



CLEANTEK INDUSTRIES INC. ANNOUNCES FIRST QUARTER 2024 RESULTS

Calgary, Alberta – May 23, 2024 – Cleantek Industries Inc. (TSXV: CTEK) ("**Cleantek**" or the "**Company**") is pleased to announce its first quarter 2024 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, "It was a great start to the year as our team navigated decreased drilling activity year over year, while simultaneously advancing our near-term strategy of increasing equipment sales as we move through 2024. This quarter helps set the stage for what we feel will be a pivotal year for Cleantek."

Highlights for the First Quarter 2024 (All amounts are in thousands of Canadian dollars unless otherwise indicated)

- Cleantek generated revenue of \$3,670 for Q1 2024, a decrease of \$147 or 4%, from Q1 2023. The decreased revenue in 2024 is primarily due to lower utilization of the HALO fleet partially offset by the sale of some HALO lighting units;
- Cleantek's gross profit of \$2,372 or 65% of revenue for Q1 2024 was inline with target and improved when compared with gross profit of \$2,301 and 60% of revenue for Q1 2023;
- Cleantek's net income of \$522 for Q1 2024 was a \$342 improvement from the net income of \$180 for Q1 2023; and,
- Cleantek's Adjusted EBITDA⁽¹⁾ was \$1,210 for Q1 2024, a slight decrease of \$121 when compared to Q1 2023 due primarily to the decreased 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 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;
- evaluating and assessing markets, including International expansion, suitable for sales of sustainable lighting solutions to compliment our rental revenues and grow total revenue for the Company;
- 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 first quarter 2024 revenue was \$3,670, a decrease of \$147 from same period last year.

Results of Operations

<i>(Canadian \$000's, except per share amounts and percentages)</i>	Three months ended		
	2024	March 31 2023	Change
Revenue	3,670	3,817	(147)
Gross profit	2,372	2,301	71
Gross profit %	65	60	4%
Net income	522	180	342
Net income per share - basic and diluted (\$)	\$0.02	\$0.01	\$0.01
EBITDA ⁽¹⁾	1,405	1,112	293
Adjusted EBITDA ⁽¹⁾	1,210	1,331	(121)
Capital expenditures	150	125	25



As at:	March 31, 2024	December 31, 2023	Change
Total assets	14,379	15,263	(884)
Working capital deficit ⁽¹⁾	(2,739)	(2,942)	203
Non-current debt ⁽¹⁾	7,758	8,470	712
Total non-current liabilities	7,804	8,516	712

(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. Non-current debt includes the non-current portion of long-term debt and lease liabilities per the Non-Current Liabilities on 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.

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, 2024 and 2023, which are available on SEDAR at www.sedarplus.ca.

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	
	2024	March 31, 2023
Net income	522	180
Tax expense	36	-
Depreciation and amortization	593	551
Finance costs, net	255	381
EBITDA	1,405	1,112
Share-based compensation	29	71
Litigation expense	-	115
Unrealized FX (gain) loss	(224)	33
Adjusted EBITDA	1,210	1,331

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, 2024	December 31, 2023
Current assets	3,037	3,404
Current liabilities	5,776	6,346
Working capital deficit	(2,739)	(2,942)

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, 2024	December 31, 2023
Long-term debt – non-current portion	7,474	7,806
Lease liabilities – non-current portion	284	664
Non-current debt	7,758	8,470

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 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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