



Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2024



Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The management of Cleantek Industries Inc. (the "Company") is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor. These unaudited condensed interim consolidated financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated statements of financial position, net loss, changes in equity (deficit) and comprehensive income and cash flows.

Cleantek Industries Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (Unaudited)

As at

<i>(Canadian \$000's)</i>	Note	June 30 2024	December 31 2023
ASSETS			
Current Assets			
Cash and cash equivalents		391	600
Accounts receivable		1,978	2,541
Prepays		107	202
Other assets		64	61
Total Current Assets		2,540	3,404
Non-Current Assets			
Property and equipment	3	9,439	10,211
Intangible assets	4	389	424
Right-of-use assets		1,042	1,224
Total Non-Current Assets		10,870	11,859
Total Assets		13,410	15,263
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank Operating Line	5	1,382	1,880
Accounts payable and accrued liabilities		2,337	3,074
Current portion of long-term debt	5	1,355	913
Current portion of lease liabilities		650	479
Total Current Liabilities		5,724	6,346
Non-Current Liabilities			
Long-term debt	5	7,141	7,806
Lease liabilities		240	664
Provisions		46	46
Total Non-Current Liabilities		7,427	8,516
Total Liabilities		13,151	14,862
Shareholders' Equity			
Share capital	6	68,546	68,497
Contributed surplus		3,444	3,443
Accumulated other comprehensive income		(170)	33
Accumulated deficit		(71,561)	(71,572)
Total Shareholders' Equity		259	401
Total Liabilities and Shareholders' Equity		13,410	15,263

Commitments and contingencies

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The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Cleantek Industries Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET INCOME (LOSS)

(Unaudited)

For the periods

<i>(Canadian \$000's, except per share amounts)</i>	Note	Three months ended June 30		Six months ended June 30	
		2024	2023	2024	2023
Revenue	8	2,411	3,397	6,081	7,214
Direct operating expenses	9	1,126	1,313	2,424	2,829
Gross profit		1,285	2,084	3,657	4,385
Other Expenses					
General and administrative	9	1,060	1,331	2,236	2,476
Depreciation and amortization	3,4	576	544	1,169	1,094
Share-based compensation	7	21	334	50	405
Finance costs, net	10	245	395	500	776
(Gain) on disposal of long-lived assets		(31)	-	(35)	(44)
Foreign exchange (gain) loss		(72)	177	(296)	210
Other income		(3)	(10)	(14)	(25)
		1,796	2,771	3,610	4,892
Income (Loss) Before Income Taxes		(511)	(687)	47	(507)
Income Tax Expense					
Current		-	-	36	-
Deferred		-	-	-	-
		-	-	36	-
Net income (loss)		(511)	(687)	11	(507)
Net income (loss) per Share (\$)					
Basic and diluted	11	(\$0.02)	(\$0.02)	\$0.00	(\$0.02)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Cleantek Industries Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

For the periods

<i>(Canadian \$000's)</i>	Note	Three months ended June 30		Six months ended June 30	
		2024	2023	2024	2023
Net Income (Loss)		(511)	(687)	11	(507)
Other Comprehensive Income					
Foreign currency translation gain (loss)		(50)	85	(203)	89
Total Comprehensive Income		(561)	(602)	(192)	(418)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Cleantek Industries Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY) (Unaudited)

<i>(Canadian \$000's)</i>	Note	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
At January 1, 2023		68,466	2,995	(84)	(69,749)	1,628
Net loss for the period		-	-	-	(507)	(507)
Share-based compensation expense	7	-	405	-	-	405
Foreign currency translation gain		-	-	89	-	89
At June 30, 2023		68,466	3,400	5	(70,256)	1,615
At January 1, 2024		68,497	3,443	33	(71,572)	401
Net income for the period		-	-	-	11	11
Share-based compensation expense	7	-	50	-	-	50
Shares issued for share-based compensation		49	(49)	-	-	-
Foreign currency translation (loss)		-	-	(203)	-	(203)
At June 30, 2024		68,546	3,444	(170)	(71,561)	259

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Cleantek Industries Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

For the periods

<i>(Canadian \$000's)</i>	Note	Three months ended June 30		Six months ended June 30	
		2024	2023	2024	2023
Cash (used in)/provided by:					
Operating Activities					
Net Income		(511)	(687)	11	(507)
Adjustments for:					
Depreciation and amortization	3,4	576	544	1,169	1,094
Share-based compensation expense	7	21	334	50	405
Finance costs	10	245	395	500	776
(Gain) on disposal of long-lived assets		(31)	-	(35)	(44)
Direct operating expenses	3	-	-	92	-
Unrealized (gain) loss on foreign exchange		(72)	177	(296)	210
Changes in non-cash working capital	12	331	72	(81)	(747)
Net Cash Flow From Operating Activities		559	835	1,410	1,187
Investing Activities					
Additions to property and equipment	3	(80)	(321)	(231)	(439)
Additions to intangible assets	4	-	-	-	(7)
Proceeds from research credits		-	-	-	33
Proceeds on disposal of long-lived assets		32	-	32	28
Net Cash Flow Used in Investing Activities		(48)	(321)	(199)	(385)
Financing Activities					
Proceeds from long-term debt, net of revolving debt repayments		-	185	-	685
Proceeds/(Repayment) of bank operating line		73	-	(498)	-
Repayment of long-term debt	5	(177)	(476)	(289)	(586)
Repayments of lease liabilities		(91)	(110)	(194)	(272)
Payments of cash interest		(230)	(356)	(439)	(696)
Net Cash Flow Used in Financing Activities		(425)	(757)	(1,420)	(869)
Increase (decrease) in cash and cash equivalents		86	(243)	(209)	(67)
Effect of foreign exchange on cash and cash equivalents		-	(2)	-	(1)
Cash and cash equivalents, beginning of period		305	901	600	724
Cash and Cash Equivalents, End of Period		391	656	391	656

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2024

(All amounts in Canadian \$000's, except as indicated)

1. REPORTING ENTITY

Cleantek Industries Inc. ("Cleantek" or the "Company") is a public company trading on the TSX Venture Exchange ("TSXV") under the symbol CTEK. Cleantek's primary business is the rental and service of equipment to the oil and gas and construction industries in Western Canada and the United States.

On January 1, 2022 Apollo Energy Services Corp. and Horizon Oilfield Manufacturing Inc. were amalgamated into Cleantek.

The Company has the following subsidiary, incorporated and/or formed, each owned 100%, and consolidated in these financial statements:

Name of subsidiary	Jurisdiction of incorporation/formation
Apollo Lighting Solutions Inc.	Delaware, U.S.A.

The Company's principal place of business is located at Suite 1210, 520 – 5th Avenue SW, Calgary, Alberta, T2P 3R7.

2. BASIS OF PREPARATION

a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, and following the same accounting policies and methods of computation as the annual consolidated financial statements for the year ended December 31, 2023. These unaudited condensed consolidated interim financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited annual consolidated financial statements at December 31, 2023 which are available on SEDAR at www.sedarplus.ca.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on August 8, 2024.

b) Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

At June 30, 2024, the Company had net current liabilities of \$5,724 compared to net current assets of \$2,540 and generated net income (loss) of \$(511) and \$11 for the three and six months ended June 30, 2024, respectively. While the Company is currently in compliance with all debt covenants there is potential to have a covenant breach in the next twelve months and there is no guarantee the Company will be able to negotiate covenant relief, if required, or repay the bank operating line or BDC term loan if called upon.

Due to facts and circumstances noted above, there are material uncertainties that exist that may cast significant doubt with respect to the Company's ability to continue as a going concern. These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these financial

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2024

(All amounts in Canadian \$000's, except as indicated)

statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used. These adjustments could be material.

c) Basis of measurement and functional and presentation currency

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis.

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the Company. Its wholly owned subsidiary, Apollo Lighting Solutions has a US dollar functional currency.

d) Use of estimates, judgements and assumptions

The preparation of these unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and judgments are based on management's best understanding of current events and actions that Cleantek may undertake in the future. Actual results may differ from these estimates and judgments. Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which estimates are revised and for any future years affected.

There have been no significant changes to the use of estimates, judgements or assumptions since December 31, 2023, as detailed in note 2(d) of the annual consolidated financial statements for the years ended December 31, 2023 and 2022.

3. PROPERTY AND EQUIPMENT

<i>(Canadian \$000's)</i>	Assets under construction	Rental equipment	Automotive	Office equipment	Total
Cost					
At December 31, 2023	267	31,798	1,360	509	33,934
Additions	129	101	-	-	230
Dispositions	-	(327)	-	(24)	(351)
Transfers from assets under construction to rental equipment	(235)	235	-	-	-
Impact of foreign exchange	-	100	40	-	140
At June 30, 2024	161	31,907	1,400	485	33,953
Accumulated depreciation and impairment					
At December 31, 2023	-	22,938	296	489	23,723
Depreciation	-	907	84	6	997
Dispositions	-	(233)	-	(24)	(257)
Impact of foreign exchange	-	44	7	-	51
At June 30, 2024	-	23,656	387	471	24,514
Carrying amount					
At December 31, 2023	267	8,860	1,064	20	10,211
At June 30, 2024	161	8,251	1,013	14	9,439

As at June 30, 2024, management determined that no indicators of impairment or impairment reversal existed for the Company's Rentals and Facility Dehydration CGUs.

During the six months ended June 30, 2024, the Company completed a sale of its HALO lighting systems to a customer. The units sold were initially within Property and Equipment and therefore upon completion of the sale there was a non-cash charge recorded within direct operating expenses for \$92.

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2024

(All amounts in Canadian \$000's, except as indicated)

4. INTANGIBLE ASSETS

<i>(Canadian \$000's)</i>	Patents	ZeroE development	Total
Cost			
At December 31, 2023	2,141	2,347	4,488
Additions	-	-	-
At June 30, 2024	2,141	2,347	4,488
Accumulated amortization and impairment			
At December 31, 2023	2,056	2,008	4,064
Amortization	6	29	35
At June 30, 2024	2,062	2,037	4,099
Carrying amount			
At December 31, 2023	85	339	424
At June 30, 2024	79	310	389

5. DEBT AND CREDIT FACILITIES

Debt and credit facilities are comprised of the following:

<i>(Canadian \$000's)</i>	June 30 2024	December 31 2023
Revolving Current Debt		
Bank Operating Line	1,382	1,880
Long-term debt		
BDC term loan	6,870	6,926
Loans payable	1,136	1,299
Promissory notes	491	494
	8,497	8,719
Current portion of long-term debt		
BDC Term Loan	975	555
Loans payable	363	343
Promissory notes	17	15
	1,355	913
Non-current portion of long-term debt		
BDC Term Loan	5,895	6,371
Loans payable	773	956
Promissory notes	474	479
	7,142	7,806

BDC Term Loan

<i>(Canadian \$000's)</i>	June 30 2024	December 31 2023
BDC Term Loan		
BDC term loan	7,122	7,200
Deferred financing costs	(252)	(274)
	6,870	6,926
Current portion of BDC term loan	(975)	(555)

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2024

(All amounts in Canadian \$000's, except as indicated)

Non-current portion of BDC term loan	5,895	6,371
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Bank Operating Line

On December 21, 2023, the Company entered into a revolving operating line with HSBC Bank Canada (HSBC) which provides for a revolving debt facility up to a maximum amount of \$2,500. The amount available on a month-to-month balance is based on a percentage of accounts receivable and is determined at each month end. At June 30, 2024 the Company was in compliance with all covenants and had access to \$1,525 (December 31, 2023 - \$1,881) of the debt facility. The operating line carries an interest rate of prime plus 1% and is secured against the Company's accounts receivable. The operating line is payable on demand. The operating line is subject to covenants of: (i) maintaining a Funded Debt to Adjusted EBITDA on a trailing 12 months ratio to not exceed more than 3 to 1 at any given time and (ii) a Fixed Charge Coverage ratio that must be above 1.1 to 1 at all times. Funded debt includes the Bank Operating line, long term debt and lease liabilities less cash on hand, the promissory note and customer term loan. Adjusted EBITDA is defined as net earnings excluding interest expense, provisions for income taxes, non-cash items including depreciation and amortization and non-cash unrealized foreign exchange gains/losses, and certain non-recurring expenses such as litigation expenses and settlement. Fixed Charge Coverage ratio is calculated by taking Adjusted EBITDA and dividing it by Debt Service costs which include current portions of long-term debt, term loans and lease liabilities plus finance costs for the last twelve months.

BDC Term Loan

On December 21, 2023, the Company entered into a term loan agreement with the Business Development Bank of Canada (BDC) which provides for a \$7,200 non-revolving term loan, in a single loan advance ("BDC Term Loan"). The term loan matures on May 20, 2030 and includes an initial 6 month interest only period after which time a blended monthly payment of \$127 for principal and interest began. The loan carries a three year fixed interest rate of 8.20% per annum, after three years the interest rate will be renegotiated. The term loan is subject to a covenant of a Fixed Charge Coverage ratio that must be above 1.1 to 1 at all times. The Term Loan is secured by the fixed assets of the Company and its subsidiaries. The Fixed Charge Coverage is calculated the same as for the Bank Operating Line above. At June 30, 2024 the Company was in compliance with all covenants.

Loans payable

<i>(Canadian \$000's)</i>	June 30 2024	December 31 2023
Loans payable		
Customer Term Loan	518	529
Term loan payable – Other	618	770
	1,136	1,299
Current portion of loans payable	363	343
Non-current portion of loans payable	773	956

Customer Term Loan

During the three and six months ended June 30, 2024, \$5 and \$42, respectively, (2023 - \$43 and \$109) of rental income was invoiced to the customer for dehydration facility services. Of the amounts invoiced, for the three and six months ended June 30, 2024, \$5 and \$25, respectively, (2023 - \$19 and \$70) was

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2024

(All amounts in Canadian \$000's, except as indicated)

recognized as interest expense on the outstanding Customer Loan and included in finance costs, and nil and \$17, (2023 - \$24 and \$39) was recognized as rental income. Of the amounts invoiced and recognized as rental income, a portion was applied to the outstanding Customer Loan as principal repayments of nil and \$11 for the three and six months ended June 30, 2024, respectively (2023 - \$17 and \$23).

Promissory note

<i>(Canadian \$000's)</i>	June 30, 2024	December 31, 2023
Promissory note		
Vendor Promissory Note	491	494
	491	494
Current portion of promissory notes	17	15
Non-current portion of promissory notes	474	479

6. SHARE CAPITAL

a) Authorized share capital

The Company is authorized to issue:

- An unlimited number of common shares; and
- An unlimited number of preferred shares

b) Issued share capital

<i>(Canadian \$000's, except number of shares 000's)</i>	Number of Shares	2023 Amount	Number of Shares	2022 Amount
Common shares				
Opening balance January 1	27,762	68,497	27,645	68,466
Shares issued as part of share-based compensation	348	49	-	-
At June 30	28,110	68,546	27,645	68,466

7. SHARE-BASED PAYMENTS

a) Share-based incentive programs and payment plans

The Company has the following equity-settled share-based compensation and payments:

Stock option plan

The Company has established a stock option plan whereby the Company may grant stock options from time to time to employees, officers, directors, service providers and consultants of the Company to recognize the contributions made by individuals to the Company's growth and furnish an incentive to the future success and prosperity of the Company.

The aggregate number of the shares issuable under the terms of the plan shall not exceed 10% of the outstanding common shares at the date of grant. The exercise price of the stock options is determined by the Board of Directors. The stock options vest evenly over a period of three years and are exercisable for a period of five years from the grant date to purchase one common share for each stock option held.

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2024

(All amounts in Canadian \$000's, except as indicated)

During the quarter ended June 30, 2023 the Board of Directors cancelled all outstanding options that had been issued resulting in the remaining balance of the options being expensed.

Share warrants

In certain instances, warrants will be issued in conjunction with share issuances, referred to as a Subscription Unit. Each Subscription Unit entitles the equity holder to one share and one or one-half common share purchase warrant. The warrant allows the holder to purchase an additional one or one-half share at a stipulated exercise price for a period of 24 or 36 months. Warrants vest immediately on issuance.

Restricted share unit plan

During 2022 The Company updated its equity based compensation plan including updating the terms of Restricted Share Units (RSU's) and Deferred Share Units (DSU's). Terms and vesting periods of RSU's and DSU's are determined by the board at the time of the grant.

On the vesting date, the RSU's and DSU's are redeemed and the Company issues one common share for each vesting RSU or DSU held by the employee or member of the board.

The fair value of the RSU and DSU is recognized over the vesting period and is based on the value at the date of grant.

During the three and six months ended June 30, 2024, nil (350,000 June 30, 2023) RSU's were granted to select members of management. The RSU's vest equally over a 3 year period from the grant dates and the fair value is based on the share price on the date the RSU's were granted.

During the three and six months ended June 30, 2024, nil (450,000 June 30, 2023) DSU's were granted to members of the board and vested immediately. The shares will be issued to the board members upon retirement. The fair value is based on the share price on the date the DSU's were granted.

Common shares issued in exchange for services rendered

The Company may issue Cleantek common shares from time to time to service providers, vendors or consultants in exchange for services rendered to the Company, as determined by the Board of Directors.

b) Share warrants

The following table provides a summary of the Company's share warrants:

		June 30, 2024		December 31, 2023
	Number of share warrants	Weighted average exercise price	Number of share warrants	Weighted average exercise price
(Canadian \$, except number of share warrants)				
Outstanding at beginning of period	3,101,098	\$1.75	3,101,098	\$1.75
Granted	-	-	-	-
Outstanding at end of period	3,101,098	\$1.75	3,101,098	\$1.75
Weighted average remaining life		0.3 years		0.8 years
Exercisable at end of period	3,101,098	\$1.75	3,101,098	\$1.75

c) Restricted Share Units

The following table provides a summary of the Company's Restricted Share Units:

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2024

(All amounts in Canadian \$000's, except as indicated)

		June 30, 2024		December 31, 2023
		Weighted		Weighted
<i>(Canadian \$, except number of restricted share units)</i>	Number of Restricted Share Units	average exercise price	Number of Restricted Share Units	average exercise price
Outstanding at beginning of period	1,278,336	\$0.17	-	-
Granted	-	-	1,395,000	\$0.17
Exercised	(348,333)	\$0.14	(116,664)	\$0.14
Outstanding at end of period	930,003	\$0.17	1,278,336	\$0.17

d) Deferred Share Units

The following table provides a summary of the Company's Deferred Share Units:

		June 30, 2024		December 31, 2023
		Weighted		Weighted
<i>(Canadian \$, except number of deferred share units)</i>	Number of Deferred Share Units	average exercise price	Number of Deferred Share Units	average exercise price
Outstanding at beginning of period	450,000	\$0.14	-	-
Granted	-	-	450,000	\$0.14
Outstanding at end of period	450,000	\$0.14	450,000	\$0.14

e) Share-based compensation expense

Cleantek recorded the following equity-settled share-based payments as share-based compensation in net loss:

	Three months ended June 30		Six months ended June 30	
<i>(Canadian \$000's)</i>	2024	2023	2024	2023
Stock options	-	242	-	298
Restricted share units	21	29	50	44
Deferred share units	-	63	-	63
Total share-based compensation expense	21	334	50	405

8. REVENUE

	Three months ended June 30		Six months ended June 30	
<i>(Canadian \$000's)</i>	2024	2023	2024	2023
Sustainable lighting solutions	2,179	3,015	5,014	6,430
ZeroE dehydration	232	341	632	743
HALO Sales	-	41	435	41
Total revenue	2,411	3,397	6,081	7,214

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2024

(All amounts in Canadian \$000's, except as indicated)

Consisting of:

Canadian operations	940	1,407	2,880	3,102
U.S. operations	1,471	1,990	3,201	4,112
Total Revenue	2,411	3,397	6,081	7,214

9. DIRECT OPERATING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

The Company classifies net income (loss) using the function of expense method, which presents expenses according to their function, such as direct operating expenses, and general and administrative expenses. This method is more closely aligned to the Company business structure and provides more relevant information.

Direct operating expenses or the cost of services and goods sold is comprised of direct operating costs, including salaries and wages and other labour costs; repairs and maintenance of equipment; transportation and mobilization costs of equipment to and from customers; and other direct operating expenses.

General and administrative expenses consist of salaries and wages, which includes labour and related benefits costs including bonuses and other related payroll benefits; professional fees, which include fees for consulting, legal, audit and tax services; and other general and administrative expenses.

The following tables provide additional information on the nature of the expenses:

<i>(Canadian \$000's)</i>	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
Direct operating expenses				
Salaries and wages	694	808	1,488	1,641
Repairs and maintenance	91	181	222	348
Transportation and mobilization	209	206	414	368
Property and equipment sale	-	-	92	-
Other direct costs	132	118	208	472
Total direct operating expenses	1,126	1,313	2,424	2,829

<i>(Canadian \$000's)</i>	Three months ended		Six months ended	
	2024	June 30 2023	2024	June 30 2023
General and administrative expenses				
Salaries and wages	501	597	1,115	1,177
Professional fees	213	384	452	762
Other general and administrative costs	346	350	669	537
Total general and administrative expenses	1,060	1,331	2,236	2,476

10. FINANCE COSTS

<i>(Canadian \$000's)</i>	Three months ended		Six months ended	
	2024	June 30 2023	2024	June 30 2023
Interest expense on long-term debt ⁽¹⁾	226	375	459	738
Interest on lease liabilities	19	20	41	38

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2024

(All amounts in Canadian \$000's, except as indicated)

Total finance costs, net	245	395	500	776
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(1) Includes interest expense on long-term debt, accretion of discount on promissory notes and amortization of deferred financing costs.

11. EARNINGS (LOSS) PER SHARE AMOUNTS

Basic and diluted loss per share for the period have been calculated on the basis of the weighted average number of common shares outstanding as follows:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
<i>(Canadian \$000's, except common shares in number And earnings (loss) per share in \$)</i>				
Net (loss) Income attributable to shareholders	(511)	(687)	11	(507)
Weighted average common shares outstanding				
Basic	28,015,722	27,645,380	27,825,985	27,645,380
Diluted			32,307,086	
Income per share – basic and diluted	\$ (0.02)	\$ (0.02)	\$ 0.00	\$ (0.02)

12. SUPPLEMENTARY CASH FLOW INFORMATION

The following table reconciles the net changes in non-cash working capital, excluding the non-cash working capital acquired on acquisitions, from the statement of financial position to the statements of cash flows:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
<i>(Canadian \$000's)</i>				
Net changes in non-cash working capital:				
Accounts receivable	538	299	563	(263)
Prepays and other assets	42	26	92	216
Accounts payable and provisions	(249)	(253)	(736)	(700)
	331	72	(81)	(747)
Related to:				
Operating activities	331	72	(81)	(747)
Investing activities	-	-	-	-

13. COMMITMENTS AND CONTINGENCIES

Contractual obligations and commitments

The expected timing of cash outflows relating to financial liabilities, lease liabilities and other commitments at June 30, 2024 are outlined in the table below:

	Carrying amount ⁽¹⁾	Contractual outflows ⁽²⁾⁽³⁾				Total ⁽¹⁾
		< 1 year	2 to 3 years	4 to 5 years	Thereafter	
<i>(Canadian \$000's)</i>						
Financial liabilities						
Accounts payable and accrued liabilities	2,337	2,337	-	-	-	2,337

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2024

(All amounts in Canadian \$000's, except as indicated)

Bank operating line ⁽⁵⁾	1,382	1,382	-	-	-	1,382
Long-term debt						
Term loan ⁽³⁾	6,870	1,523	3,047	3,047	1,396	9,013
Loans payable	1,136	526	533	269	-	1,328
Promissory notes	491	60	120	120	590	890
	<u>12,216</u>	<u>5,828</u>	<u>3,700</u>	<u>3,436</u>	<u>1,986</u>	<u>14,950</u>
Lease liabilities and other commitments						
Lease liabilities	890	645	261	-	-	906
Other property lease commitments ⁽⁴⁾	-	165	165	-	-	330
Other operating commitments	-	79	58	58	-	195
	<u>890</u>	<u>899</u>	<u>484</u>	<u>58</u>	<u>-</u>	<u>1,431</u>

(1) Includes the current and non-current portions.

(2) Amounts include principal and interest portions, except for the Bank Operating Line.

(3) Carrying amount excludes deferred financing charges of \$252. Amounts are based on Term loan balances including principal and interest based on the three year fixed rate assuming rate is maintained for the duration of the loan.

(4) Includes leased property utility, operating cost and property tax commitments.

(5) Operating line is interest only and both the loan balance and the rate are variable. The Bank Operating line is a demand loan and is considered current as a result.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period's presentation.

15. SUBSEQUENT EVENTS

Management Change, Private Placement and Option Grant

On July 22, 2024, the Board of Directors of Cleantek announced the appointment of Riley Taggart as the new President and CEO of the Company. Upon Riley Taggart assuming the positions of President and CEO Matt Gowanlock stepped down from the positions of President and CEO with immediate effect and resigned as Director effective August 4, 2024, and Riley Taggart was appointed Director of Cleantek on August 8, 2024. In conjunction with this change a grant of 500,000 stock options were issued to Riley Taggart on July 19, 2024, at an exercise price of \$0.15 per share and vesting 1/3 per year on each anniversary date with an expiry of five years after grant date. On August 8, 2024, an additional 487,500 stock options were issued to Cleantek directors and officers at an identical \$0.15 per share exercise price and also vesting 1/3 per year on each anniversary date with an expiry of five years after grant date.

Also on July 22, 2024, Cleantek announced its intention to complete a non-brokered private placement of units at a subscription price of \$0.15 per unit for aggregate gross proceeds of up to \$150, subject to the approval of the TSX Venture Exchange. Each unit will consist of one Cleantek common share and one-half of one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at an exercise price of \$0.25 per common share for a period of three years from the closing of the private placement.

BDC Manufacturing Financing Facility

On July 29, 2024 the Company signed a new BDC facility for a build loan to fund the manufacture of new equipment, including GZeroE or GSteam and Halo units, for an amount up to \$4,000. This is in addition to the term loan currently in place with BDC. The new build loan will carry floating rate interest at BDC's

Cleantek Industries Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

For the three and six months ended June 30, 2024

(All amounts in Canadian \$000's, except as indicated)

floating base rate, which is currently 8.80%, plus an additional 0.45%. Loan will be repayable as interest only until June 28, 2025 and then interest plus principal payments of \$55.6 starting on July 28, 2025 and maturing on June 28, 2031. The build loan is subject to a covenant of a Fixed Charge Coverage ratio that must be above 1.1 to 1 at all times. The build loan is secured by the fixed assets of the Company and its subsidiaries. The Fixed Charge Coverage is calculated the same as for the BDC Term Loan and HSBC Bank Operating Line above.



Corporate Information

OFFICERS

Riley Taggart
President & CEO

Orson Ross
Chief Financial Officer

Chris Murray
Chief Operating Officer

BOARD OF DIRECTORS

Paul Colucci
Chairman

Al Stark

Phillip Knoll

Chris Lewis

INVESTOR RELATIONS INFORMATION

Riley Taggart
President & CEO

Orson Ross
Chief Financial Officer

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Miami, Florida

LAWYERS

Torys LLP
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Odyssey Trust Company
Calgary, Alberta