)	$0.03	($0.00)
Income per share – diluted	$0.02	($0.02)	$0.02	($0.00)

12. RELATED PARTY BALANCES AND TRANSACTIONS

Executive loan facility agreement

The Company entered into an unsecured executive loan agreement with the President and Chief Executive Officer in the amount of $50. The loan bears interest at the Canada Revenue Agency prescribed rate, which was 3.00% At June 30, 2026 (December 31, 2025 – 3.00%), and is subject to quarterly adjustment. The principal and accrued interest are due no later than December 31, 2026, pursuant to an amendment to the Agreement dated November 11, 2025, which extended the original maturity date of December 31, 2025.

13. SUPPLEMENTARY CASH FLOW INFORMATION

The following table reconciles the net changes in non-cash working capital, excluding the non-cash working capital acquired on acquisitions, from the statement of financial position to the statements of cash flows:

	Three months ended June 30		Six months ended June 30	
(Canadian $000's)	2026	2025	2026	2025
Net changes in non-cash working capital:				
Accounts receivable	(1,663)	185	(1,175)	(689)
Prepaids	379	75	(317)	65
Inventory	(799)	(120)	(1,240)	(332)
Other assets	5	(45)	143	(97)
Accounts payable and accrued liabilities	(120)	(566)	(187)	51
	(2,198)	(471)	(2,776)	(1,002)
Related to:				
Operating activities	(2,198)	(471)	(2,776)	(1,002)

14. COMMITMENTS AND CONTINGENCIES

Contractual obligations and commitments

The following table summarizes the expected timing of cash outflows relating to financial liabilities, lease liabilities, and other commitments as at June 30, 2026:

(Canadian $000's)	Carrying amount [1]	< 1 year	2 to 3 years	4 to 5 years	Thereafter	Contractual outflows
Financial liabilities						
Accounts payable and accrued liabilities	1,680	1,680	-	-	-	1,680
Bank operating line [5]	678	678	-	-	-	678
Long-term debt [2]						-
BDC loans [3]	9,725	2,460	5,340	3,683	309	11,792
Loans payable	279	114	167	33	0	314
Promissory notes	451	60	120	120	455	755
	12,813	4,992	5,627	3,836	764	15,219
Lease liabilities and other commitments						
Lease liabilities	929	547	440	-	-	987
Other operating and capital commitments [4]	-	153	86	-	-	239
	929	700	526	-	-	1,226
Total contractual obligations	**13,742**	**5,692**	**6,153**	**3,836**	**764**	**16,445**

(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 $183. Amounts are based on term loan balances including principal and interest based on the three-year fixed rate assuming rate is maintained for the duration of the loan.
(4) Includes leased property 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.

CORPORATE INFORMATION

OFFICERS

Riley Taggart
President & CEO

Ashley Miskin CPA, CA
Chief Financial Officer

Chris Murray
Chief Operating Officer

BOARD OF DIRECTORS

Paul Colucci
Chairman

Riley Taggart
President & CEO

Al Stark

Phillip Knoll

Chris Lewis

AUDITORS
MNP LLP
Calgary, Alberta

LAWYERS
Torys LLP
Calgary, Alberta

BANKERS
RBC Canada
Calgary, Alberta

HSBC Bank USA
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