



CLEANTEK INDUSTRIES INC. ANNOUNCES FOURTH QUARTER 2023 RESULTS

Calgary, Alberta – April 15, 2024 – Cleantek Industries Inc. (TSXV: CTEK) ("**Cleantek**" or the "**Company**") is pleased to announce its fourth quarter and annual 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.

Cleantek Chief Executive Officer and President Matt Gowanlock commented, "The completion of the long-term financing in December, with significantly reduced monthly principal and interest payments, provides the Company with improved financial flexibility and ability to fund future growth. This, combined with the settlement of longstanding legal disputes, allows the Company to fully focus on its core business objectives and near-term strategy, positioning the Company well for 2024."

Highlights for the Fourth Quarter 2023 (All amounts are in thousands of Canadian dollars unless otherwise indicated)

- Cleantek generated revenue of \$3,188 for Q4 2023, a decrease of \$279 or 8%, from Q4 2022. On an annual basis, Cleantek generated revenues of \$13,989, an increase of \$873 or 7%, from 2022. The decrease in revenue for Q4 compared to same period last year is largely due to decreased utilization whilst the increased revenue on a year to date basis compared to the prior year is due to increased fleet size and higher rental rates combined with a sale of a HALO™ lighting system;
- Cleantek's gross profit of \$1,716 or 54% of revenue for Q4 2023 was lower than the gross profit of \$2,232 and 64% of revenue in Q4 2022 due to the inclusion of a \$259 US federal wage subsidy received in Q4 2022. Cleantek's gross profit of \$8,385 or 60% of revenue for the year ended 2023 was inline with target gross profit and greater than gross profit of \$7,792 and 59% of revenue for 2022;
- Cleantek's Adjusted EBITDA was \$559 for Q4 2023, a decrease of \$714 when compared to Q4 2022, primarily due to the decreased gross profit;
- On an annual basis Adjusted EBITDA was \$4,050, a decrease of \$320 from 2022 primarily due to the receipt of a \$259 US federal wage subsidy in Q4 2022;
- On December 27, 2023, the Company entered into a new long-term debt financing facilities arrangement, replacing the Company's existing short-term credit facility. Whilst the new long-term facilities do not provide the Company with a significant amount of immediate new liquidity, they do provide the Company with a long-term partnership, reduced monthly principal and interest payments and added financial flexibility over the life of the facilities; and;
- In December, 2023, the Company reached a settlement agreement on the litigation disputes with former Cleantek executives for wrongful dismissals in 2019 which has eliminated litigation spending going forward. Legal costs incurred in 2023 for these litigations totaled \$550 and an additional \$550 was accrued for settlement. Details can be found in the Litigation and Claims section within the MD&A.

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 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 waste gas fired GZeroE. Both growth initiatives will utilize the Company's existing asset base and require minimal capital investment for what the Company believes could be substantial growth opportunities in adjacent industry verticals.

- International Expansion - Expanding on the Company's recent success with the first HALO™ sale in a geographic area historically not serviced by Cleantek, Cleantek completed a proof-of-concept trial with the Kingdom of Saudi Arabia for its HALO™ line and is exploring a number of promising opportunities diversifying Cleantek's geographic focus and customer base, including exploring opportunities across the Middle East for rental and/or product sales.
- 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 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 utilizes 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. The first system was launched in March 2024 to one of a growing number of clientele and has received excellent feedback. The manufacture of additional units will be determined based off customer demand and feedback.

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, including the new mobile GZeroE, as well as the new product and service offering in SecureTek;
- focusing on growth, generating positive return for shareholders and improving the Company's financial position now that long-term financing is in place and longstanding legal disputes have been settled; 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 2023 revenue was \$3,188, a decrease of \$279 from same period last year and \$13,989 for the year ended December 31, 2023 an increase of \$873 from the prior year.

Results of Operations

<i>(Canadian \$000's, except per share amounts and percentages)</i>	Three months ended			Years ended		
	December 31			December 31		
	2023	2022	Change	2023	2022	Change
Revenue	3,188	3,467	(279)	13,989	13,116	873
Gross profit	1,716	2,232	(516)	8,385	7,792	593
Gross profit %	54	64	(10%)	60	59	1%
Net income (loss)	(1,562)	(387)	(1,106)	(1,823)	(3,587)	1,832
Net income (loss) per share - basic and diluted (\$)	\$(0.06)	\$(0.01)	\$(0.04)	\$(0.07)	\$(0.13)	\$0.07
EBITDA ⁽¹⁾	(373)	612	(920)	2,185	801	1,447
Adjusted EBITDA ⁽¹⁾	559	1,273	(714)	4,050	4,370	(320)
Capital expenditures	315	787	(504)	1,117	2,824	(1,707)
<i>As at:</i>				December 31, 2023	December 31, 2022	Change
Total assets				15,263	15,917	(654)
Working capital deficit ⁽¹⁾				(2,942)	(8,348)	5,604
Non-current debt ^(1,2)				8,470	2,121	(6,349)
Total non-current liabilities				8,516	2,167	(6,349)

(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 litigation expenses and settlements and the impact of unrealized foreign exchange gains and losses. 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, 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, impact of unrealized foreign exchange gains and losses as well as unusual items not representative of ongoing business performance such as litigation expense and settlements.

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 December 31		Years ended December 31	
	2023	2022	2023	2022
Net income (loss)	(1,562)	(388)	(1,823)	(3,587)
Tax expense	4	-	4	-
Depreciation and amortization	582	633	2,233	3,160
Finance costs, net	603	367	1,771	1,229
EBITDA	(373)	612	2,185	802
Share-based compensation	37	98	479	471
Litigation settlement	550	-	550	-
Litigation expense	162	445	550	3,430
Unrealized FX (gain) loss	183	118	286	(333)
Adjusted EBITDA	559	1,273	4,050	4,370

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, 2023	December 31, 2022
Current assets	3,404	3,774
Current liabilities	6,346	12,122
Working capital deficit	(2,942)	(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:



(Canadian \$000's)	December 31, 2023	December 31, 2022
Long-term debt – non-current portion	7,806	1,853
Lease liabilities – non-current portion	664	268
Non-current debt	8,470	2,121

Forward-Looking Statements

This news release contains certain "forward looking statements" including, for example, statements relating to expected improved financial flexibility, additional growth, potential middle east expansion, expansion of Cleantek's fleet of sustainable lighting solutions and mobile GZeroE 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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