



CLEANTEK INDUSTRIES INC. ANNOUNCES Q1 2022 RESULTS AND PROVIDES OPERATIONAL UPDATE

Calgary, Alberta – May 26, 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 three months ended March 31, 2022 and 2021. Selected financial and operation information is outlined below and should be read in conjunction with Cleantek's unaudited condensed consolidated interim financial statements and management's discussion and analysis for the three months ended March 31, 2022 and 2021, which are available on SEDAR at 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 First Quarter 2022

- Cleantek generated revenue of \$3.1 million for Q1 2022, an increase of \$0.7 million or 28%, from Q1 2021 and an increase of \$0.8 million or 33% from Q4 2021. The increased revenue in Q1 2022 is due to the continued ramp up in rental activity in both sustainable lighting solutions and ZeroE dehydration;
- Cleantek's gross profit of \$1.8 million or 58% of revenue was inline with target despite higher than anticipated labor costs, including overtime and third party subcontracting as a result of increased activity and a lean labor force. Repair and maintenance costs related to the set up and install of the rental fleet were also higher than expected in the current quarter, but the Company expects these associated costs to decrease or normalize over the remainder of the year;
- mobile ZeroE deployment has increased to 15 units, with over half of deployed systems in the US, and the Company continues to forecast full utilization on the fleet of 35 units before the end of 2022;
- Cleantek is currently deploying its first ever mobile ZeroE technology into the Permian basin, with two units contracted with one of the major oil and gas companies;
- in Q1 2022 the Company fabricated and deployed an additional six new HALO lighting systems into the US and continues to forecast the deployment of 14 additional HALO lighting systems over the balance of 2022 for a total of 20 new units fabricated and deployed in 2022; and,
- as at March 31, 2022 the Company had over \$3.0 million of liquidity, including cash on hand and access to a revolving line of credit for up to \$2.5 million, that to date remains undrawn.

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 the 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

Cleantek’s first quarter 2022 revenue was \$3.1 million and the Company’s revenue forecast remains on pace to increase by greater than 40% in 2022 from \$8.8 million in 2021.

“Cleantek had a very strong start to the 2022 calendar year and we are on track to meet or exceed our 2022 revenue targets” said Matt Gowanlock, President and CEO. “We are very encouraged by the expansion of our mobile ZeroE technology into the US and particularly excited about the recent deployment of units into the Permian basin for the first time ever.”

Second quarter 2022 financial results will be released on August 18, 2022 after the quarterly review and approval by the Board of Directors.

Results of Operations

<i>(Canadian \$000’s, except per share amounts and percentages)</i>	Three months ended		
	March 31		
	2022	2021	Change
Revenue	3,147	2,457	690
Gross profit	1,837	1,429	408
Gross profit %	58	58	-%
Net loss	(734)	(184)	(550)
Net loss per share - basic and diluted (\$)	\$(0.03)	\$(0.01)	\$(0.02)
EBITDA ⁽¹⁾	454	675	(221)
Adjusted EBITDA ⁽¹⁾	602	825	(223)
Capital expenditures	297	179	118

<i>As at:</i>	March 31, December 31,		
	2022	2021	Change
Total assets	15,358	17,156	(1,798)
Working capital surplus ⁽¹⁾	153	535	(382)
Non-current debt ^(1,2)	7,383	7,875	492
Total non-current liabilities	7,440	7,932	492

(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 ended March 31	
	2022	2021
Net loss	(734)	(184)
Tax expense (recovery)	-	(406)
Depreciation and amortization	924	787
Finance costs, net	264	478
EBITDA	454	675
Share-based compensation	148	150
Adjusted EBITDA	602	825

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>	March 31 2022	December 31 2021
Current assets	3,624	4,771



Current liabilities	3,471	4,236
Working capital surplus	153	535

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:

	March 31	December 31
(Canadian \$000's)	2022	2021
Long-term debt – non-current portion	7,009	7,444
Lease liabilities – non-current portion	374	431
Non-current debt	7,383	7,875

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, expected decrease or normalizing of repairs and maintenance costs, 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 second 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

Orson Ross, Chief Financial Officer

E-mail: oross@cleantekinc.com



Cleantek Industries Inc.

Tel: 403-567-8700

www.cleantekinc.com



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