



## CLEANTEK INDUSTRIES INC. ANNOUNCES 2021 RESULTS AND PROVIDES OPERATIONAL UPDATE

Calgary, Alberta – April 28, 2022 – Cleantek Industries Inc. (TSXV: CTEK) ("**Cleantek**" or the "**Company**") (formerly Raise Production Inc. ("**Raise**")) is pleased to announce that it has released its financial results for the years ended December 31, 2021 and 2020. Selected financial and operation information is outlined below and should be read in conjunction with Cleantek's audited consolidated financial statements and management's discussion and analysis for the years ended December 31, 2021 and 2020, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

Cleantek 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".

### Highlights for the Fourth Quarter 2021

- On October 29, 2021, Cleantek completed the reverse takeover (the "RTO") of Raise, a TSXV listed company, pursuant to the terms of the arrangement agreement dated July 12, 2021. This resulted in the amalgamated public company continuing under the name Cleantek (TSXV: CTEK), which began trading on the TSXV on November 10, 2021;
- In conjunction with the RTO, the Company also completed a private placement of 5,716,123 subscription receipts of the Company for gross proceeds of just over \$10.0 million;
- The Company also completed a new term loan facility and revolving facility on September 24, 2021. The Company received proceeds of \$7.5 million on October 29, 2021 from the term loan facility and now has access to a revolving line of credit for up to \$2.5 million, that to date remains undrawn; and,
- Funds from the private placement and term loan facility were used to recapitalize and simplify the Company's capital structure, as well as provide capital to fund the Company's growth and expansion.

### Outlook

Cleantek continues to grow its business and improve its financial performance through the execution of its strategy, including maximizing revenue and profits through its existing and expanding fleet of sustainable lighting solutions and wastewater treatment assets. This, combined with the expansion of our ZeroE System portfolio of waste energy powered, wastewater treatment and vaporization infrastructure projects throughout North America and globally, we expect will lead to an increase in revenue and corresponding profitability.

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

- taking advantage of increased oil and gas drilling and production activity in North America to maximize utilization rates of its current fleet of sustainable lighting solutions and mobile ZeroE wastewater treatment assets;
- expanding and growing the Company's fleet of sustainable lighting solutions and mobile ZeroE wastewater treatment assets to satisfy increased demand in the oil and gas, midstream, mining, industrial and construction markets;
- leveraging Cleantek's technology to capture additional market share through organic growth of the ZeroE wastewater treatment and vaporization services; and
- expanding and diversifying Cleantek's geographic focus and customer base, including exploring opportunities outside of the North American market.



The Company is uniquely positioned with the prospect to capture expansion in both ZeroE wastewater vaporization and sustainable lighting markets. We expect that wastewater and vaporization opportunities in the oil and gas, municipal grey water, and industrial wastewater industries and a growing awareness regarding the disadvantages of downhole injection will continue to increase the demand for Cleantek's ZeroE products.

## Operational Update

The fourth quarter of 2021 was eventful, with the completion of the RTO, a concurrent private placement, and completion of a new term loan and revolving facility, combined with a ramp up in the sales activity. The improved financial performance that began in the fourth quarter of 2021 positioned the Company well for a strong start to 2022. As stated in the Company's press release dated March 28, 2022, Cleantek's first quarter 2022 revenue exceeded \$3.0 million and the Company's revenue forecast remains on pace to increase by greater than 40% in 2022 from \$8.8 million in 2021. First quarter 2022 financial results will be released on May 26, 2022 after the quarterly review and approval by the Board of Directors.

## Results of Operations

| (Canadian \$000's, except<br>per share amounts and percentages) | Three months |          |        | Year ended  |           |        |
|---|--------------|----------|--------|-------------|-----------|--------|
|   | December 31  |          | %      | December 31 |           | %      |
|   | 2021         | 2020     | Change | 2021        | 2020      | Change |
| Revenue   | 2,372        | 1,777    | 33     | 8,819       | 7,607     | 16     |
| Gross profit  | 1,126        | 646      | 74     | 4,577       | 3,365     | 36     |
| Gross profit %  | 47           | 36       | 31     | 52          | 44        | 17     |
| Net loss  | (4,747)      | (9,232)  | 49     | (5,955)     | (22,376)  | 73     |
| Net loss per share - basic and diluted (\$)                     | \$(0.22)     | \$(3.05) | 93     | \$(0.32)    | \$(15.28) | 98     |
| EBITDA <sup>(1)</sup>   | (4,482)      | (871)    | (415)  | (3,360)     | (8,350)   | 60     |
| Adjusted EBITDA <sup>(1)</sup>                                  | 339          | (803)    | 142    | 1,283       | (901)     | 242    |
| Capital expenditures  | 253          | 532      | (52)   | 562         | 2,156     | (74)   |
| Total assets  | 17,156       | 13,637   | 26     | 17,156      | 13,637    | 26     |
| Working capital surplus (deficiency) <sup>(1)</sup>             | 535          | (16,805) | 103    | 535         | (16,805)  | 103    |
| Non-current debt <sup>(1,2)</sup>                               | 7,875        | 1,170    | 573    | 7,875       | 1,170     | 573    |
| Total non-current liabilities                                   | 7,932        | 1,937    | 309    | 7,932       | 1,937     | 309    |

(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, impairment/impairment reversals of non-financial assets, research expense/recoveries and unusual items not representative of ongoing business performance. 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. 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 "Non-IFRS Measurements" for further discussion of these items, and where applicable, reconciliations to measures calculated in accordance with IFRS.

(2) Total non-current debt includes the non-current portions of long-term debt and lease liabilities.

## About Cleantek

Cleantek is a clean energy technology company focused on ESG accretive technology solutions with operations across North America. Cleantek has developed and commercialized its patented wastewater dehydration technology, the ZeroE, which it rents to its customers for use at gas processing facilities and on drilling rigs focused on hydro-sustainability. Cleantek's ZeroE technology separates wastewater into (i) clean water which is evaporated and returned to the natural hydrological cycle and (ii) concentrated brine which is disposed of using traditional means. The ZeroE technology is powered by the waste heat generated from the engine exhaust of gas plants and drilling rigs. Complimenting Cleantek's ZeroE technology is the suit of low carbon LED lighting systems containing our patented Solar Hybrid lighting systems and HALO Crown mounted lighting systems.



## NON-IFRS MEASUREMENTS

Cleantek uses certain financial measures 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 are 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, impairment/impairment reversals, loss or gain on disposal of assets as well as unusual items not representative of ongoing business performance.

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

| <i>(Canadian \$000's)</i>                             | Three months<br>December 31 |         |             | Year ended<br>December 31 |          |             |
|---|-----------------------------|---------|-------------|---------------------------|----------|-------------|
|   | 2021                        | 2020    | %<br>Change | 2021                      | 2020     | %<br>Change |
| Net loss  | (4,747)                     | (9,232) | 49          | (5,955)                   | (22,376) | 73          |
| Tax expense (recovery)                                | (117)                       | 311     | 138         | (828)                     | 311      | 366         |
| Depreciation and amortization                         | 622                         | 1,222   | 49          | 2,534                     | 3,180    | 20          |
| Finance costs, net                                    | (240)                       | 6,828   | 104         | 889                       | 10,535   | 92          |
| EBITDA  | (4,482)                     | (871)   | (415)       | (3,360)                   | (8,350)  | 60          |
| Research expense (recovery)                           | (167)                       | -       | -           | (868)                     | (1,811)  | (52)        |
| Share-based compensation                              | 902                         | 68      | (1,226)     | 1,425                     | 1,228    | (16)        |
| Impairment expense/(reversal) of non-financial assets | (3,169)                     | -       | -           | (3,169)                   | 8,032    | 139         |
| Listing expense                                       | 5,061                       | -       | -           | 5,061                     | -        | -           |
| Transaction costs                                     | 2,194                       | -       | -           | 2,194                     | -        | -           |
| Adjusted EBITDA                                       | 339                         | (803)   | 142         | 1,283                     | (901)    | 242         |

### *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:

| <i>(Canadian \$000's)</i>         | December 31 |          |
|-----------------------------------|-------------|----------|
|                                   | 2021        | 2020     |
| Current assets                    | 4,771       | 2,173    |
| Current liabilities               | (4,236)     | (18,978) |
| Working capital surplus (deficit) | 535         | (16,805) |



### 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 \$000's)                      | December 31 |       |
|---|-------------|-------|
|   | 2021        | 2020  |
| Long-term debt – non-current portion    | 7,444       | 694   |
| Lease liabilities – non-current portion | 431         | 476   |
| Non-current debt                        | 7,875       | 1,170 |

### Forward-Looking Statements

This news release contains certain "forward looking statements" including, for example, statements relating to expected revenue growth and corresponding increased in profitability, potential expansion outside North America, expansion of Cleantek's fleet of sustainable lighting solutions and mobile ZeroE wastewater treatment assets, the expected deployment of Cleantek's assets, available liquidity and expected approval of the board of directors of the Cleantek's first quarter 2022 interim financials. Such forward-looking statements involve risks and uncertainties, both known and unknown. The results or events depicted in these forward-looking statements may differ materially from actual results or events. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding and are implicit in, among other things: receipt of regulatory approvals, the state of the capital markets, the impact of the COVID-19 pandemic, the ability of the Corporation to successfully manage the risks inherent in pursuing business opportunities in the oilfield services industry and outside the North American market, and the ability of the Corporation to obtain qualified staff, equipment and services in a timely and cost efficient manner to develop its business. Any forward-looking statement reflects information available to Cleantek as of the date of this news release and, except as may be required by applicable securities laws, Cleantek disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise.

Matt Gowanlock, President & Chief Executive Officer

E-mail: [mgowanlock@cleantekinc.com](mailto:mgowanlock@cleantekinc.com)

Orson Ross, Chief Financial Officer

E-mail: [oross@cleantekinc.com](mailto:oross@cleantekinc.com)



**Cleantek Industries Inc.**

Tel: 403-567-8700

[www.cleantekinc.com](http://www.cleantekinc.com)

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