



Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2022

Cleantek Industries Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)
As at

<i>(Canadian \$000's)</i>	Note	March 31 2022	December 31 2021
ASSETS			
Current assets			
Cash and cash equivalents		624	1,871
Accounts receivable		2,563	1,931
Prepays		297	383
Other assets		140	586
Total current assets		3,624	4,771
Non-current assets			
Property and equipment	3	10,682	11,279
Intangible assets	4	468	459
Right-of-use assets		584	647
Total non-current assets		11,734	12,385
Total assets		15,358	17,156
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		1,747	2,825
Current portion of long-term debt	5	1,381	1,045
Current portion of lease liabilities		343	366
Total current liabilities		3,471	4,236
Non-current liabilities			
Long-term debt	5	7,009	7,444
Lease liabilities		374	431
Provisions		57	57
Total non-current liabilities		7,440	7,932
Total liabilities		10,911	12,168
Shareholders' equity (deficit)			
Share capital	6	68,466	68,466
Contributed surplus		2,672	2,524
Accumulated other comprehensive income		205	160
Accumulated deficit		(66,896)	(66,162)
Total shareholders' equity (deficit)		4,447	4,988
Total liabilities and shareholders' equity (deficit)		15,358	17,156
Commitments and contingencies	13		
Subsequent events	14		

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

Cleantek Industries Inc.
CONSOLIDATED STATEMENTS OF NET LOSS (Unaudited)
For the periods

<i>(Canadian \$000's, except per share amounts)</i>	Note	Three months ended March 31	
		2022	2021
Revenue	8	3,147	2,457
Direct operating expenses	9	1,310	1,028
Gross profit		1,837	1,429
Other expenses			
General and administrative	9	1,279	636
Depreciation and amortization	3,4	924	787
Share-based compensation	7	148	150
Finance costs, net	10	264	478
(Gain) loss on disposal of long-lived assets		(127)	6
Foreign exchange (gain) loss		83	(38)
		2,571	2,019
Loss before income taxes		(734)	(590)
Income tax (recovery) expense			
Current		-	-
Deferred		-	(406)
		-	(406)
Net loss		(734)	(184)
Loss per share (\$)			
Basic and diluted	11	\$(0.03)	\$(0.01)

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

Cleantek Industries Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)
For the periods

<i>(Canadian \$000's)</i>	Note	Three months ended March 31	
		2022	2021
Net loss		(734)	(184)
Other comprehensive loss			
Foreign currency translation gain (loss)		45	(27)
Total comprehensive loss		(689)	(211)

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

Cleantek Industries Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT) (Unaudited)

<i>(Canadian \$000's)</i>	Note	Share capital	Contributed surplus	Accumulated other Comprehensive income (loss)	Accumulated deficit	Total
At January 1, 2021		51,708	1,080	141	(60,207)	(7,278)
Net loss for the period		-	-	-	(184)	(184)
Share-based compensation expense	7	-	150	-	-	150
Share issuance – in cash for Cleantek	6	165	-	-	-	165
Share conversions	6	250	-	-	-	250
Foreign currency translation loss		-	-	(27)	-	(27)
At March 31, 2021		52,123	1,230	114	(60,391)	(6,924)
At January 1, 2022		68,466	2,524	160	(66,162)	4,988
Net loss for the period		-	-	-	(734)	(734)
Share-based compensation expense	7	-	148	-	-	148
Foreign currency translation gain		-	-	45	-	45
At March 31, 2022		68,466	2,672	205	(66,896)	4,447

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

Cleantek Industries Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
For the periods

<i>(Canadian \$000's)</i>	Note	Three months ended March 31	
		2022	2021
Cash (used in)/provided by:			
Operating activities			
Net loss		(734)	(184)
Adjustments for:			
Depreciation and amortization	3,4	924	787
Share-based compensation expense	8	148	150
Finance costs	10	264	478
(Gain) loss on disposal of long-lived assets		(127)	6
Deferred income tax expense (recovery)		-	(406)
Changes in non-cash working capital	12	(1,073)	(816)
Net cash flow from (used in) operating activities		(598)	15
Investing activities			
Additions to property and equipment	3	(274)	(137)
Additions to intangible assets	4	(23)	(42)
Proceeds on disposal of long-lived assets		100	-
Net cash flow used in investing activities		(197)	(179)
Financing activities			
Repayment of long-term debt	5	(137)	(76)
Proceeds from convertible notes - debentures		-	380
Repayments of lease liabilities		(95)	(54)
Payments of cash interest		(217)	(213)
Proceeds from issuance of share capital	6	-	165
Net cash flow from financing activities		(449)	202
Increase (decrease) in cash and cash equivalents		(1,244)	38
Effect of foreign exchange			
on cash and cash equivalents		(3)	15
Cash and cash equivalents, beginning of period		1,871	597
Cash and cash equivalents, end of period		624	650

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

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three months ended March 31, 2022

(All amounts in Canadian \$000's, except as indicated)

1. REPORTING ENTITY

Cleantek Industries Inc. ("Cleantek" or the "Company") (formerly Raise Production Inc. ("Raise"), is a public company trading on the TSX Venture Exchange ("TSXV") under the symbol CTEK. Raise was incorporated under the Business Corporations Act (Alberta) on December 23, 1993, as oilfield service company that focuses its efforts on the production service sector, utilizing its proprietary products to enhance and increase ultimate production in both conventional and unconventional horizontal oil and gas wells.

On July 12, 2021, Cleantek and Raise entered into an agreement to complete an amalgamation ("Arrangement Agreement"). Although the Arrangement Agreement resulted in Cleantek becoming a wholly owned subsidiary of Raise, it constituted a reverse takeover ("RTO") for accounting purposes as the former Cleantek shareholders own a substantial majority of the Common Shares of the Resulting Issuer. The majority of the members of the board of directors (the "Board") and all members of management of the Resulting Issuer are designees of Cleantek. The reverse takeover was completed on October 29, 2021, in which Raise acquired all the issued and outstanding class "A" shares of Cleantek ("Class "A" Shares") and changed its name to continue as Cleantek Industries Inc. The transaction has been accounted for in the consolidated financial statements as a continuation of the financial statements of Cleantek, together with a deemed issuance of Common Shares to the former shareholders of Raise. The presentation of the comparative year's information is that of Cleantek.

Cleantek's primary business is the manufacturing and rental of equipment to the oil and gas and construction industries in Western Canada and the United States.

The Company has the following subsidiaries, incorporated and/or formed, each owned 100%, and consolidated in these financial statements:

Name of subsidiary	Jurisdiction of incorporation/formation
Horizon Oilfield Manufacturing Inc. ⁽¹⁾	Alberta, Canada
Apollo Energy Services Corp. ⁽²⁾	Alberta, Canada
Apollo Lighting Solutions Inc. ⁽²⁾	Delaware, U.S.A.

(1) Incorporated on December 2, 2013 and amalgamated with Cleantek effective Cleantek on January 1, 2022.

(2) Apollo Energy Services Corp. and Apollo Lighting Solutions Inc. (together "Apollo Energy") were acquired on October 18, 2018. Apollo Energy Services Corp. was amalgamated with Cleantek effective January 1, 2022.

The Company's principal place of business is located at Suite 3200, 500 – 4th Avenue SW, Calgary, Alberta, T2P 2V6.

2. BASIS OF PREPARATION

a) 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, 2021. These unaudited condensed consolidated interim financial statements are condensed as they do not include all of the information required by International Financial Reporting Standards ("IFRS") for annual financial statements and therefore should be read in conjunction with the Company's audited annual consolidated financial statements at December 31, 2021 which are available on SEDAR at www.sedar.com.

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three months ended March 31, 2022

(All amounts in Canadian \$000's, except as indicated)

These unaudited condensed consolidated interim financial statements have been approved by the Board of Directors on May 26, 2022.

b) Basis of measurement and functional and presentation currency

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis, except certain financial instruments which are recorded at fair value.

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its wholly owned subsidiaries, with the exception of Apollo Lighting Services which is a US dollar functional currency.

c) 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, 2021, as detailed in note 2(c) of the annual consolidated financial statements for the years ended December 31, 2021 and 2020.

3. PROPERTY AND EQUIPMENT

<i>(Canadian \$000's)</i>	Assets under construction	Rental equipment	Automotive	Office equipment	Total
Cost					
At December 31, 2021	95	29,796	134	479	30,504
Additions	202	72	-	-	274
Dispositions	-	(210)	(42)	-	(252)
Transfers from assets under construction to rental equipment	(52)	52	-	-	-
Impact of foreign exchange	-	(32)	-	-	(32)
At March 31, 2022	245	29,678	92	479	30,494
Accumulated depreciation and impairment					
At December 31, 2021	-	18,622	134	469	19,225
Depreciation	-	842	-	4	846
Dispositions	-	(210)	(42)	-	(252)
Impact of foreign exchange	-	(7)	-	-	(7)
At March 31, 2022	-	19,247	92	473	19,812
Carrying amount					
At December 31, 2021	95	11,174	-	10	11,279
At March 31, 2022	245	10,431	-	6	10,682

Impairment

At March 31, 2022 and 2021 there were no indicators of impairment or impairment reversal related to the Company's property and equipment and therefore an impairment test was not required to be performed.

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three months ended March 31, 2022

(All amounts in Canadian \$000's, except as indicated)

4. INTANGIBLE ASSETS

<i>(Canadian \$000's)</i>	Patents	ZeroE development	Total
Cost			
At December 31, 2021	2,141	2,247	4,388
Additions	-	23	23
At March 31, 2022	2,141	2,270	4,411
Accumulated amortization and impairment			
At December 31, 2021	2,032	1,897	3,929
Amortization	2	12	14
At March 31, 2022	2,034	1,909	3,943
Carrying amount			
At December 31, 2021	109	350	459
At March 31, 2022	107	361	468

Impairment

At March 31, 2022 and 2021 there were no indicators of impairment or impairment related to the Company's intangible assets and therefore an impairment test was not required to be performed.

5. DEBT AND CREDIT FACILITIES

Debt and credit facilities are comprised of the following:

<i>(Canadian \$000's)</i>	March 31 2022	December 31 2021
Long-term debt		
Credit facilities	7,249	7,305
Loans payable	627	657
Promissory notes	514	527
	8,390	8,489
Current portion of long-term debt		
Credit facilities	(1,364)	(1,025)
Loans payable	(3)	(7)
Promissory notes	(14)	(13)
	(1,381)	(1,045)
Non-current portion of long-term debt		
Credit facilities	5,885	6,280
Loans payable	624	650
Promissory notes	500	514
	7,009	7,444

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three months ended March 31, 2022

(All amounts in Canadian \$000's, except as indicated)

Credit facilities

	March 31	December 31
	2022	2021
<i>(Canadian \$000's)</i>		
Credit facilities		
Canadian Private Debt Term Facility	7,417	7,500
Deferred financing costs	(168)	(195)
	7,249	7,305
Current portion of credit facilities	(1,364)	(1,025)
Non-current portion of credit facilities	5,885	6,280

Canadian Private Debt Term Facility

The Company has a senior-secured credit agreement with a Canadian private debt asset manager, which provides for:

- i. the non-revolving term facility in a maximum principal amount of \$7,500, in a single loan advance ("Non-Revolving Term Facility"); and
- ii. a revolving line of credit up to \$2,500 in one or more loan advances (the "Revolving Line of Credit", and together with the Non-Revolving Term Facility, the "Credit Facilities").

The Credit Facilities are for an initial term of 24 months, which may be extended for an additional 12 month period at the request of the Company with consent by the lender. On March 31, 2022, \$7,417 of the Non-Revolving Term Facility amount was drawn and outstanding (December 2021 - \$7,500). As of the date hereof, no amounts have been drawn or is outstanding on the Revolving Line of Credit.

The Non-Revolving Term Facility is subject to monthly scheduled repayments as follows: (i) interest only payments in the first 4 months; (ii) \$83 plus interest in months 5 to 8; (iii) \$108 plus interest in months 9 to 12; (iv) \$133 plus interest in months 13 to 16; (v) \$158 plus interest in months 17 to 20; (vi) \$183 plus interest in months 21 to 24; and (vii) the remaining balance on the Non-Revolving Term Facility at the termination date.

The Credit Facilities bear interest equal to the greater of 9% per annum and a Canadian bank's prime rate plus 6.55%, payable on the last day of each calendar month. The Credit Facilities are secured by the assets of the Company and its subsidiaries. The Credit Facilities are subject to monthly financial covenants of: (i) maintaining a tangible net worth of at least \$1,000; and (ii) an interest coverage ratio of no less than 2:1. Tangible net worth is determined by taking total assets less the book value of all liabilities, excluding any subordinated debt, prepaid expenses, intangible assets and related party receivables. Interest coverage ratio is determined by taking EBITDA over total interest expense of funded debt on a rolling 6-month basis. EBITDA is defined as net earnings excluding interest expense, provisions for income taxes, non-cash items including depreciation and amortization and non-cash impairment charges and transactions costs related to the Private Placement and RTO.

At March 31, 2022, the Company was in compliance with all debt covenants.

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three months ended March 31, 2022

(All amounts in Canadian \$000's, except as indicated)

Loans payable

<i>(Canadian \$000's)</i>	March 31 2022	December 31 2021
Loans payable		
Customer Term Loan	624	650
Term loan payable – Other	3	7
	627	657
Current portion of loans payable	(3)	(7)
Non-current portion of loans payable	624	650

Customer Term Loan

In April 2018, Cleantek signed a ZeroE™ management agreement with a private, upstream oil and gas customer to manufacture, deliver and install a dehydrator ZeroE™ rental unit for the customer for a period of nine years (the “ZeroE™ Management Agreement”). In November 2020, this ZeroE™ Management Agreement was amended and restated to include a financing arrangement and to supersede and replace the earlier agreement in its entirety. In November 2020, a \$700 loan (the “Customer Loan”) was advanced by the customer to Cleantek pursuant to the ZeroE™ Management Agreement and upon full installation and commissioning of this unit.

Under the terms of the ZeroE™ Management Agreement, the Customer Loan bears interest at a rate of 13.5% per annum, in arrears, compounded annually; 85% of monthly rental income invoiced by Cleantek to the customer will be applied to and be set off against the Customer Loan and accrued interest payable until such time as the Customer Loan has been fully repaid; is for a term of 9 years from installation of the unit; and as collateral security for the payment and performance of Cleantek’s obligations under the ZeroE™ Management Agreement, the rental unit, as well as the Company’s ZeroE™ technology is subject to a lien.

Cleantek evaluated the classification of the Customer Loan at inception under IFRS 16 Lease and made an assessment that it is an operating lease as the Customer Loan does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset. Cleantek recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

During the three months ended March 31, 2022, \$45 (2021 - \$36) of rental income was invoiced to the customer and recognized as dehydration facility revenue in net loss, \$14 (2021 - \$28) interest expense was recognized on the outstanding Customer Loan and included in finances costs, net in net loss and \$31 (2021 - \$8) of the rental income invoiced to the customer was applied to the outstanding Customer Loan, including \$24 (2021 - \$3) to the principal balance.

Promissory note

<i>(Canadian \$000's)</i>	Carrying value	Face value
At December 31, 2021	527	1,030
Principal payments	(25)	(25)
Accretion	12	-
At March 31, 2022	514	1,005
Current portion of promissory notes	(14)	(55)

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three months ended March 31, 2022

(All amounts in Canadian \$000's, except as indicated)

Non-current portion of promissory notes	500	950
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Vendor Promissory Note

In January 2021, the Company entered into an agreement with one of its vendors to convert outstanding accounts payable balance of \$1,045 to an unsecured promissory note (the "Vendor Promissory Note"). The Vendor Promissory Note is (i) non-interest bearing; (ii) repayable at \$5 per month; and (iii) the Vendor Promissory Note matures on the earlier of a change of control, a liquidity event or on such earlier date as the Company has the financial liquidity to pay the principal amount.

The Company reclassified the amounts from current to long-term and fair valued the debt using the effective interest rate method. A gain of \$508 was recorded in December 2021 as a result of application of IFRS 9 as the Vendor Promissory Note bears an interest rate of zero. The fair value and resulting gain were based on the present value of future payments discounted at an interest rate of 9%.

6. SHARE CAPITAL

a) Authorized share capital

The Company is authorized to issue:

- An unlimited number of Class "A", "B", "C" and "D" common shares;
- An unlimited number of Class "E", "F", "G" and "H" non-voting common shares;
- An unlimited number of Class "I" preferred shares; and
- An unlimited number of Class "J" non-voting preferred shares.

b) Issued share capital

(Canadian \$000's, except
number of shares 000's)

	Number of Shares	Amount
Common shares – Class "A" voting		
At December 31, 2021 and March 31, 2022 ⁽¹⁾	27,645	68,466

(1) Number of shares reflect the August 27, 2021 twelve-for-one share consolidation. Prior period amounts have been retroactively adjusted to reflect the share consolidation.

7. SHARE-BASED PAYMENTS

a) Share-based incentive programs and payment plans

The Company has the following share-based compensation and payment plans:

Stock option plan (equity-settled)

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

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three months ended March 31, 2022

(All amounts in Canadian \$000's, except as indicated)

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 or 36 months. Warrants vest immediately on issuance.

Common shares issued in exchange for services rendered (equity-settled)

The Company may issue Cleantek common shares from time to time to service providers, vendors or consultants in exchange for services rendered to the Company, as determined by the Board of Directors.

b) Stock options

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

<i>(Canadian \$, except number of stock options)</i>	Number of stock options ⁽¹⁾	March 31, 2022 Weighted average exercise price ⁽¹⁾	Number of stock options ⁽¹⁾	December 31, 2021 Weighted average exercise price ⁽¹⁾
Stock options				
Outstanding at beginning of period	2,702,500	\$1.29	58,750	\$66.00
Cancelled	-	-	(58,750)	\$66.00
Granted	-	-	2,702,500	\$1.29
Outstanding at end of period	2,702,500	\$1.29	2,702,500	\$1.29
Weighted average remaining life		4.3 years		4.5 years
Exercisable at end of period	450,000	\$1.29	-	-

(1) Number of options and exercise price reflect the August 27, 2021 twelve-for-one share consolidation. Prior period amounts have been retroactively adjusted to reflect the share consolidation (note 6).

c) Share warrants

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

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three months ended March 31, 2022

(All amounts in Canadian \$000's, except as indicated)

		March 31, 2022		December 31, 2021
	Number of share warrants ⁽¹⁾	Weighted average exercise price ⁽¹⁾	Number of share warrants ⁽¹⁾	Weighted average exercise price ⁽¹⁾
<i>(Canadian \$, except number of stock options)</i>				
Share warrants				
Outstanding at beginning of period	3,101,098	\$1.75	-	-
Granted	-	-	3,101,098	\$1.75
Outstanding at end of period	3,101,098	\$1.75	3,101,098	\$1.75
Weighted average remaining life		2.6 years		2.8 years
Exercisable at end of period	3,101,098	\$1.75	3,101,098	\$1.75

(1) Number of options and exercise price reflect the August 27, 2021 twelve-for-one share consolidation. Prior period amounts have been retroactively adjusted to reflect the share consolidation (note 6).

As part of the Private Placement and RTO, shares were issued as a Subscription Unit, consisting of one Common Share and one share warrant or one Common Share and one-half warrant, respectively. The fair value ascribed to the warrants was \$1,766 and has been included within share capital.

d) Share-based compensation expense

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

	Three months ended March 31	
<i>(Canadian \$000's)</i>	2022	2021
Stock options	148	150
Total share-based compensation expense	148	150

8. REVENUE

	Three months ended March 31	
<i>(Canadian \$000's)</i>	2022	2021
Sustainable lighting solutions	2,780	2,111
ZeroE dehydration	367	346
Total revenue	3,147	2,457

Consisting of:

Canadian operations	1,730	1,530
U.S. operations	1,417	927

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.

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three months ended March 31, 2022

(All amounts in Canadian \$000's, except as indicated)

Direct operating expenses or the cost of services and goods sold is 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.

General and administrative expenses consist of salaries and wages, which includes labour 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 expenses:

<i>(Canadian \$000's)</i>	Three months ended	
	2022	March 31 2021
Direct operating expenses		
Salaries and wages	510	513
Salaries and wages – CEWS ⁽¹⁾	-	(66)
Repairs and maintenance	211	139
Transportation and mobilization	234	244
Other direct costs	355	198
Total direct operating expenses	1,310	1,028

(1) Canadian Emergency Wage Subsidy.

<i>(Canadian \$000's)</i>	Three months ended	
	2022	March 31 2021
General and administrative expenses		
Salaries and wages	496	467
Salaries and wages – CEWS ⁽¹⁾	(1)	(41)
Professional fees	734	77
Other general and administrative costs	50	151
Other general and administrative costs – CERS ⁽²⁾	-	(18)
Total general and administrative expenses	1,279	636

(1) Canadian Emergency Wage Subsidy.

(2) Canada Emergency Rent Subsidy.

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three months ended March 31, 2022

(All amounts in Canadian \$000's, except as indicated)

10. FINANCE COSTS

<i>(Canadian \$000's)</i>	Three months ended	
	2022	March 31 2021
Interest expense on long-term debt ⁽¹⁾	246	258
Interest expense and financing costs of convertible notes ⁽²⁾	-	82
Interest on lease liabilities	18	20
Debt renewal and other lending fees	-	121
Interest income	-	(3)
Total finance costs, net	264	478

(1) Includes interest expense on long-term debt, accretion of discount on promissory notes and amortization of deferred financing costs.

(2) Includes interest expense on convertible notes, accretion of discount on convertible notes and amortization of deferred financing costs.

11. LOSS PER SHARE AMOUNTS

Basic and diluted loss per share for the period have been calculated on the basis of the weighted average number of common shares outstanding as follows:

<i>(Canadian \$000's, except common shares in number and loss per share in \$)</i>	Three months ended	
	2022	March 31 2021
Net loss attributable to shareholders	(734)	(184)
Weighted average common shares outstanding – basic and diluted	27,645,380	16,964,564
Loss per share – basic and diluted	\$ (0.03)	\$ (0.01)

(1) Number of options and exercise price reflect the August 27, 2021 twelve-for-one share consolidation. Prior period amounts have been retroactively adjusted to reflect the share consolidation (note 6).

For the three months ended March 31, 2022 and 2021, the Company excluded the effect of stock options, restricted share units and other convertible instruments, as the Company had a net loss during these periods and their effect would have been anti-dilutive.

12. 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:

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three months ended March 31, 2022

(All amounts in Canadian \$000's, except as indicated)

<i>(Canadian \$000's)</i>	Three months ended March 31	
	2022	2021
Net changes in non-cash working capital:		
Accounts receivable	(632)	(453)
Prepays and other assets	532	(190)
Long-term receivables	-	(4)
Accounts payable and provisions	(973)	(169)
	(1,073)	(816)
Related to:		
Operating activities	(990)	(816)
Investing activities	(83)	-

13. COMMITMENTS AND CONTINGENCIES

Contractual obligations and commitments

The expected timing of cash outflows relating to financial liabilities, lease liabilities and other commitments at March 31, 2022 are outlined in the table below:

<i>(Canadian \$000's)</i>	Carrying amount ⁽¹⁾	Contractual outflows ⁽²⁾				Total ⁽¹⁾
		< 1 year	2 to 3 years	4 to 5 years	Thereafter	
Financial liabilities						
Accounts payable and accrued liabilities	1,747	1,747	-	-	-	1,747
Long-term debt						
Credit facilities ⁽³⁾	7,417	2,060	6,390	-	-	8,450
Loans payable	627	139	275	275	275	964
Promissory notes	514	65	120	120	700	1,005
	10,305	4,045	6,785	395	975	12,200
Lease liabilities and other commitments						
Lease liabilities	717	389	327	29	38	783
Other property lease commitments ⁽⁴⁾	-	218	256	-	-	474
	717	607	583	29	38	1,257

(1) Includes the current and non-current portions.

(2) Amounts include principal and interest portions.

(3) Carrying amount excludes deferred financing charges of \$168.

(4) Includes leased property utility, operating cost and property tax commitments.

Related party guarantee

The Company has provided a corporate guarantee of \$270 at December 31, 2021 and 2020 to a lender related to a loan issued to Cerberus (the "Cerberus Guarantee"), a company related through a shareholder.

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three months ended March 31, 2022

(All amounts in Canadian \$000's, except as indicated)

This Cerberus Guarantee arose when Cerberus arranged financing (the "Cerberus Financing") to: (i) purchase a building, which the Company had leased under a property lease agreement (the "Building Lease"), and (ii) equipment that the Company purchased. The Cerberus Guarantee will be in place until the Cerberus Financing is repaid. If Cerberus fails to repay its debt to the lender, the lender is entitled to seek repayment from the Company. The Building Lease expired on July 30, 2019.

In 2019, the lender commenced actions against Cerberus, including taking ownership of the building. In addition, the lender commenced action to enforce the Cerberus Guarantee by the Company. The Company has filed a statement of defense and has not accrued a provision for this claim. See *note 14 Subsequent Events* for further updates on the Cerberus Guarantee.

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.

Patent litigation

In 2021, a United States competitor in the lighting rental business sued the Company for patent infringement. Management is defending the patent litigation claim vigorously and believes the claim is without merit.

14. SUBSEQUENT EVENTS

Related party guarantee

The Cerberus Guarantee (note 13) which was provided by the Company to the lender has been settled as of May 2, 2022. Proceeds from the sale of the property covered by the Cerberus Guarantee and insurance proceeds on the property were applied against the outstanding balance of the Cerberus Financing. The shortfall of \$15 was subsequently paid to the lender on May 3, 2022. Upon reaching the settlement with the lender, this matter is now resolved.



Corporate Information

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President & CEO

Orson Ross
Chief Financial Officer

BOARD OF DIRECTORS

Richard McHardy
Chairman

Al Stark

Paul Colucci

Reg Greenslade

Phillip Knoll

Chris Lewis

INVESTOR RELATIONS INFORMATION

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REGISTRAR AND TRANSFER AGENT

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