



CLEANTEK INDUSTRIES INC. ANNOUNCES RECORD 2023 Q1 RESULTS, APPOINTMENT OF COO AND EXPANSION OF THE COMPANY'S PRODUCT PORTFOLIO

Calgary, Alberta – May 18, 2023 – Cleantek Industries Inc. (TSXV: CTEK) ("**Cleantek**" or the "**Company**") is pleased to announce its record first quarter 2023 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 start to 2023 for Cleantek. We are pleased to announce positive earnings and record revenues along with the launch of two new product and service offerings that will add depth to our portfolio of ESG accretive technology. In line with our growth strategy is building a strong team, and promoting an experienced individual in Chris Murray to COO will serve to accelerate our growth and capabilities as an organization."

Highlights for the First Quarter 2023

- Cleantek generated revenue of \$3,833 for Q1 2023, an increase of \$686 or 22%, from Q1 2022. The increased revenue in 2023 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 \$2,317 or 60% of revenue for Q1 2023 was in line with target and improved substantially when compared with gross profit of \$1,836 and 58% of revenue for Q1 2022;
- Cleantek's net income of \$180 for Q1 2023 was a \$914 improvement from the net loss of \$734 for Q1 2022; and,
- Cleantek's Adjusted EBITDA was \$1,184 for Q1 2023, an increase of \$24 when compared to Q1 2022 primarily due to the increased revenue.

Expansion and 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 continues to experience increased utilization of these high-margin product lines.

In Q1 2023, the Company launched two new growth initiatives, including SecureTek, Cleantek's line of remote security services, as well as the company's newest addition to the ZeroE line of wastewater treatment products, the mobile GZeroE. Both growth initiatives will utilize the Company's existing asset base and will require minimal capital investment for what the Company believes could be substantial growth opportunities in adjacent industry verticals.

- **SecureTek** - Cleantek's line of remote security services, being offered as a stand-alone system or integrated with our sustainable lighting products, is expected to drive higher utilization of existing assets and creating an exciting new recurring revenue stream for the Company. Utilizing our existing infrastructure, SecureTek is an accretive bolt-on service offering and a great opportunity to expand our reach into the construction, mining, storage, agriculture, and other commercial markets, with minimal new capital investment.



- **Mobile GZeroE** - Adding to the fleet of ZeroE technology is our new waste-gas powered, wastewater treatment and dehydration system, or “GZeroE”. GZeroE will utilize waste-gas as its primary energy source, allowing for deployment of the ZeroE system into areas without a waste-heat source while providing substantial ESG and cost benefits. This product is currently under construction and will launch to the market in Q3 of this year to a growing backlog of interested clientele.

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

- 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 is completed; 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.

Appointment of Chief Operating Officer

The Company is pleased to announce the promotion of Chris Murray, P.Eng. to Chief Operating Officer (“COO”), effective May 18th, 2023.

Mr. Murray brings a wealth of experience to Cleantek through his extensive career as a sales, marketing and operations executive, with over 25+ years of experience in the energy industry. Mr. Murray is recognized as a driven and highly competitive team player with extensive leadership success. He previously held positions at Total Oilfield Rentals, Patterson-UTI, Horizon Drilling as well as a previous tenure at Cleantek where he held executive roles in strategy, sales & marketing.

Operational Update

Cleantek’s first quarter 2023 revenue was \$3,833, an increase of \$686 from same period last year.

Results of Operations

<i>(Canadian \$000's, except per share amounts and percentages)</i>	Three months ended		
		March 31	
	2023	2022	Change
Revenue	3,833	3,147	686
Gross profit	2,317	1,837	481



Gross profit %	60	58	2%
Net income (loss)	180	(734)	914
Net income (loss) per share - basic and diluted (\$)	\$0.01	\$(0.03)	\$0.04
EBITDA ⁽¹⁾	1,112	454	658
Adjusted EBITDA ⁽¹⁾	1,184	1,160	24
Capital expenditures	125	297	(172)

<i>As at:</i>	March 31, 2023	December 31, 2022	Change
Total assets	16,601	15,917	680
Working capital deficit ⁽¹⁾	(8,043)	(8,348)	305
Non-current debt ^(1,2)	2,304	2,121	(183)
Total non-current liabilities	2,350	2,167	(183)

(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 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 unaudited condensed consolidated interim financial statements and management's discussion and analysis ("MD&A") for the three months ended March 31, 2023 and 2022, which are available on SEDAR at www.sedar.com.

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 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 March 31	
	2023	2022
Net income (loss)	180	(734)
Depreciation and amortization	551	924
Finance costs, net	381	264
EBITDA	1,112	454
Share-based compensation	71	148
Patent litigation expense	-	558
Adjusted EBITDA	1,184	1,160

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, 2023	December 31, 2022
Current assets	4,325	3,774
Current liabilities	12,368	12,122
Working capital deficit	(8,043)	(8,348)

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>	March 31, 2023	December 31, 2022
Long-term debt – non-current portion	1,758	1,853
Lease liabilities – non-current portion	546	268
Non-current debt	2,304	2,121

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.

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