



CLEANTEK INDUSTRIES INC. ANNOUNCES THIRD QUARTER 2022 RESULTS AND SUCCESSFUL RESOLUTION OF INTELLECTUAL PROPERTY LITIGATION

Calgary, Alberta – November 21, 2022 – Cleantek Industries Inc. (TSXV: CTEK) ("Cleantek" or the "Company") is pleased to announce its Q3 2022 financial and operational results and the successful resolution of its previously disclosed intellectual property litigation. 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 Chief Executive Officer Matt Gowanlock commented "It has been a transformative year for Cleantek and we are happy to be on track to exceed our 2022 revenue targets of revenue growth in excess of 40% year over year. This strong revenue growth, along with resolving the complex litigation process that we have been involved in over the last year, is setting us up for a strong finish to 2022. As a company focused on protecting the sustainable technologies we have developed, we are confident that our intellectual property will continue to solidify our position in the market. With these litigation expenses behind us, we are well positioned to grow our business and generate a positive return for our shareholders."

Highlights for the Third Quarter 2022

- Cleantek generated revenue of \$3,391 for Q3 2022, an increase of \$1,346 or 66%, from Q3 2021 and an increase of \$266 or 9% from Q2 2022. On a year-to-date basis, Cleantek generated revenues of \$9,663 in the nine months ended 2022, an increase of \$3,216 or 50%, from the same period in 2021. The increased revenue in 2022 is due to a ramp up in rental activity and increased rental prices in both sustainable lighting solutions and ZeroE dehydration;
- Cleantek's gross profit of \$2,031 or 60% for Q3 2022 and \$5,574 or 58% of revenue for the nine months ended 2022 when compared with gross profits of \$1,100 and 54% for Q3 2021 and \$3,451 and 54% for the same period in 2021;
- Cleantek's Adjusted EBITDA was \$52 for Q3 2022, a decrease of \$106 when compared to Q3 2021, as the increased revenue was more than offset by \$1,500 of expenses associated with the patent litigation in the current quarter. On a year-to-date basis Adjusted EBITDA was \$560, a decrease of \$384 from the same period in 2021 as the increased revenue was more than offset by \$2,984 of expenses associated with the patent litigation in the current year.
- Subsequent to September 30, 2022 the Company reached a settlement agreement on the patent litigation which will eliminate the patent litigation spending going forward. Details can be found in the *Subsequent Events* section within this news release;
- Mobile ZeroE deployment in the US has increased 267% to 11 units operating in Q3 2022 when compared to the three units in Q1 2022, and the Company expects to continue to increase utilization of the fleet of 35 units before the end of 2022;
- The Company fabricated and deployed an additional four new HALO lighting systems into the US and continues to forecast the deployment of four additional HALO lighting systems over the balance of 2022 for a total of 20 new units fabricated and deployed in 2022; and,



- As at September 30, 2022 the Company had drawn \$2,188 on its revolving debt facility with a remaining \$274 available to be drawn; combined with \$616 cash on hand, Cleantek had \$890 of available liquidity.

Outlook

Cleantek's strategy focuses on delivering innovative and cost-effective solutions that reduce the carbon intensity as well as the capital and operating costs of industrial operations. By focusing on expanding the market awareness and adoption of its sustainable lighting solutions and wastewater treatment assets, Cleantek expects to experience increased utilization of these high-margin product lines in the near-term. This, combined with the expansion of our ZeroE System portfolio of waste energy powered, wastewater treatment and vaporization units across industrial and infrastructure projects throughout North America and globally, is expected to lead to a sustainable increase in revenue and corresponding profitability as the Company's asset base grows over time.

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;
- expanding and diversifying Cleantek's geographic focus and customer base including exploring opportunities outside of the North American market; and,
- focusing on growth, generating positive return for shareholders and improving financial position now that the patent litigation related to the HALO™ lighting systems in the United States has been settled.

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

Operational Update

Cleantek's third quarter 2022 revenue was \$3,391, and was \$9,663 for the nine months ended September 30, 2022, and the Company's revenue forecast remains on pace to increase by greater than 40% in 2022 from \$8.8 million in 2021.

Results of Operations

(Canadian \$000's, except per share amounts and percentages)	Three months ended September 30			Nine months ended September 30		
	2022	2021	Change	2022	2021	Change
Revenue	3,391	2,045	1,346	9,663	6,447	3,216
Gross profit	2,031	1,100	931	5,574	3,451	2,123
Gross profit %	60	54	6%	58	54	4%
Net loss	(1,023)	(397)	(626)	(3,200)	(1,208)	(1,992)
Net loss per share - basic and diluted (\$)	\$(0.04)	\$(0.02)	\$(0.02)	\$(0.12)	\$(0.07)	\$(0.05)
EBITDA ⁽¹⁾	(24)	(25)	1	189	1,122	(933)
Adjusted EBITDA ⁽¹⁾	52	158	(106)	560	944	(384)
Capital expenditures	1,310	32	1,278	2,036	309	1,727

	September 30, December 31,		
	2022	2021	Change
As at:			
Total assets	15,852	17,156	(1,304)
Working capital surplus/(deficit) ⁽¹⁾	(1,083)	535	(1,617)
Non-current debt ^(1,2)	9,102	7,875	(1,227)
Total non-current liabilities	9,159	7,932	(1,227)

(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.

Selected financial and operation information is outlined below and should be read in conjunction with Cleantek's unaudited condensed interim financial statements and management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2022 and 2021, which are available on SEDAR at www.sedar.com.

Litigation and claims

The Company is involved in litigation and claims arising in the normal course of operations.

Patent litigation

In 2021, a competitor providing lighting solutions in North America filed two claims in the United States. The first claim related to the display of issued patent information on Cleantek's marketing materials. This claim was dismissed in its entirety on June 27, 2022 after Cleantek's motion to dismiss was successful.

The second claim related to alleged patent infringement by Cleantek on a small portion of the Company's installed HALO™ lighting units in the United States. The Company fully responded to the claim and filed a counterclaim, which was expected to go to trial in October 2022. The Company received a newly issued patent in July 2022 from the United States Patent and Trademark Office for the entirety of a patent continuation filed in April 2021 which covered the mounting of lights to the crown of a drilling rig for the purpose of site lighting.

Cleantek, through its counsel, filed a Complaint for Patent Infringement and Request For Preliminary Injunction against the same competitor, referenced above in the "Litigation and claims" section, in the U.S. District Court for the Western District of Texas on August 12, 2022. This request alleged significant infringement of Cleantek's patent and if successful, the competitor would have been prevented from mobilizing units for new contracts in the United States.

Cleantek has expended \$3,662 to the end of September, 2022, of which \$2,984 was expended in 2022, in defending its position with respect to the patent litigation matter. The trial date was set for the end of October of 2022. See the *Subsequent Events* section within this Press Release for settlement of the patent litigation matter.

Subsequent Events

Patent litigation

On November 21, 2022, Cleantek announced an agreement to resolve all ongoing and pending litigation matters relating to alleged infringement of intellectual property rights in the rig lighting segment of the Company's operations. The parties to the litigation have cross-licensed their respective patent portfolios covering crown-mounted lighting systems, including (i) C&M's U.S. Patent Nos. 10,711,961, 10,473,282, 10,883,684, 10,900,626, 10,976,016 and 11,300,260 and Cleantek's U.S. Patent Nos. 11,111,761 and 11,391,121. The details of the agreement are confidential and will not impair the



Company's operations in any way. With this litigation settled the company will continue to focus on growth and generating a positive return for its shareholders.

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:

(Canadian \$000's)	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Net loss	(1,023)	(397)	(3,200)	(1,208)
Tax expense (recovery)	-	(216)	-	(711)
Depreciation and amortization	675	413	2,527	1,912
Finance costs, net	324	175	862	1,129
EBITDA	(24)	(25)	189	1,122
Research expense (recovery)	-	(13)	-	(701)
Share-based compensation	76	196	371	523
Adjusted EBITDA	52	158	560	944

Working capital

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



(Canadian \$000's)	September 30 2022	December 31 2021
Current assets	3,751	4,771
Current liabilities	4,834	4,236
Working capital surplus (deficit)	(1,083)	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:

(Canadian \$000's)	September 30 2022	December 31 2021
Long-term debt – non-current portion	8,778	7,444
Lease liabilities – non-current portion	324	431
Non-current debt	9,102	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 third 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.

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