



Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

Management's Responsibility for Financial Statements

The management of Cleantek Industries Inc. is responsible for the preparation and integrity of the accompanying consolidated financial statements and all other information contained in these consolidated financial statements. These consolidated financial statements have been prepared in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee and include amounts that are based on management's informed judgements and estimates where necessary.

The Company maintains internal accounting control systems which are adequate to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and accounting records are reliable as a basis for the preparation of the consolidated financial statements.

The Board of Directors, through its Audit Committee, monitors management's financial and accounting policies and practices and the preparation of these consolidated financial statements. The Audit Committee meets periodically with the external auditors and management to review the work of each and the propriety of the discharge of their responsibilities. Specifically, the Audit Committee reviews with management and the external auditors the consolidated financial statements and management's discussion and analysis of the Company prior to submission to the Board of Directors for final approval. The external auditors have full and free access to the Audit Committee to discuss auditing and financial reporting matters.

The shareholders have appointed MNP LLP as the external auditors of the Company and, in that capacity, they have examined the consolidated financial statements for the years ended December 31, 2025 and 2024. The Auditor's Report to the shareholders is presented herein.

A handwritten signature in black ink, appearing to read 'R. Taggart'.

Riley Taggart
President & CEO

A handwritten signature in black ink, appearing to read 'Ashley Miskin'.

Ashley Miskin, CPA, CA
Chief Financial Officer

April 29, 2026

To the Shareholders of Cleantek Industries Inc.:

Opinion

We have audited the consolidated financial statements of Cleantek Industries Inc. and its subsidiary (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of net income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Rental and service revenue recognition

Key Audit Matter Description

As described in Notes 3(b) and 14 to the consolidated financial statements, the Company's revenue is derived from the rental and servicing of dehydration units, lighting towers, lighting systems and other industrial equipment. Revenue is recognized over time as the rentals or services are rendered.

We identified revenue recognition as a key audit matter due to the volume of transactions and the risk of improper cut off at period end, particularly in relation to equipment rentals and services performed that span reporting periods. These factors required significant auditor attention in assessing whether revenue was recognized in the appropriate period and in accordance with the Company's accounting policies.

Audit Response

We responded to this matter by performing procedures in relation to revenue recognition. Our audit work in relation to this included, but was not restricted to, the following:

- Testing a sample of revenue transactions by agreeing recorded revenue to underlying customer agreement, signed work orders, invoices, cash receipts, and other relevant supporting documentation, as applicable;
- Performing cut off testing on a sample of revenue transactions recorded before and after year end to assess whether revenue was recognized in the appropriate accounting period; and
- Reviewing credit memos issued after the reporting date to evaluate whether adjustments related to the reporting period were appropriately recorded.
- Testing a sample of accrued revenue by agreeing amounts recorded to subsequent billings, work orders, and other supporting documentation to assess whether revenue was complete and recorded in the correct period.

Other Matter

The consolidated financial statement for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on April 10, 2025.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Bonnell.

Calgary, Alberta

April 29, 2026

MNP LLP

Chartered Professional Accountants

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31

<i>(Canadian \$000's)</i>	Note	2025	2024
ASSETS			
Current assets			
Cash and cash equivalents		295	271
Accounts receivable	19	3,363	2,510
Prepays		445	345
Inventory	4	109	-
Other assets	5	342	102
Total current assets		4,554	3,228
Non-current assets			
Property and equipment	6	8,466	9,065
Right-of-use assets	7	1,244	1,069
Intangible assets	8	221	279
Total non-current assets		9,931	10,413
Total assets		14,485	13,641
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank operating line	9	1,046	1,486
Accounts payable and accrued liabilities		1,867	2,044
Current portion of long-term debt	9	1,703	1,290
Current portion of lease liabilities	10	420	347
Total current liabilities		5,036	5,167
Non-current liabilities			
Long-term debt	9	6,087	6,534
Lease liabilities	10	701	551
Total non-current liabilities		6,788	7,085
Total liabilities		11,824	12,252
Shareholders' equity			
Share capital	11	68,680	68,672
Treasury shares		(3)	-
Contributed surplus		3,593	3,493
Accumulated other comprehensive loss		(189)	(467)
Accumulated deficit		(69,420)	(70,309)
Total shareholders' equity		2,661	1,389
Total liabilities and shareholders' equity		14,485	13,641
Commitments and contingencies	22		
Subsequent events	24		

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

Approved on behalf of the Board of Directors



Paul Colucci
Chairman and Director



Al Stark
Director

CONSOLIDATED STATEMENTS OF NET INCOME

For the years ended December 31

<i>(Canadian \$000's, except per share amounts)</i>	Note	2025	2024
Revenue			
Rentals and services	14	12,174	11,327
Equipment sales	14	1,591	460
		13,765	11,787
Direct operating expenses	15	5,794	4,567
Gross profit		7,971	7,220
Other expenses			
General and administrative	15	3,617	3,750
Depreciation and amortization	6,7,8	2,025	2,265
Share-based compensation	13	157	106
Finance costs, net	16	886	926
Foreign exchange (gain) loss		439	(734)
Gain on debt forgiveness	9	-	(518)
Gain on disposal of long-lived assets		(43)	(30)
Other (income) expense		(135)	82
		6,946	5,847
Income before income taxes		1,025	1,373
Income tax expense			
Current	17	85	110
Deferred	17	-	-
		85	110
Net income		940	1,263
Net income per share (\$)			
Basic	18	\$0.03	\$0.04
Diluted	18	\$0.03	\$0.04

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31

<i>(Canadian \$000's)</i>	2025	2024
Net income	940	1,263
Other Comprehensive Income		
Foreign currency translation gain (loss)	278	(500)
Total Comprehensive Income	1,218	763

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31

<i>(Canadian \$000's)</i>	Note	Share Capital	Treasury Shares	Contributed Surplus	Accumulated other Comprehensive Income (Loss)	Accumulated Deficit	Total
At January 1, 2024		68,497	-	3,443	33	(71,572)	401
Net income		-	-	-	-	1,263	1,263
Share-based compensation expense	13	-	-	106	-	-	106
Shares issued for share-based compensation	11,13	70	-	(70)	-	-	-
Shares and warrants issued for cash – net of costs	13	105	-	14	-	-	119
Foreign currency translation loss		-	-	-	(500)	-	(500)
At December 31, 2024		68,672	-	3,493	(467)	(70,309)	1,389
At January 1, 2025		68,672	-	3,493	(467)	(70,309)	1,389
Net income		-	-	-	-	940	940
Share-based compensation expense	13	-	-	157	-	-	157
Shares purchased for share-based compensation	13	-	(3)	(20)	-	(8)	(31)
Shares issued for share-based compensation	11,13	8	-	(37)	-	(43)	(72)
Foreign currency translation gain		-	-	-	278	-	278
At December 31, 2025		68,680	(3)	3,593	(189)	(69,420)	2,661

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31

<i>(Canadian \$000's)</i>	Note	2025	2024
Cash (used in)/provided by:			
Operating activities			
Net income		940	1,263
Adjustments for:			
Depreciation and amortization	6,7,8	2,025	2,265
Share-based compensation expense	13	157	106
Finance costs, net	16	886	926
Gain on debt forgiveness	9	-	(518)
Gain on disposal of long-lived assets		(43)	(30)
Non-cash direct operating expenses	15	-	92
Foreign exchange (gain) loss		282	(734)
Changes in non-cash working capital	21	(1,479)	(1,182)
Net cash flow from operating activities		2,768	2,188
Investing activities			
Additions to property and equipment	6	(1,383)	(745)
Proceeds on disposal of long-lived assets		397	492
Net cash flow used in investing activities		(986)	(253)
Financing activities			
Net change in operating line	9	(440)	(394)
Repayment of long-term debt	9	(1,591)	(831)
Repayment of lease liabilities	10	(386)	(686)
Payment of cash interest	16	(804)	(842)
Purchase of treasury shares		(12)	-
Share issuance costs	11	-	(31)
Proceeds from long-term debt	9	1,480	365
Proceeds from issuance of share capital	11	-	150
Net cash flow used in financing activities		(1,753)	(2,269)
Increase (decrease) in cash and cash equivalents		29	(334)
Effect of foreign exchange on cash and cash equivalents		(5)	5
Cash and cash equivalents, beginning of year		271	600
Cash and cash equivalents, end of year		295	271

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

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, service, and sale of equipment to the oil and gas and construction industries in North America and internationally. The Company’s principal place of business is located at Suite 1210, 520 – 5th Avenue SW, Calgary, Alberta, T2P 3R7.

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

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

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee.

These consolidated financial statements were approved by the Board of Directors on April 29, 2026.

b) Basis of preparation and measurement

These consolidated financial statements have been prepared on a going concern basis, using the historical cost basis, except where otherwise indicated in the significant accounting policies described in Note 3.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of the Company’s wholly owned subsidiary, Apollo Lighting Solutions Inc., is U.S. dollars.

All amounts presented in these consolidated financial statements are rounded to the nearest thousand dollars (\$000), except where otherwise indicated.

d) Use of estimates, judgements and assumptions

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These judgements and estimates are based on management’s best knowledge of current events and actions the Company may undertake in the future. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant judgements and estimates used in the preparation of these consolidated financial statements are outlined below.

Significant judgements

Judgements made by management in applying the Company’s accounting policies that have the most significant effect on the amounts recognized in the financial statements include the following:

Indicators of impairment

Management exercises judgement in assessing whether there are indicators that property and equipment, right-of-use assets, or intangible assets may be impaired or whether previously recognized impairment losses may no longer exist or may have decreased. In making this assessment, management considers both internal and external sources of information, including changes in expected utilization of assets, changes in market conditions, expected industry activity levels, commodity price trends, and other factors that may affect the recoverable amount of the related assets.

Identification of cash-generating units

For the purposes of impairment testing, assets are grouped into cash-generating units ("CGUs"), which represent the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets.

The determination of CGUs requires management judgement and considers how the Company's operations are managed, the manner in which performance is monitored, and the extent to which assets generate independent cash inflows. In making this determination, management considers factors including the operational integration of assets, shared infrastructure, exposure to similar market risks, and how management reviews and evaluates operating performance.

Effective for the year ended December 31, 2025, the Company identified a single CGU, the Rental Fleet, which encompasses all rental equipment deployed in Canada and the United States, including HALO lighting systems, EcoSteam wastewater treatment units, DZeroE produced water evaporation units, light towers, and associated rental assets.

Provisions and contingencies

The Company exercises judgement in determining whether the criteria for recognition of a provision or disclosure of a contingent liability have been met. In making this assessment, management considers whether a present obligation exists as a result of a past event, whether it is probable that an outflow of economic resources will be required to settle the obligation, and whether a reliable estimate of the obligation can be made.

Significant estimates

Depreciation and amortization

Depreciation of property and equipment and right-of-use assets, and amortization of intangible assets with definite lives, are based on estimated useful lives and residual values. These estimates are determined based on historical experience and management's expectations regarding the future use of the related assets. Changes in these estimates may result in adjustments to depreciation and amortization expense in future periods.

Impairment of non-financial assets

The carrying amounts of Cleantek's non-financial assets including property and equipment, intangible assets and right-of-use assets are reviewed at each reporting date or when facts and circumstances suggest that the carrying amount may exceed its recoverable amount to determine whether impairment or impairment reversal indicators exist, and impairment or impairment reversal testing is required for a CGU.

For the purposes of impairment testing, assets are grouped at the lowest levels of integrated assets that generate identifiable cash inflows and that are largely independent of the cash inflows of other assets or groups of assets. These assets are allocated into a CGU. The allocation of assets into a CGU requires

significant judgement and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures and the way in which management monitors the performance of the assets.

The recoverable amount of a CGU is determined as the greater of fair value less costs of disposal ("FVLCD") or value-in-use ("VIU"). These calculations require the use of estimates applied by management regarding forecasted activity levels, expected future results and discount rates among others. These estimates are subject to change as new information becomes available. Changes in assumptions used in determining the recoverable amount could have a material effect on the carrying value of the related assets and CGU. If the recoverable amount is less than the carrying amount of the asset or CGU, an impairment charge is recognized in net income, and the asset or CGU carrying amount is reduced to its recoverable amount.

Fair value of equity-settled share-based compensation

The Company uses the Black Scholes option pricing model to determine the fair value of equity-settled share-based compensation. Inputs to the model are subject to various estimates relating to volatility, risk-free rates, dividend yields and expected life of the units issued. Fair value inputs are subject to market factors as well as internal estimates. The Company considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement amounts of existing assets and liabilities and their respective tax basis. Estimates of Cleantek's future taxable income are considered in assessing the utilization of available tax losses. The calculation of income taxes involves many complex factors including the interpretation of relevant tax legislation and an analysis of the amount of future taxable income.

Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from Cleantek's estimate, the ability of Cleantek to realize the deferred tax assets could be impacted.

Deferred tax liabilities are recognized when there are taxable temporary differences that will reverse and result in a future outflow of funds to a taxation authority. Cleantek records a provision for the amount that is expected to be settled, which requires judgement as to the ultimate outcome. Deferred tax liabilities could be impacted by changes in the Company's judgement of the likelihood of a future outflow and estimates of the expected settlement amount, timing of reversals, and the tax laws in the jurisdictions in which Cleantek operates.

3. MATERIAL ACCOUNTING POLICIES

a) Basis of consolidation

These consolidated financial statements include the accounts of Cleantek Industries Inc. and its wholly owned subsidiary, Apollo Lighting Solutions Inc.

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to affect those returns through its power over the investee.

Subsidiaries are consolidated from the date control is obtained and are deconsolidated from the date control ceases. All intercompany balances, transactions, revenues and expenses are eliminated on

consolidation. Foreign exchange gains and losses arising on intercompany monetary balances between entities with different functional currencies are not eliminated on consolidation and are recognized in net income (loss), unless the balances form part of the Company's net investment in a foreign operation.

b) Revenue recognition

Revenue is generated from the rental and servicing of dehydration units, lighting towers, lighting systems and other industrial equipment, as well as from the sale of equipment units to customers under supply arrangements.

The Company recognizes revenue in accordance with IFRS 15 Revenue from Contracts with Customers. Revenue is recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The Company's contracts generally do not contain significant financing components and payment terms are typically short term in nature.

Rental and service revenue

Revenue from equipment rentals and related services is recognized over time as the customer simultaneously receives and consumes the benefits of the Company's performance. Rental and service revenue is measured based on agreed daily, weekly or monthly contractual rates and is recognized as the related services are rendered.

Equipment sales

Revenue from the sale of equipment units is recognized at a point in time when control of the equipment transfers to the customer, which generally occurs upon delivery and mobilization or once the performance obligation has been met in accordance with the terms of the contract. Revenue is measured based on the consideration specified in the contract. The associated costs of the equipment sold, including the carrying value of inventory or other assets transferred to the customer, are recognized in cost of sales when control transfers.

c) Equity settled transactions

The Company has a share-based compensation plan that allows employees, officers, and directors who have been granted awards to acquire common shares at a set price over a specified time period. From time to time, the Company may issue stock options, restricted share units ("RSUs"), deferred share units ("DSUs"), or a combination thereof to employees, officers, and directors in recognition of their contributions to the Company and to align their interests with those of shareholders.

Stock options

Option exercise prices are set at the market price of the common shares on the grant date. Options granted under the plan vest over three years and expire two years from the vesting date.

Share-based compensation expense related to stock options is measured at the fair value of the options on the grant date using the Black-Scholes option pricing model. Inputs to the model include expected volatility, expected dividends, the risk-free interest rate, the expected life of the options, and estimated forfeitures. Share-based compensation expense is recognized in net income over the vesting period, with a corresponding increase in contributed surplus. Forfeiture estimates are applied at the grant date and revised as necessary, with any resulting adjustment recognized in the period in which the revision occurs.

Consideration received on the exercise of options is recorded as an increase in share capital, together with the corresponding amount previously recognized in contributed surplus.

Restricted share units

RSUs are granted without an exercise price, and the vesting period is determined by the Board of Directors at each grant date. The Company has the option to settle RSUs at the time of vesting in common shares or in cash and has determined to treat all outstanding RSUs as equity settled. Share-based compensation expense related to RSUs is measured based on the fair value of the underlying common shares at the grant date. Share-based compensation expense is recognized in net income over the vesting period, with a corresponding increase in contributed surplus. Forfeiture estimates are applied at the grant date and are revised as necessary, with any resulting adjustment recognized in the period in which the revision occurs.

Deferred share units

DSUs may be granted to officers and directors of the Company without an exercise price, with the vesting period determined by the Board of Directors at each grant date. DSUs are settled in common shares upon the retirement of the grantee from the Company and are forfeited upon termination or resignation. The Company treats all outstanding DSUs as equity settled.

Share-based compensation expense related to DSUs is measured at the fair value of the underlying common shares at the grant date. Share-based compensation expense is recognized in net income over the vesting period, with a corresponding increase in contributed surplus. Forfeiture estimates are applied at the grant date and revised as necessary, with any resulting adjustment recognized in the period in which the revision occurs.

d) Property and equipment

Property and equipment are recorded at cost, less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the assets and subsequent expenditures to the extent that they can be measured, and future economic benefit is probable, less any related government assistance, such as research and development tax credits. Repairs and maintenance are expensed as incurred.

Management estimates the useful life and salvage value of property and equipment based on expected utilization and expected life. Residual values, methods of depreciation and useful lives are reviewed annually and if necessary, changes are accounted for prospectively.

Rental equipment, automotive assets and office equipment are depreciated on a straight-line basis over their estimated useful economic lives. The following useful lives are utilized for each determining depreciation:

Asset class	Depreciation period
Rental equipment	2 – 25 years
Automotive	5 years
Office equipment	2 – 5 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date an asset becomes fully depreciated, is derecognized or is classified as available for sale. Depreciation does not cease when an asset becomes idle. Upon completion, assets under construction are transferred to inventory or rental equipment and depreciation on rental equipment begins when those assets become available for use.

The carrying amount of an asset is derecognized when the asset is disposed of or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss from derecognition of the asset is included in the calculation of net income in the period the item is derecognized. The gain or

loss is calculated as the difference between the net disposal proceeds and the carrying amount of the asset.

e) Intangible assets

The Company's intangible assets consist of development costs and patents.

Intangible assets are measured at cost less accumulated amortization and impairment losses. Cost includes the purchase price to acquire an asset or costs directly attributable to the internal generation of an asset. Internally generated intangible assets arising from development activities involving a plan or design for new or substantially improved products and processes are capitalized only if the development costs can be reliably measured, the product or process is technically and commercially feasible, future economic benefits are probable, and Cleantek has the intention and sufficient resources to complete development and use or sell the assets.

Intangible assets are amortized on a straight-line basis over their estimated useful lives. The following useful lives are utilized for each intangible asset class:

Intangible asset class	Depreciation period
Development costs	10 years
Patents	10-20 years

f) Lease liabilities and right-of-use assets

The Company assesses whether a contract is or contains a lease at the inception of the contract. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, the Company recognizes a ROU asset and a corresponding lease liability for leases with a term greater than twelve months, unless the underlying asset is of low value.

Lease liabilities

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, if readily determinable, or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable
- variable lease payments that depend on an index or rate
- amounts expected to be payable under residual value guarantees, if applicable
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option
- payments of penalties for terminating the lease if the lease term reflects the Company exercising that option

Subsequently, lease liabilities are measured at amortized cost using the effective interest method. Lease liabilities are remeasured when there is a change in future lease payments resulting from a change in an index or rate, a change in the lease term, or a reassessment of purchase options.

Right-of-use assets

ROU assets are initially measured at cost, which comprises:

- the initial amount of the lease liability

- any lease payments made at or before the commencement date
- any initial direct costs incurred
- an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located
- less any lease incentives received

ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the underlying asset.

Short-term and low-value leases

Lease payments associated with short-term leases (leases with a term of twelve months or less) and leases of low-value assets are recognized as an expense in net income on a straight-line basis over the lease term.

g) Financial instruments

Financial instruments are recognized when Cleantek becomes a party to the contractual provisions of the instrument.

Financial assets are classified at initial recognition as either fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost. The classification is determined based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

All financial instruments are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial instruments are added to or deducted from the fair value on initial recognition, except for financial instruments classified as FVTPL, for which transaction costs are expensed as incurred.

Subsequent measurement depends on the classification of the financial instrument. The Company classifies cash and cash equivalents, accounts receivable, and other assets as financial assets measured at amortized cost. Accounts payable and accrued liabilities, bank operating line and long-term debt are classified as financial liabilities measured at amortized cost. Interest expense, including interest on borrowings under the bank operating line, is recognized in finance costs in net income.

A financial asset is derecognized when the rights to receive cash flows from the asset expire or when the Company transfers substantially all the risks and rewards of ownership of the asset.

A financial liability is derecognized when the obligation is discharged, cancelled or expires. If an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, the original liability is derecognized and a new liability is recognized. If the modification is not substantial, the carrying amount of the liability is remeasured based on the revised cash flows and any resulting gain or loss is recognized in net income.

Fair value measurements

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments are initially recognized at fair value or at amounts that approximate fair value in the consolidated financial statements.

The Company uses a three-level fair value hierarchy to classify financial instruments measured at fair value. The hierarchy reflects the significance of the inputs used in determining fair value and prioritizes observable inputs over unobservable inputs. The levels of the hierarchy are defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The carrying amounts of cash and cash equivalents, accounts receivable, other assets, accounts payable and accrued liabilities, and bank operating line approximate their fair values due to the short-term nature of these instruments. Long-term debt approximates its fair value due to the market interest rates that are applied. These instruments are therefore not measured at fair value on a recurring basis.

As at December 31, 2025, the Company did not hold any financial instruments measured at fair value on a recurring basis and did not have any derivative financial instruments outstanding.

Impairment of financial assets

Cleantek recognizes loss allowances for expected credit losses (“ECLs”) on its accounts receivable. The Company measures loss allowances at an amount equal to an estimate of the lifetime ECLs. Lifetime ECLs are the estimated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Management uses a provision matrix based upon historical default rates and forward-looking assumptions to calculate expected credit losses and establish a provision for ECLs. The Company’s historical bad debt expense has not been significant and is typically limited to specific customer circumstances. Management considers credit worthiness and past payment history as well as any past due amounts in determining ECLs. Management’s assumptions are updated and adjusted at each reporting date.

Offsetting financial assets and liabilities

Financial assets and liabilities are not offset unless Cleantek has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

h) Per share amounts

Basic income (loss) per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is determined by adjusting the net income (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive potential common shares which include stock options under the Company’s stock option plan, restricted share units in accordance with certain employment contracts and any other designated instruments as approved and directed by the Board of Directors. The calculation assumes that the proceeds on exercise of these instruments are used to repurchase shares at the average market price during the period. Should the Company have a loss in a period, these instruments would be anti-dilutive and are excluded from the determination of fully diluted loss per share.

i) Provisions and contingencies

A provision is recognized if, as a result of a past event, Cleantek has a present obligation, legal or constructive, that can be estimated reliably, and it is more likely than not that an outflow of economic benefits will be required to settle the obligation. Where applicable, the future cash flow estimates are adjusted to reflect risks specific to the liability.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a risk-free rate that reflects the current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as accretion expenses in finance costs.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably, and outflow of cash is less than remote. Contingent assets are not recognized but are disclosed when an inflow of economic benefits is probable.

j) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in net income (loss) except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Taxable income differs from net income (loss) as it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred tax is recognized in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the future taxable profits will be available against which they can be utilized. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. Cleantek reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of these deferred tax assets to be utilized.

k) Foreign currency translation and transactions

For entities whose functional currency is the Canadian dollar, the Company translates foreign denominated monetary assets and liabilities at period-end exchange rates, and foreign denominated non-monetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the period. Gains or losses from changes in exchange rates are recognized in net income in the period in which they occur. Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative amount of foreign currency translation differences.

For foreign entities whose functional currency is not the Canadian dollar, the Company translates assets and liabilities at period-end rates and income and expense accounts at average exchange rates. Adjustments resulting from these translations are reflected in other comprehensive income as foreign currency translation differences.

I) Recent accounting pronouncements

Future accounting pronouncements

In May 2024, the IASB issued Amendments to IFRS 9 – Financial Instruments, and IFRS 7 – Financial Instruments: Disclosures relating to the classification and measurement of financial instruments. The amendments clarify the classification and measurement of financial instruments, including, the timing of derecognition of financial assets and liabilities, and related enhanced disclosure requirements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted. The amendments are to be applied retrospectively, with specific transition reliefs. The Company has not early adopted these amendments. Management is currently assessing the potential impact of the amendments on the Company’s consolidated financial statements, including the classification and measurement of financial assets and liabilities and the related disclosure requirements.

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements, which replaces IAS 1 – Presentation of Financial Statements, effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The new standard sets out the requirements for presentation and disclosures in the financial statements. Management is currently assessing the impact the standard will have on the consolidated financial statements.

4. INVENTORY

Inventory is measured at the lower of cost and net realizable value. Cost includes the purchase cost of materials, direct labour, and other costs incurred in bringing inventory to its present location and condition. Cost is determined using the specific identification method, as the Company manufactures equipment units that are tracked to specific production builds.

During the year ended December 31, 2025, the Company began manufacturing certain equipment units for sale to customers under equipment supply contracts. As a result, completed units intended for sale are classified as inventory rather than property and equipment. At December 31, 2025, inventory consists entirely of finished goods with a carrying value of \$109 (December 31, 2024 - \$nil).

During the year ended December 31, 2025, \$595 of completed units previously recorded within property and equipment were transferred to finished goods inventory when the units were determined to be held for sale. Of this amount, \$486 was recognized as an expense in cost of sales upon delivery of completed units to customers during the year (December 31, 2024 - \$nil).

Management assesses inventory at each reporting date to determine whether the carrying value exceeds net realizable value based on expected selling prices, less costs to complete and costs necessary to make the sale. No write-downs of inventory to net realizable value were recognized during the year ended December 31, 2025.

5. OTHER ASSETS

<i>(Canadian \$000's)</i>	Note	December 31, 2025	December 31, 2024
Other receivables		140	3
Refundable deposits		150	46
Employee advances	20	52	53
Total other assets		342	102

6. PROPERTY AND EQUIPMENT

<i>(Canadian \$000's)</i>	Assets under construction	Rental equipment	Automotive	Office equipment	Total
Cost					
At January 1, 2024	267	31,798	1,360	509	33,934
Additions	398	347	-	-	745
Disposals	-	(327)	(177)	(24)	(528)
Transfers of completed units into rental fleet	(235)	235	-	-	-
Impact of foreign exchange	-	251	88	-	339
At December 31, 2024	430	32,304	1,271	485	34,490
Additions	1,143	655	173	7	1,978
Transfers of completed units into inventory	(595)	-	-	-	(595)
Transfers of completed units into rental fleet	(608)	608	-	-	-
Disposals	-	(219)	(364)	-	(583)
Impact of foreign exchange	-	(169)	(41)	-	(210)
At December 31, 2025	370	33,179	1,039	492	35,080
Accumulated depreciation and impairment					
At January 1, 2024	-	22,938	296	489	23,723
Depreciation	-	1,681	161	10	1,852
Disposals	-	(233)	(44)	(24)	(301)
Impact of foreign exchange	-	126	25	-	151
At December 31, 2024	-	24,512	438	475	25,425
Depreciation	-	1,421	128	4	1,553
Disposals	-	(128)	(128)	-	(256)
Impact of foreign exchange	-	(92)	(16)	-	(108)
At December 31, 2025	-	25,713	422	479	26,614
Carrying amount					
At December 31, 2024	430	7,792	833	10	9,065
At December 31, 2025	370	7,466	617	13	8,466

As at December 31, 2025, and December 31, 2024, management determined that no indicators of impairment or impairment reversal existed for the Company's Rental Fleet CGU.

7. RIGHT-OF-USE ASSETS

<i>(Canadian \$000's)</i>	Properties	Automotive	Total
Cost			
At January 1, 2024	539	1,296	1,835
Additions	-	450	450
Disposals	(213)	(729)	(942)
Impact of foreign exchange	-	15	15
At December 31, 2024	326	1,032	1,358
Additions	586	111	697
Disposals	-	(219)	(219)
Impact of foreign exchange	1	(6)	(5)
At December 31, 2025	913	918	1,831
Accumulated depreciation and impairment			
At January 1, 2024	215	396	611
Depreciation	127	143	270
Disposals	(206)	(395)	(601)
Impact of foreign exchange	-	9	9
At December 31, 2024	136	153	289
Depreciation	218	196	414
Disposals	-	(112)	(112)

Impact of foreign exchange	(1)	(3)	(4)
At December 31, 2025	353	234	587
Carrying amount			
At December 31, 2024	190	879	1,069
At December 31, 2025	560	684	1,244

Cleantek's right-of-use assets relate to lease contracts for properties and vehicles, including shop facilities, office space and transportation vehicles.

8. INTANGIBLE ASSETS

<i>(Canadian \$000's)</i>	Patents	ZeroE development	Total
Cost			
At January 1, 2024	2,141	2,347	4,488
Additions	-	-	-
At December 31, 2024	2,141	2,347	4,488
Additions	-	-	-
At December 31, 2025	2,141	2,347	4,488
Accumulated amortization and impairment			
At January 1, 2024	2,056	2,008	4,064
Amortization	85	60	145
At December 31, 2024	2,141	2,068	4,209
Amortization	-	58	58
At December 31, 2025	2,141	2,126	4,267
Carrying amount			
At December 31, 2024	-	279	279
At December 31, 2025	-	221	221

For the years ended December 31, 2025, and December 31, 2024, the Company did not identify any indicators of impairment or impairment reversal related to its intangible assets.

9. DEBT AND CREDIT FACILITIES

Debt and credit facilities are comprised of the following:

<i>(Canadian \$000's)</i>	December 31, 2025	December 31, 2024
Current debt		
Bank Operating Line	1,046	1,486
Long-term debt		
BDC loans	7,181	6,940
Loans payable	149	406
Promissory notes	460	478
	7,790	7,824
Current portion of long-term debt		
BDC loans	1,621	1,002
Loans payable	63	270
Promissory notes	19	18
	1,703	1,290
Non-current portion of long-term debt		
BDC loans	5,560	5,938
Loans payable	86	136
Promissory notes	441	460
	6,087	6,534

The following table presents the changes in long-term debt for the years ended, December 31:

<i>(Canadian \$000's)</i>	2025	2024
Balance at January 1	7,824	8,719
Proceeds of long-term debt	1,480	365
Repayment of long-term debt	(2,235)	(1,497)
Interest on long-term debt	644	666
Gain on debt forgiveness	-	(518)
Accretion of deferred financing fees	42	42
Accretion on promissory note	42	47
Foreign exchange adjustments	(7)	-
Balance at December 31	7,790	7,824

Bank operating line

On December 21, 2023, the Company entered into a revolving operating line of credit with HSBC Bank Canada, which was subsequently assumed by Royal Bank of Canada ("RBC"), providing for borrowings of up to \$2,500. Availability under the facility is determined monthly based on a prescribed percentage of eligible accounts receivable.

As at December 31, 2025, the Company had borrowing capacity of \$2,111 (December 31, 2024 – \$1,862) under the facility.

Borrowings under the operating line bear interest at the RBC prime rate plus 1%. The facility is secured by the Company's accounts receivable and is payable on demand.

The operating line is subject to financial covenants, including:

- (i) a Funded Debt to Adjusted EBITDA ratio of not more than 3.0 to 1.0 on a trailing twelve-month basis; and
- (ii) a Fixed Charge Coverage ratio of not less than 1.1 to 1.0.

For covenant purposes, EBITDA is defined as net income before interest expense, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for non-cash unrealized foreign exchange gains and losses and certain non-recurring items, including litigation expenses, settlements and executive severance.

For covenant purposes, Funded Debt includes the operating line, long-term debt and lease liabilities, net of cash on hand, and excludes the promissory note. The Fixed Charge Coverage ratio is calculated as Adjusted EBITDA divided by debt service costs, which includes the current portion of long-term debt, term loans and lease liabilities, together with finance costs, for the trailing twelve-month period.

As at December 31, 2025, and December 31, 2024, the Company was in compliance with all covenants under the facility.

BDC loans

<i>(Canadian \$000's)</i>	December 31, 2025	December 31, 2024
BDC term loan	5,803	6,806
BDC manufacturing financing facility	1,567	365
Deferred financing costs	(189)	(231)
	7,181	6,940
Current portion of BDC loans	1,621	1,002
Non-current portion of BDC loans	5,560	5,938

BDC term loan

On December 21, 2023, the Company entered into a non-revolving term loan agreement with the Business Development Bank of Canada (“BDC”) providing for a single advance of \$7,200.

The term loan originally matured on May 20, 2030, and included an initial six-month interest-only period, after which blended monthly payments of \$127 for principal and interest commenced. On September 24, 2024, the Company executed an amendment providing two additional interest-only months in October and November 2024. Blended monthly payments of \$127 resumed in December 2024, and the maturity date was extended to July 10, 2030.

The loan bears interest at a fixed rate of 8.20% per annum for the initial three-year term, after which the rate will be renegotiated.

The term loan is secured by the fixed assets of the Company and its subsidiary. The facility includes a financial covenant requiring a Fixed Charge Coverage ratio of not less than 1.1 to 1.0, measured commencing December 31, 2024. The Fixed Charge Coverage ratio is calculated on the same basis as described for the Company’s operating line of credit. As at December 31, 2025, and December 31, 2024, the Company was in compliance with this covenant.

BDC manufacturing facility

On July 25, 2024, the Company entered a manufacturing financing facility with the Business Development Bank of Canada providing for borrowings of up to \$4,000 to finance the manufacture or purchase of additional rental equipment.

Advances under the facility are based on up to 125% of eligible invoices submitted to BDC and may be drawn up until the lapse date of July 25, 2026, after which any undrawn portion will be cancelled.

The facility bears interest at BDC’s floating base rate plus 0.45%. At December 31, 2025, the applicable rate was 7.00% (December 31, 2024 – 7.55%). The loan was interest-only until July 28, 2025, with blended principal and interest payments commencing August 28, 2025. The facility matures on June 28, 2031.

The manufacturing financing facility is secured by a general security agreement over the fixed assets of the Company and its subsidiary and is subject to a financial covenant requiring a Fixed Charge Coverage ratio of not less than 1.1 to 1.0, commencing December 31, 2024. The Fixed Charge Coverage ratio is calculated on the same basis as for the BDC Term Loan and the operating line of credit. The Company was in compliance with this covenant as at December 31, 2025, and December 31, 2024.

As at December 31, 2025, \$1,734 had been drawn under the facility since inception, with \$1,567 outstanding after scheduled repayments (December 31, 2024 – \$365).

Loans payable

(Canadian \$000’s)

	December 31, 2025	December 31, 2024
Term loans payable – Vehicles	149	406
Current portion of loans payable	63	270
Non-current portion of loans payable	86	136

Cleantek entered into loan agreements to finance the purchase of vehicles for use by field operations staff in servicing rental equipment. The loans are secured by the related vehicles, bear interest at fixed rates of 3.99% to 8.99% per annum (December 31, 2024 – 4.79% to 8.99%) and have terms ranging from 48-60 months (December 31, 2024 – 36 to 48 months).

Promissory note

<i>(Canadian \$000's)</i>	December 31, 2025	December 31, 2024
Vendor promissory note	1,045	1,045
Unamortized discount (contra)	(585)	(567)
	460	478
Current portion of promissory notes	19	18
Non-current portion of promissory notes	441	460

In January 2021, the Company entered into an agreement with a vendor to convert an outstanding accounts payable balance of \$1,045 into an unsecured promissory note (the "Vendor Promissory Note"). The Vendor Promissory Note is non-interest bearing, repayable in monthly instalments of \$5, and matures upon the earlier of a change of control, a liquidity event, or such time as the Company has sufficient financial capacity to repay the outstanding principal. The note was initially recognized at its fair value, discounted using an effective interest rate of 9.00%.

10. LEASE LIABILITIES

<i>(Canadian \$000's)</i>	2025	2024
At January 1	898	1,143
Additions	686	450
Terminations	(71)	(300)
Interest on lease liabilities	85	81
Lease payments	(471)	(466)
Impact of foreign exchange	(6)	(10)
At December 31	1,121	898
Current portion of lease liabilities	420	347
Non-current portion of lease liabilities	701	551

The Company has lease liabilities for properties and automotive assets. Leases are entered into and terminated in line with specific business requirements, including an assessment of the appropriate lease term for the underlying assets. Lease terms are negotiated on an individual basis and contain a range of differing terms and conditions.

For leased automotive ROU assets, the remaining contract terms extend from 2026 to 2028 (December 31, 2024 – 2025 to 2027), with interest rates ranging from 1.90% to 8.99% (December 31, 2024 – 2.90% to 8.99%). The contracts are secured by general security agreements over the underlying assets.

For leased property ROU assets, the Company has entered into lease agreements with terms expiring between 2026 and 2029 (December 31, 2024 – 2025 to 2026). The leases bear interest at rates ranging from 7.00% to 8.60% (December 31, 2024 – 8.6%), which represent the Company's incremental borrowing rate at the commencement of each lease. The related lease liabilities are secured by the Company's right-of-use interests in the underlying leased properties.

The Company entered into a short-term property lease in June 2024 with a cancellation period of 30 days. Total short-term lease expense recognized in net income for the year ended December 31, 2025, was \$85 (December 31, 2024 – \$48).

The Company has the following undiscounted future commitments associated with its lease liabilities:

<i>(Canadian \$000's)</i>	December 31, 2025	December 31, 2024
Less than 1 year	487	414
2 to 3 years	754	590
4 to 5 years	43	-
More than 5 years	-	-
Total lease payments	1,284	1,004
Amounts representing interest over the lease term	(163)	(106)
Present value of lease liabilities	1,121	898

11. 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	2025 Amount	Number of Shares	2024 Amount
Common shares				
Opening balance January 1	29,260	68,672	27,762	68,497
Shares issued as part of share-based compensation	55	8	498	70
Share issuance – cash	-	-	1,000	150
Share issuance costs	-	-	-	(31)
Fair value of warrants issued with shares	-	-	-	(14)
At December 31	29,315	68,680	29,260	68,672

Private Placement

During the year ended December 31, 2024, Cleantek completed a private placement with certain members of the Board of Directors and management. The private placement closed on September 5, 2024. The non-brokered private placement involved the issuance of 1,000,000 units at a unit price of \$0.15 for aggregate gross proceeds of \$150. Each unit consists 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 at any time up to 24 months from the closing of private placement.

Share issuance costs of \$31 were incurred as a result of the private placement and were recorded as a reduction to share capital.

12. CAPITAL MANAGEMENT

The Company's objective in managing capital is to maintain a strong capital base to support operations, sustain future development of the business and maintain investor and creditor confidence.

The Company defines capital as working capital, long-term debt, lease liabilities and shareholders' equity.

In managing its capital structure, the Company may adjust capital and operating expenditures, issue additional debt or equity, or repay existing obligations, as considered appropriate in light of economic conditions and risk characteristics of the underlying assets.

The Company has access to an operating credit facility with RBC of up to \$2,500, subject to borrowing base criteria. As at December 31, 2025, total availability under the borrowing base was \$2,111, of which \$1,046 had been drawn.

The capital structure of Cleantek consists of the following:

<i>(Canadian \$000's)</i>	December 31, 2025	December 31, 2024
Current assets	4,554	3,228
Current liabilities	5,036	5,167
Working capital (deficit)	(482)	(1,939)
Long-term debt – non-current	(6,087)	(6,534)
Lease liabilities – non-current	(701)	(551)
Shareholders' equity	(2,661)	(1,389)
	(9,931)	(10,413)

13. 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 under which stock options may be granted to directors, officers, employees and consultants. The maximum number of common shares issuable under the plan is 10% of the Company's outstanding common shares at the date of grant. The exercise price of options is determined by the Board of Directors.

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-half share at a stipulated exercise price for a period of 24 months. Warrants vest immediately on issuance.

RSU and DSU share unit plan

The terms and vesting conditions of RSUs and DSUs are determined by the Board of Directors at the date of grant in accordance with the Company's equity-based compensation plan. Upon vesting, each RSU and DSU entitles the holder to receive one common share of the Company.

b) Stock options

The following table provides a summary of the Company's stock options:

	December 31, 2025		December 31, 2024	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding at beginning of period	987,500	\$0.15	-	-
Granted	780,000	\$0.28	987,500	\$0.15
Cancelled	(225,000)	\$0.24	-	-
Outstanding at end of period	1,542,500	\$0.20	987,500	\$0.15
Weighted avg remaining life (years)		2.9		4.6
Exercisable at end of period	304,167	\$0.15	987,500	\$0.15

c) Share warrants

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

	December 31, 2025		December 31, 2024	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding at beginning of period	500,000	\$0.25	3,101,098	\$1.75
Granted	-	-	500,000	\$0.25
Expired	-	-	(3,101,098)	\$1.75
Outstanding at end of period	500,000	\$0.25	500,000	\$0.25
Weighted avg remaining life (years)		0.7		1.7
Exercisable at end of period	500,000	\$0.25	500,000	\$0.25

In 2024, as part of the private placement, shares were issued as a unit, consisting of one common share and one-half of one common share purchase warrant or one common share and one-half warrant, respectively. The fair value ascribed to the warrants was \$14 and has been included within contributed surplus.

The estimated fair value of the share warrants granted during 2024 was calculated using the Black-Scholes model and the following assumptions:

	December 31, 2024
Share price on grant date	\$0.10
Exercise price	\$0.25
Expected life (years)	2 years
Expected volatility	78%
Risk-free interest rate	4.0%
Expected forfeiture rate	-
Expected dividend yield	-
Weighted average fair value per warrant	\$0.03

Restricted share units

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

	December 31, 2025	December 31, 2024
	Number of restricted share units	Number of restricted share units
Outstanding at beginning of period	619,170	1,278,336
Vested	(330,000)	(437,498)
Forfeited	(84,170)	(221,668)
Outstanding at end of period	205,000	619,170

In April 2025, 265,000 restricted share units vested and were settled through the issuance of 55,000 common shares from treasury and the purchase of 210,000 common shares on the open market.

In December 2025, 65,000 restricted share units vested and will be settled in January 2026.

d) Deferred share units

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

	December 31, 2025	December 31, 2024
	Number of deferred share units	Number of deferred share units
Outstanding at beginning of period	300,000	450,000
Exercised	-	(150,000)
Outstanding at end of period	300,000	300,000

e) Share-based compensation expense

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

<i>(Canadian \$000's)</i>	December 31, 2025	December 31, 2024
Stock options	121	22
Restricted share units	36	84
Total share-based compensation expense	157	106

14. GEOGRAPHIC INFORMATION

The Company operates primarily in Canada and the United States. Revenue is attributed to geographic areas based on the location of the customer. Non-current assets are attributed based on the location of the asset. The Company also generated revenue from international markets, primarily the Middle East, which is contracted through Cleantek Industries Inc.

The following table presents revenue and non-current assets by geographic segment for the years ended December 31, 2025:

<i>(Canadian \$000's)</i>	Canada	United States	International	Total
Rentals and services	5,139	7,015	20	12,174
Equipment sales	-	277	1,314	1,591
Total revenue	5,139	7,292	1,334	13,765
Property and equipment	3,560	4,906	-	8,466
Intangible assets	221	-	-	221
Right-of-use assets	766	478	-	1,244
Total non-current assets	4,547	5,384	-	9,931

The following table presents revenue and non-current assets by geographic segment for the years ended December 31, 2024:

<i>(Canadian \$000's)</i>	Canada	United States	International	Total
Rentals and services	5,006	6,292	29	11,327
Equipment sales	435	-	25	460
Total revenue	5,441	6,292	54	11,787
Property and equipment	6,662	2,285	118	9,065
Intangible assets	279	-	-	279
Right-of-use assets	1,019	50	-	1,069
Total non-current assets	7,960	2,335	118	10,413

15. 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 are comprised of direct operating costs, including salaries and wages and other labor 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 include labor 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>	Years ended December 31,	
	2025	2024
Direct operating expenses		
Salaries and wages	2,846	2,863
Repairs and maintenance	413	400
Transportation and mobilization	1,017	704
Cost of goods sold	486	92
Other direct costs	1,032	508
Total direct operating expenses	5,794	4,567
General and administrative expenses		
Salaries and wages	2,098	1,897
Professional fees	556	669
Other general and administrative costs	963	1,184
Total general and administrative expenses	3,617	3,750

16. FINANCE COSTS

<i>(Canadian \$000's)</i>		Years ended December 31,	
	Note	2025	2024
Interest on bank operating line		75	95
Interest on long-term debt	9	644	666
Amortization of deferred financing fees	9	42	42
Accretion of discount on promissory note	9	42	44
Interest on lease liabilities	10	85	79
Interest income		(2)	-
		886	926

17. INCOME TAXES

Income tax expense

The provision for income taxes reflects an effective tax rate that differs from the statutory tax rate. A reconciliation of the difference is as follows:

Years ended December 31

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

	2025	2024
Net income before income taxes	1,025	1,373
Canadian statutory tax rate	23.0%	23.4%
Expected income tax expense	236	321
Adjusted for:		
Non-deductible expenses	62	43
Change in unrecognized income tax assets	(261)	(300)
Prior period adjustments and other	48	46
Current income tax expense	85	110

The combined federal and provincial statutory income tax rate in Canada is 23.0% (2024 – 23.4%). The combined federal and state statutory income tax rate in the U.S. is 21.68% (2024 - 21.00%).

Deferred tax balances and tax losses carried forward

The significant components of the Company's deferred income tax assets (liabilities) are as follows:

<i>(Canadian \$000's)</i>	December 31, 2025	December 31, 2024
Tax loss carry-forwards	1,624	1,359
Property and equipment	(1,624)	(1,359)
Net deferred income tax asset and expense	-	-

Unrecognized deferred tax assets

The Company has not recognized the tax benefit of the following temporary differences:

<i>(Canadian \$000's)</i>	December 31, 2025	December 31, 2024
Non-capital losses carry-forward	58,679	72,280
Scientific research and development expenses	5,442	5,442
Other	17,810	7,890
Total unrecognized temporary differences	81,931	85,612

The Company has \$63,659 (\$75,894 in 2024) losses available for carryforward in Canada that begin to expire in 2025 and \$2,079 (\$2,840 in 2024) losses available for carryforward in the U.S. that do not expire. The company has \$1,276 (\$1,276 in 2024) of non-deductible scientific research and development tax credits in Canada that have not been recognized.

18. NET INCOME PER SHARE AMOUNTS

Basic and diluted net income (loss) per share for the period has been calculated on the basis of the weighted average number of common shares outstanding as follows:

<i>(Canadian \$000's, except for common shares in number of shares and earnings per share in Canadian dollars)</i>	Year ended December 31,	
	2025	2024
Net income	940	1,263
Weighted average common shares outstanding:		
Basic	29,297,596	28,380,770
Effect of dilutive securities:		
Stock options	767,800	987,500
Warrants	190,887	500,000
RSUs	263,335	619,170
DSUs	300,000	300,000
Dilutive	30,819,618	30,787,440
Income per share – basic	\$0.03	\$ 0.04
Income per share – diluted	\$0.03	\$ 0.04

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cleantek's financial assets consist of cash and cash equivalents, accounts receivable, and other assets. The Company's financial liabilities consist of accounts payable and accrued liabilities, bank operating line, and long-term debt.

Non-derivative financial instruments

The fair value of cash and cash equivalents, accounts receivable, other assets, accounts payable and accrued liabilities, and bank operating line approximate their carrying values due to the short-term maturities of those instruments.

The Company's long-term debt is recorded at amortized cost using the effective interest method and approximates its fair value due to the market interest rates that are applied.

The Company did not have any derivative financial instruments outstanding as at December 31, 2025, or December 31, 2024.

Financial risk management

Cleantek's activities expose the Company to certain financial risks, including market risk, credit risk, and liquidity risk.

Market risk

Market risk is the risk that changes in market conditions, such as interest rates and foreign exchange rates, will affect Cleantek's net loss or value of financial instruments.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect the Company's future cash flows or results of operations.

The Company manages this exposure by maintaining a mix of fixed and variable rate debt. Fixed-rate borrowings reduce sensitivity to interest rate fluctuations, while variable rate debt exposes the Company to changes in market rates, which may impact interest expense.

At December 31, 2025, the Company is exposed to interest rate risk with respect to the Bank Operating Line and the BDC Manufacturing Financing Facility (Note 9). For the year ended December 31, 2025, a 1% change to interest rate would have resulted in \$25 impact on net income (2024 – \$85).

The interest rate on Cleantek’s long-term debt including the BDC term loan, loans payable, and promissory notes (Note 9) is fixed and is not subject to interest rate risk.

Foreign exchange risk

Foreign exchange risk represents the risk that changes in foreign currency exchange rates will affect the Company’s financial position, results of operations, or cash flows. The Company is primarily exposed to U.S. dollar risk arising from the operations of its U.S. subsidiary, whose functional currency is U.S. dollars, as well as U.S. dollar-denominated monetary assets and liabilities held by the Canadian parent.

The Company manages foreign currency risk primarily through natural hedging by aligning U.S. dollar revenues with U.S. dollar expenses where possible. The Company does not currently use derivative financial instruments to hedge its foreign currency exposure.

Foreign exchange differences arising on the translation of the financial statements of foreign operations are recognized in other comprehensive income and accumulated in equity as a cumulative translation adjustment. Foreign exchange gains and losses recognized in profit or loss arise primarily from the remeasurement of U.S. dollar-denominated monetary items, including intercompany balances. While such intercompany balances are eliminated on consolidation, foreign exchange impacts arising during the period are recognized in profit or loss prior to elimination and may give rise to volatility in reported earnings.

There were no significant changes in the Company’s exposure to foreign currency risk, its risk management objectives, or the methods used to measure such risk compared to the prior year.

The following table summarizes the Company’s exposure to foreign currency risk at the reporting date, arising from recognized monetary financial assets and liabilities denominated in foreign currencies. Amounts are presented in Canadian dollars and reflect exposures at the consolidated level.

(Canadian \$000’s)

Cash and cash equivalents	253
Accounts receivable	2,258
Accounts payable and accrued liabilities	966
Long-term debt	42
Net financial assets denoted in foreign currency	1,503

A 1% change in the foreign exchange rate would result in a gain or loss of \$15 on a net basis (December 31, 2024 - \$5). Management does not believe that its foreign currency risk would result in a material impact and does not employ derivative instruments to manage foreign currency risk, and there were no significant changes in the Company’s exposure to foreign currency risk, risk management objectives, or methods used to measure such risk compared to the prior year.

Commodity price risk

The Company is indirectly exposed to commodity price risk, as its customers operate in the North American oil and gas sector and may be affected by volatility in commodity prices. Fluctuations in future commodity prices could impact customer activity levels and, in turn, demand for the Company’s services.

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to meet its contractual obligations, resulting in a financial loss to the Company.

The Company's accounts receivables are primarily from customers engaged in the exploration and development of oil and natural gas reserves, as well as commercial construction companies. These customers are subject to industry-specific risks, including commodity price volatility and access to capital. The Company manages credit risk through ongoing assessment of customer creditworthiness and monitoring of outstanding balances and aging. The carrying amount of accounts receivable represents the Company's maximum exposure to credit risk.

As at December 31, 2025, a single customer accounted for approximately 26% of the Company's accounts receivable balance (2024 – one customer accounted for 15%). No individual customer accounted for more than 10% of total revenue for the year ended December 31, 2025 (December 31, 2024 – one customer represented 10% of the overall revenue).

<i>(Canadian \$000's)</i>	December 31, 2025	December 31, 2024
Current (0 to 30 days from invoice date)	1,374	1,310
31 to 60 days past due	1,028	805
61 to 90 days past due	326	351
Over 90 days past due	670	95
Trade receivables and other	3,398	2,561
Provision for doubtful accounts	(35)	(51)
Total accounts receivable	3,363	2,510

The Company's allowance for doubtful accounts provision is as follows:

<i>(Canadian \$000's)</i>	December 31, 2025	December 31, 2024
At beginning of year	51	10
Rreceivables written off during the year	(47)	-
Additional provision for doubtful accounts, net of recoveries	32	41
Impact of foreign exchange rates	(1)	-
At end of year	35	51

As at December 31, 2025, the Company held cash and cash equivalents of \$295 (December 31, 2024 – \$271), representing its maximum exposure to credit risk on these assets. The balances are held with major financial institutions with high credit ratings, and management considers the associated credit risk to be low.

The Company's other assets of \$342 (December 31, 2024 – \$102) comprise other receivables of \$140 (December 31, 2024 – \$3), refundable deposits of \$150 (December 31, 2024 – \$46), and a shareholder loan and employee advances of \$52 (December 31, 2024 – \$53). The carrying amount of other assets represents the Company's maximum exposure to credit risk on these balances. Management considers the credit risk associated with refundable deposits and the shareholder loan to be low given the nature of the counterparties. Other receivables are subject to the same credit monitoring procedures applied to accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due or will be required to do so at excessive cost. The Company's objective in managing liquidity risk is to maintain sufficient cash resources and available financing to meet its obligations as they fall due.

The Company's exposure to liquidity risk arises primarily from accounts payable and accrued liabilities, lease liabilities, its bank operating line, and long-term debt.

The Company has a demand operating line with RBC established in December 2023, subject to a borrowing base calculated as a percentage of eligible accounts receivable. Availability under the facility fluctuates based on the borrowing base calculation. As at December 31, 2025, \$2,111 was available under the facility. The credit facility is subject to financial covenants, as described in Note 9.

Management expects that cash on hand and available credit facilities will be sufficient to meet the Company's obligations for at least the next twelve months. A sustained decline in demand for the Company's services could adversely impact compliance with financial covenants and available liquidity. As the operating line is repayable on demand and subject to borrowing base limits, amounts drawn in excess of eligible availability would be required to be repaid.

The contractual maturities of financial liabilities are disclosed in Note 22.

20. RELATED PARTY BALANCES AND TRANSACTIONS

Key management compensation

Key management personnel include the Company's executive officers and members of the Board of Directors.

Key management compensation consists of salaries, non-cash benefits and equity-based compensation in accordance with the Company's share-based compensation plans (Note 13). Directors may also receive compensation in the form of common shares.

Key management compensation for the years ended December 31 comprises:

<i>(Canadian \$000's)</i>	2025	2024
Salaries and benefits ⁽¹⁾	724	1,103
Share-based compensation (equity-settled)		
Management	88	54
Board compensation	54	15
Total	866	1,172

(1) Includes severance related to CEO & President change in July 2024 and bonus accrual amounts.

Executive loan facility agreement

The Company entered into an unsecured executive loan agreement with the President and Chief Executive Officer in the amount of \$50. The loan bears interest at the Canada Revenue Agency prescribed rate, which was 3% at December 31, 2025, and is subject to quarterly adjustment. The principal and accrued interest are due no later than December 31, 2026, pursuant to an amendment to the Agreement dated November 11, 2025, which extended the original maturity date of December 31, 2025. Accordingly, the full outstanding balance is classified as current and presented in other assets (Note 5).

21. SUPPLEMENTARY CASH FLOW INFORMATION

The following table reconciles the changes in non-cash working capital between the consolidated statement of financial position and the consolidated statement of cash flows:

<i>(Canadian \$000's)</i>	December 31, 2025	December 31, 2024
Net changes in non-cash working capital:		
Accounts receivable	(853)	31
Prepays	(100)	(132)
Inventory	(109)	-
Other assets	(240)	(51)
Accounts payable and accrued liabilities	(177)	(1,030)
	(1,479)	(1,182)
Related to:		
Operating activities	(1,479)	(1,182)

22. COMMITMENTS AND CONTINGENCIES

Contractual obligations and commitments

The following table summarizes the expected timing of cash outflows relating to financial liabilities, lease liabilities, and other commitments as at December 31, 2025:

<i>(Canadian \$000's)</i>	Carrying amount ⁽¹⁾	< 1 year	2 to 3 years	4 to 5 years	Thereafter	Contractual outflows
Financial liabilities						
Accounts payable and accrued liabilities	1,867	1,867	-	-	-	1,867
Bank operating line ⁽⁵⁾	1,046	1,046	-	-	-	1,046
Long-term debt ⁽²⁾						
BDC loans ⁽³⁾	7,370	2,153	4,134	2,412	-	8,699
Loans payable	149	70	78	20	-	168
Promissory notes	460	60	120	120	485	785
	10,892	5,196	4,332	2,552	485	12,565
Lease liabilities and other commitments						
Lease liabilities	1,121	487	754	43	-	1,284
Other operating and capital commitments ⁽⁴⁾	-	195	132	10	-	337
	1,121	682	886	53	-	1,621

(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 \$189. 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 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.

Litigation and claims

The Company is involved in litigation and claims arising in the ordinary course of business. Management has assessed these matters and determined that they are not expected to have a material impact on the Company's consolidated financial position or results of operations.

23. COMPARATIVE FIGURES

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

24. SUBSEQUENT EVENTS

On January 22, 2026, the Company announced the award of an international contract for the supply and installation of up to 60 HALO SE Crown Mount lighting systems for a project in the United Arab Emirates. Manufacturing of the units is progressing at the Company's Crossfield, Alberta facility, with deliveries expected to commence in late Q2 2026 and continue through Q3 2026. The Company continues to monitor developments in the Middle East region and has confirmed no impact to the expected delivery schedule at this time. Revenue and associated costs related to this contract will be recognized in future periods as the Company satisfies its performance obligations in accordance with IFRS 15.

Management has assessed this event and determined that it represents a non-adjusting subsequent event, as the conditions giving rise to the contract did not exist at December 31, 2025. Accordingly, no amounts have been recognized in these financial statements in respect of this event.

No other subsequent events requiring adjustment or disclosure were identified.

Corporate Information

OFFICERS

Riley Taggart
President & CEO

Ashley Miskin
Chief Financial Officer

Chris Murray
Chief Operating Officer

BOARD OF DIRECTORS

Paul Colucci
Chairman

Riley Taggart
President & CEO

Al Stark

Phillip Knoll

Chris Lewis

INVESTOR RELATIONS INFORMATION

Riley Taggart
President & CEO

Ashley Miskin, CPA, CA
Chief Financial Officer

CORPORATE OFFICE

Suite 1210, 520 – 5th Avenue SW
Calgary, AB, T2P 3R7
Canada

Tel: +1 (403) 567-8700

www.cleantekinc.com
info@cleantekinc.com

AUDITORS

MNP LLP
Calgary, Alberta

BANKERS

RBC Canada
Calgary, Alberta

HSBC Bank USA
Miami, Florida

LAWYERS

Torys LLP
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Odyssey Trust Company
Calgary, Alberta