



CLEANTEK INDUSTRIES INC. ANNOUNCES RECORD 2022 RESULTS AND GRANT OF ANNUAL INCENTIVES

Calgary, Alberta – April 28, 2023 – Cleantek Industries Inc. (TSXV: CTEK) ("**Cleantek**" or the "**Company**") is pleased to announce its 2022 financial and operational results. 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. All amounts are in thousands of Canadian dollars unless otherwise indicated.

Cleantek Chief Executive Officer Matt Gowanlock commented "It has been a tremendous year for Cleantek and we are pleased to announce we exceeded our 2022 revenue targets with record revenues and a 49% increase year over year. Our strategy to redeploy assets into new geographic areas throughout the United States combined with growing our fleet of HALO systems by an additional 20 units during the year has positioned us for an even stronger year in 2023."

Highlights for the Fourth Quarter 2022

- Cleantek generated revenue of \$3,483 for Q4 2022, an increase of \$1,111 or 47%, from Q4 2021. On a year-to-date basis, Cleantek generated revenues of \$13,146 for the year ended 2022, an increase of \$4,327 or 49%, from 2021. The increased revenue in 2022 is primarily 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 \$2,248 or 65% of revenue for Q4 2022 and \$7,822 or 59% of revenue for the year ended 2022 was inline with target and improved when compared with gross profits of \$1,126 and 47% of revenue for Q4 2021 and \$4,577 and 52% of revenue for 2021;
- Cleantek's Adjusted EBITDA was \$1,155 for Q4 2022, an increase of \$461 when compared to Q4 2021 primarily due to the increased revenue;
- On a year-to-date basis Adjusted EBITDA was \$4,703, more than double the \$1,939 in 2021 primarily due to the \$4,327 increase in revenue;
- On November 21, 2022, the Company reached a settlement agreement on the patent litigation which has eliminated patent litigation spending going forward. Legal costs incurred in 2022 for the patent litigation totaled \$3,430. Details can be found in the *Litigation and Claims* section below;
- Mobile ZeroE deployment peaked at 17 units operating in Q4 2022 when compared to just 10 units at the peak of 2021. A large redeployment of units to the United States market has helped generate consistent utilization with to the United States market not impacted by the typical slow down witnessed each year in Canada due to spring break up. Of the 17 units deployed in Q4 2022, 11 units were deployed in the United States compared to just three in 2021;
- The Company fabricated and deployed an additional 20 HALO lighting systems over the balance of 2022; and,
- As at December 31, 2022 the Company had drawn \$1,815 on its revolving debt facility with a remaining \$494 available to be drawn; combined with \$724 cash on hand, Cleantek had \$1,218 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;
- 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 is behind it; and,
- evaluating new technology, products and services to increase our offering to our current client base.

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 fourth quarter 2022 revenue was \$3,483 and \$13,146 for the year ended December 31, 2022.

Results of Operations

(Canadian \$000's, except per share amounts and percentages)	Three months ended December 31			Year ended December 31		
	2022	2021	Change	2022	2021	Change
Revenue	3,483	2,372	1,111	13,146	8,819	4,327
Gross profit	2,248	1,126	1,122	7,822	4,577	3,245
Gross profit %	65	47	18%	59	52	7%
Net loss	(388)	(4,747)	4,359	(3,587)	(5,955)	2,368
Net loss per share - basic and diluted (\$)	\$(0.01)	\$(0.22)	\$0.21	\$(0.13)	\$(0.32)	\$0.19
EBITDA ⁽¹⁾	612	(4,482)	5,094	802	(3,360)	4,162
Adjusted EBITDA ⁽¹⁾	1,155	694	461	4,703	1,939	2,764
Capital expenditures	819	253	566	2,856	562	2,294
<i>As at:</i>				December 31, 2022	December 31, 2021	Change
Total assets				15,917	17,156	(1,239)
Working capital surplus/(deficit) ⁽¹⁾				(8,348)	535	(8,883)
Non-current debt ^(1,2)				2,121	7,875	5,754
Total non-current liabilities				2,167	7,932	5,765

(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 such as patent litigation expense. 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 audited consolidated financial statements and management's discussion and analysis ("MD&A") for the years ended December 31, 2022 and 2021, which are available on SEDAR at www.sedar.com.

Litigation and claims

In 2021, a United States competitor in the lighting rental business sued the Company for patent infringement. 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 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.

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

Grant of Annual Incentive Awards

In conjunction with year end, effective April 28, 2023, the board of directors of Cleantek awarded an aggregate of 771,000 restricted share units ("RSUs") under its Omnibus Equity Incentive Plan to certain officers and employees. An aggregate of 200,000 of these RSUs were issued to the Corporation's CEO and CFO. Each RSU entitles the recipient to receive one common share of the Company on vesting. The RSUs shall vest as to one-third on each of April 28, 2024, April 28, 2025 and April 28, 2026 and expire on April 28, 2026. Immediately following the issuance of the above noted RSUs, the Corporation cancelled all of its existing stock option grants and issued 275,000 treasury settled replacement RSUs to officers and employees of the Corporation and awarded 450,000 deferred share units ("DSUs") to the board of directors of Cleantek, that will vest on their retirement from the Cleantek Board, to replace their cancelled stock options. An aggregate of 100,000 of these RSUs were issued to the Corporation's CEO and CFO. Pursuant to TSXV Policy 4.4 – *Security Based Compensation*, if an issuer cancels any security-based compensation awarded to an insider and within one year grants or issues new security based compensation to the same person it is considered an amendment that requires acceptance by the TSX Venture Exchange (the "TSXV") and disinterested shareholder approval. As such, the RSU grants noted above that have been awarded to the Corporation's CEO and CFO are subject to obtaining TSXV acceptance and disinterested shareholder approval at the Corporation's annual and special meeting of shareholders being held on June 15, 2023.

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 as well as unusual items not representative of ongoing business performance such as patent litigation expense.

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		Years Ended	
	December 31		December 31	
	2022	2021	2022	2021
Net loss	(388)	(4,747)	(3,587)	(5,955)
Tax (recovery)	-	(117)	-	(828)
Depreciation and amortization	633	622	3,160	2,534
Finance costs, net	367	(240)	1,229	889
EBITDA	612	(4,482)	802	(3,360)
Research expense (recovery)	-	(167)	-	(868)
Share-based compensation	98	902	471	1,425
Patent litigation expense	445	355	3,430	656
Impairment reversal	-	(3,169)	-	(3,169)
Listing expense	-	5,061	-	5,061
Transaction costs	-	2,194	-	2,194
Adjusted EBITDA	1,155	694	4,703	1,939

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,	December 31,
	2022	2021
Current assets	3,774	4,771
Current liabilities	12,122	4,236
Working capital surplus (deficit)	(8,348)	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:

<i>(Canadian \$000's)</i>	December 31, 2022	December 31, 2021
Long-term debt – non-current portion	1,853	7,444
Lease liabilities – non-current portion	268	431
Non-current debt	2,121	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, 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, Cleantek's outlook for the future and near-term strategy. 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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