

CleanGo Innovations Inc.

Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
CleanGo Innovations Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of CleanGo Innovations Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency, 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 financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis of 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 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.

Material Uncertainty Related to Going Concern

We draw attention to note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2024 and, as of that date, the Company's current liabilities exceeded its total assets. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

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. The 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.

Except for the matter of the Material Uncertainty Related to Going Concern described above, we have determined that there are no other key audit matters to communicate in our report.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2024.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended December 31, 2024, which we obtained prior to the date of this auditor's report.

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. If, based on the work we have performed, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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 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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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 Julia Zhou.

April 14, 2025
Markham, Ontario

Horizon Assurance LLP

Chartered Professional Accountant
Licensed Public Accountant

CleanGo Innovations Inc.
Consolidated Statements of Financial Position
As at December 31, 2024
(Expressed in Canadian dollars)

	Note	December 31, 2024 \$	December 31, 2023 \$
Assets			
Cash		101,335	296,728
Accounts receivable	3	3,098	22,130
Prepaid expenses		25,116	77,743
Inventory	5	115,003	71,252
Subscription receivable	4	-	125,000
Total current assets		244,552	592,853
Property and equipment	6	43,828	54,688
Right of use assets	7	78,085	194,813
Total assets		366,465	842,354
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	13	831,369	622,047
Convertible debentures, liability portion	11	233,672	155,713
Current portion of lease liabilities	8	94,639	130,998
Subscription received in advance	21	105,221	-
Government loan	10	-	38,953
Promissory notes	13	298,764	220,607
Total current liabilities		1,563,665	1,168,318
Long term portion of lease liabilities	8	-	86,990
Total liabilities		1,563,665	1,255,308
Shareholders' deficiency			
Share capital	12	9,094,606	8,936,672
Contributed surplus	12	1,771,843	1,708,003
Warrants	12	118,766	131,566
Unpaid share subscriptions	4	(60,000)	(60,000)
Accumulated deficit		(12,090,620)	(11,120,604)
Accumulated other comprehensive loss		(31,795)	(8,591)
Total shareholders' deficiency		(1,197,200)	(412,954)
Total liabilities and shareholders' deficiency		366,465	842,354

Nature and continuance of operations (Note 1)
Subsequent events (Note 21)

"Anthony Savrucci"

Director

"Paula Pearce-Savrucci"

Director

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

CleanGo Innovations Inc**Consolidated Statements of Loss and Comprehensive Loss**

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

	Note	Year Ended December 31, 2024 \$	Year Ended December 31, 2023 \$
Revenue	14	209,037	222,046
Cost of sales		(120,930)	(130,142)
Gross margin		88,107	91,904
Expenses			
Depreciation and amortization	6,7	138,543	125,956
Finance expenses	9	188,124	131,945
Selling and administrative	13	715,661	579,330
Stock-based compensation	12	80,556	103,678
Bad debt expense	3	-	2,310
Foreign exchange (gain) loss		(64,761)	28,894
		1,058,123	972,113
Other items			
Loss on debt settlement		-	(92,000)
Other income		-	69,192
Write-off of accounts payable and accrued liabilities	18	-	164,352
Net Loss		(970,016)	(738,665)
Translation gain (loss) on foreign operations		23,204	2,236
Comprehensive loss		(946,812)	(736,429)
Basic and diluted loss per share		(0.20)	(0.23)
Basic and diluted weighted average shares outstanding		4,786,680	3,167,823

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

CleanGo Innovations Inc.
Consolidated Statements of Changes in Shareholders' Deficiency

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

	Common shares	Share capital	Contributed surplus	Warrants	Subscription receivable	Deficit	AOCI	Total
	#	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	2,506,483	8,007,675	1,201,320	280,145	-	(10,381,939)	(10,827)	(903,626)
Shares issued related to private placement, net of share issuance costs	1,085,564	538,771	-	37,567	-	-	-	576,338
Shares issued pursuant to debt settlement net of issuance costs	1,092,380	390,226	-	56,773	-	-	-	446,999
Stock-based compensation	-	-	103,678	-	-	-	-	103,678
Promissory note contribution	-	-	83,153	-	-	-	-	83,153
Convertible debentures	-	-	39,707	37,226	-	-	-	76,933
Expired warrants	-	-	280,145	(280,145)	-	-	-	-
Subscription receivable	-	-	-	-	(60,000)	-	-	(60,000)
Translation loss on foreign operations	-	-	-	-	-	-	2,236	2,236
Net loss for the period	-	-	-	-	-	(738,665)	-	(738,665)
Balance, December 31, 2023	4,684,427	8,936,672	1,708,003	131,566	(60,000)	(11,120,604)	(8,591)	(412,954)
Warrants exercised	260,000	121,800	-	(12,800)	-	-	-	109,000
Options exercised	52,934	36,134	(16,716)	-	-	-	-	19,418
Stock based compensation	-	-	80,556	-	-	-	-	80,556
Translation loss (gain) on foreign operations	-	-	-	-	-	-	(23,204)	(23,204)
Net loss for the period	-	-	-	-	-	(970,016)	-	(970,016)
Balance, December 31, 2024	4,997,361	9,094,606	1,771,843	118,766	(60,000)	(12,090,620)	(31,795)	(1,197,200)

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

CleanGo Innovations Inc.**Consolidated Statements of Cash Flows**

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

		Year ended December 31, 2024	Year ended December 31, 2023
	Note	\$	\$
Cash (used in) provided by:			
Operating activities			
Net loss		(970,016)	(738,665)
Items not involving cash			
Accretion on convertible debentures	9,11	41,960	21,610
Accretion on leases	8,9	18,637	31,841
Accretion on loans	9,10	1,047	-
Accretion on promissory notes	9,13	74,307	18,272
Interest on convertible debentures	9,11	36,000	22,800
Interest on shareholder loans	9,13	13,673	-
Depreciation and amortization	6,7	138,543	125,956
Loss on settlement of debt		-	92,000
Stock-based compensation	13	80,556	103,678
Write off of accounts payable	18	-	(164,352)
		404,723	251,805
Change in non-cash working items	17	207,905	230,098
Net cash provided by (used in) operating activities		(357,388)	(256,762)
Financing activities			
Private placement	12	125,000	391,338
Issuance of convertible debt	11	-	188,236
Issuance of promissory note		-	100,000
Subscriptions received in advance	21	105,221	-
Loan repayment	10	(40,000)	-
Lease repayment	8	(138,926)	(141,865)
Option exercise	12	19,418	-
Warrant exercise	12	109,000	-
Net cash (used in) provided by financing activities		179,713	537,709
Net increase (decrease) in cash		(177,675)	280,947
Net effect of foreign exchange on cash		(17,718)	1,676
Cash, beginning of the period		296,728	14,105
Cash, end of period		101,335	296,728

Supplemental cash flow information (Note 17)

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

CleanGo Innovations Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

CleanGo Innovations Inc. (the "Company" or "CleanGo") was incorporated as CDN Ventures Ltd. on October 30, 2014, under the Business Corporations Act (British Columbia). On August 27, 2021, the Company began trading on the Canadian Securities Exchange (the "Exchange") under the symbol "CGII".

The head office and principal business address of the Company is located at Suite 422, 234 – 5149 Country Hills Blvd, Calgary, Alberta. The registered and records address for the Company is located at suite 1100 – 1111 Melville Street Vancouver BC V6E 3V6.

The Company's principal business activity is to manufacture and sell cleaning, disinfecting and industrial solutions using a proprietary formula which is non-toxic, biodegradable and uses no harsh chemicals to provide a green cleaning, disinfecting and emulsifying solution to buyers.

On January 6, 2023, the Company consolidated all of the issued and outstanding common shares of the Company on the basis of one post-consolidation common share for every 5 pre-consolidation common shares. The common shares commenced trading on a post-share consolidation basis when the markets opened on January 13, 2023. Accordingly, all common share, option, warrant, and per share amounts have been retroactively restated to reflect this share consolidation.

Going concern

The Company incurred a net loss of \$970,016 (2023 - \$738,665) for the year ended December 31, 2024, and used cash in operations of \$357,388 (2023 - \$256,762). As at December 31, 2024, the Company had a history of losses and an accumulated deficit of \$12,090,620 (2023 - \$11,120,604). As of December 31, 2024, the Company also has a working capital deficit of \$1,319,113 (2023 - \$575,465). Consequently, continuing business as a going concern is dependent upon the success of the Company's sale of its products, generation of positive cash flows and the ability of the Company to obtain additional debt or equity financing at favorable terms to the Company, all of which are uncertain. These circumstances indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

The Company's future capital requirements will depend on many factors, including the costs of developing its products, operating costs, the current capital market environment and global market conditions. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, and ultimately generate profitable operations in the future. The Company has no assurance that it will be successful in its efforts. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected.

These consolidated financial statements (the "Financial Statements") have been prepared on a going concern basis in accordance with IFRS Accounting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

Recent global issues, including the lingering impact of geopolitical conflicts, the current threat of tariffs from the USA, and the current uncertainty with escalations in the middle east have adversely affected workplaces, economies, supply chains, and financial markets globally. It is difficult for the Company to predict the duration or magnitude of the adverse results of these issues and their effects on the Company's business or results of operations this time.

CleanGo Innovations Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION

Basis of consolidation and preparation

These Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The Financial Statements include the financial statements of the Company and its wholly owned subsidiaries: Clean Go Green Go Inc ("CleanGo GreenGo") and CleanGo GreenGo Inc ("CleanGo US"). Inter-company accounts and balances are eliminated upon consolidation. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

These Financial Statements are authorized for issue by the Board of Directors on April 14, 2025.

Basis of measurement

These Financial Statements have been prepared on the historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVTPL") which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except cash flow information.

Functional and presentation currency

These Financial Statements are presented in Canadian dollars, which is CleanGo and CleanGo GreenGo's functional currency. CleanGo US has a US dollar functional currency.

Foreign currency transactions are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date. All differences are recorded in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Assets and liabilities of subsidiaries with a different functional currency are translated into Canadian dollars at year-end exchange rates and their revenue and expenses are translated at the average exchange rate for the year. The resulting exchange differences are recognized in other comprehensive loss.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors including other sources that are believed to be reasonable under the circumstances but are not necessarily readily apparent or recognizable at the time such estimate or assumption is made. Actual results may differ from these estimates.

The information about significant areas of estimation uncertainty considered by management in preparing the Financial Statements is as follows:

Provision for returns and promotional incentives

The Company estimates the most likely amount payable to each customer for sales discount programs and promotional incentives using expected sales volumes and historical spending patterns.

CleanGo Innovations Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (cont'd...)

Use of estimates and judgements

Provision for expected credit losses

The Company applies a simplified approach for the measurement of expected credit losses ("ECL") on its trade receivables as these are typically short-term in nature. On initial recognition, the Company records a loss equal to the 12 month ECL unless the financial assets are considered credit impaired. The Company measures lifetime ECL's on its credit impaired trade receivables based on historical experience and forecasted economic conditions affecting the counterparties. The amount is shown as an allowance for doubtful accounts.

Inventories

Management makes estimates of future customer demand for products when establishing appropriate provisions for inventory obsolescence. In making these estimates management considers the shelf-life of inventory and the expected profitability of sales.

Functional currency

The determination of the Company's and subsidiaries' functional currency requires analyzing facts that are considered primary factors, and if the results are not conclusive, secondary factors. The analysis requires significant judgement since primary and secondary factors may be mixed. In determining its functional currency, the Company analyzes both the primary and secondary factors, including the currency of the Company's expected revenues, operating costs, general and administrative costs and financing proceeds in the countries it operates in.

Income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

Government loans and promissory notes

The Company is required to make certain assumptions in estimating the fair value of the low interest rate loans received from the government and related parties. These assumptions include the allocation of value between the future cash flow and carrying value of these loans and the determination of a comparable interest rate that would be obtained if a financing was obtained from an independent financial institution to acquire a similar type of loan.

Leases

Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

Stock options and warrants

The fair value of stock options and warrants is recognized using the Black-Scholes model, that takes into account the terms and conditions upon which the stock options and warrants were issued. Measurement inputs include the Company's share price on the measurement date, the exercise price of the stock options/warrants, the expected volatility, the expected life of the stock options/warrants and the risk-free rate of return. The Company estimates volatility based on historical volatilities of publicly traded peer companies. The expected life of stock options/warrants is based on historical experience and estimates of the holder's behavior. Dividends are not factored in as the Company does not expect to pay dividends in the foreseeable future. For the fair value of stock options, management also makes an estimate of the number of stock options that may be forfeited, and the rate is adjusted to reflect the actual number of stock options that actually vest.

CleanGo Innovations Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (cont'd...)

Use of estimates and judgements (cont'd...)

Shares for debt

Shares are issued for debt using the fair value of the shares at the time of the issuance. Any gain/loss is recognised on the conversion where applicable. The share units are bifurcated for the warrants and shares using a relative fair value approach. When shares are issued to settle debts with shareholders acting in the capacity as a shareholder, the value of the shares is determined to be the value of the debt.

Convertible debentures

This estimate is determined by valuing the debt component first, with any residual component allocated between contributed surplus, for the equity component of the debenture, and warrant reserve, for the fair value of warrants granted alongside the convertible debenture. The warrant reserve value is determined using the Black-Scholes option pricing model, taking into account key assumptions including the expected term of the debentures, expected volatility of the underlying shares, risk-free rate, and expected dividends.

The information about significant areas of judgement considered by management in preparing the Financial Statements is as follows:

Going concern

The assessment of the Company's ability to continue as a going concern as discussed in Note 1 involves judgement regarding future funding available for its operations and working capital requirements.

Functional currency

The determination of the functional currency was based on management's judgement of the underlying transactions, events, and conditions relevant to each entity.

Leases

The incremental borrowing rates are based on judgements including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.

Impairment

Judgement is required to assess when impairment indicators are evident and impairment testing is required.

Revenue

The Company makes judgements in determining whether a performance obligation is distinct (i.e. if a service is separately identifiable from other services provided and if the customer can benefit from it). Judgements are required when evaluating when a performance obligation is satisfied, and revenue may be recognized. In making its judgements, management considers when a customer obtains control of the good or service being promised in the contract and whether another entity fulfilling remaining services would need to re-perform work completed to date. Judgements are also used to determine whether the Company acts as principal or agent on certain flow-through charges to customers, such as freight costs incurred on the shipment of goods. The judgements made include whether the Company or a third-party control the goods or services provided.

Current and deferred taxes

Tax interpretations, regulations, court rulings and legislation in the various jurisdictions in which the Company operates are subject to change. As such, current and deferred taxes are subject to measurement uncertainty. Management uses judgement to assess deferred tax assets at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

CleanGo Innovations Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (cont'd...)

Material accounting policy information

Cash

Cash consists of amounts held in banks.

Accounts receivables

Accounts receivables are recognized and carried at their original invoice amount less an allowance for uncollectible amounts. Balances are written off when the probability of recovery is assessed as being remote.

Inventory

The Company values inventories at the lower of cost and net realizable value. Cost includes the costs of purchases net of vendor allowances plus other costs, such as transportation, that are directly incurred to bring the inventories to their present location and condition. The Company uses the weighted average method to determine the cost of inventories. The Company estimates net realizable value as the amount that inventories are expected to be sold while taking into consideration the estimated selling costs. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is apparent evidence of an increase in selling price then the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead, and certain selling costs related to inventories are expensed in the period incurred.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are included in the initial carrying value of the related instrument and are amortized using the effective interest method.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the consolidated statement of loss and comprehensive loss.

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: FVTPL or amortized cost. The Company has made the following classifications:

Cash	Amortized cost
Accounts receivable	Amortized cost
Subscription receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Subscription received in advance	Amortized cost
Government loan	Amortized cost
Convertible debentures	Amortized cost
Promissory notes	Amortized cost

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

CleanGo Innovations Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (cont'd...)

Material accounting policy information (cont'd...)

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are recognized in profit or loss when incurred. Subsequently they are measured at fair value, with gains and losses recognized in profit or loss.

Where management has opted or required to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost using the effective interest rate method, less any impairment for financial assets.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statements of loss and comprehensive loss. Loss allowances are based on the lifetime ECL that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statements of loss and comprehensive loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of profit or loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of profit or loss.

CleanGo Innovations Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (cont'd...)

Material accounting policy information (cont'd...)

Leases

Under IFRS 16 Leases, leases are recognized as a right-of-use ("ROU") asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability (principal) and interest. The interest is charged to the consolidated statements of loss and comprehensive loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROU asset is amortized on a straight-line basis over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company recognizes a ROU asset at cost consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of any restoration costs and any initial direct costs incurred by the lessee. The provision for any restoration costs is recognized as a separate liability as set out in IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Company recognizes a lease liability equal to the present value of the lease payments during the lease term that are not yet paid. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Lease payments to be made under certain extension options are also included in the measurement of the lease liability.

Payments associated with variable lease payments, short-term leases and leases of low value assets are recognized as an expense in the statement of loss and comprehensive loss. Short-term leases are leases with a lease term of twelve months or less.

Property and equipment

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other income in profit or loss.

The depreciation rates applicable to each category of property and equipment are as follows:

Computer equipment	Straight line	3 years
Machinery and equipment	Straight line	10 years
Future and fixtures	Straight line	5 years
Vehicles	Straight line	5 years
Leasehold Improvements	Straight line	Term of the lease

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to equity items, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

CleanGo Innovations Inc.

Notes to the Consolidated Financial Statements

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2. BASIS OF PREPARATION (cont'd...)

Material accounting policy information (cont'd...)

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting profit (loss) nor taxable profit (loss); and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital.

Net loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share are calculated using the treasury stock method. This method assumes that common shares are issued for the exercise of options, warrants and convertible securities and that the assumed proceeds from the exercise of options, warrants and convertible securities are used to purchase common shares at the average market price during the period. The difference between the number of shares assumed issued and the number of shares assumed purchased is then added to the basic weighted average number of shares outstanding to determine the fully diluted number of common shares outstanding. No exercise or conversion is assumed during the periods in which a net loss is incurred as the effect is anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Parties are also considered to be related if they are subject to common control and related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Revenue recognition

The Company sells cleaning, disinfecting and descaling products to distributors, retailers and consumers. Revenue is measured at the amount of consideration to which the Company expects to be entitled to, net of incentives given to its customers. For sales to customers, revenues are recognized at a point in time when control of the goods has transferred to the customer, which is dependent on specific shipping terms. Following shipping, a distributor has full discretion over the manner of distribution and has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

For sales to retailers and consumers, revenue is recognized when control of the goods has transferred, which is dependent on the specific shipping terms. Payment of the transaction price is due at the point in which control transfers.

The Company satisfies its performance obligation when the products are delivered to the distributors or customers.

Revenue is shown net of estimated returns and discounts.

CleanGo Innovations Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (cont'd...)

Material accounting policy information (cont'd...)

Cost of sales

Cost of product sales includes the cost of finished goods inventory and costs related to shipping and handling and warehousing and fulfillment and other costs from online retailers.

Government assistance

The Company may receive government-funded assistance. When the assistance relates to an expense item, it is recognized as other income over the period necessary to match the amount to the costs that it is intended to compensate. When the assistance relates to an amount to be repaid, it is recognized as debt in accordance with the terms of the assistance. Amounts are recognized when loan proceeds are received, or when there is reasonable assurance that the Company has met the requirements of the approved government program and there is reasonable assurance that the amount will be received.

Foreign currencies

Transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences on monetary items are recognized in the consolidated statement of profit or loss in the period in which they arise.

The financial results of operations that have a functional currency different from the presentation currency are translated into the presentation currency. Income and expenditures of operations are translated at the average rate of the exchange for the year. All assets and liabilities are translated at the rate of exchange at the reporting date. Differences arising on translation are recognized as other comprehensive income (loss).

Share based payment

The Company grants stock options to acquire common shares of the Company to directors, officers and consultants. The fair value of stock options is measured on the date of grant, using the Black Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in reserves is recorded when stock options are vested. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion of share-based payments previously recorded in reserves. Consideration paid for the shares on the exercise of stock options is credited to share capital. Where equity instruments are issued to non-employees and some or all the goods and services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise share-based payments are measured at the fair value of the goods and services received.

New and amended standards not yet adopted

The company has reviewed new and amended accounting pronouncements that have been issued but are not yet effective and determined that the adoption has no material effect on the Financial Statements.

Amendments to IAS 1 Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS1 Presentation of Financial Statements to clarify the requirements for the presentation of liabilities as current or non-current in the statement of financial position. The amendments are effective on January 1, 2024. The Company anticipates the adoption of this standard to have no material impact on these Financial Statements.

CleanGo Innovations Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

3. ACCOUNTS RECEIVABLE

As at December 31, 2024, the Company has \$3,098 (December 31, 2023 – \$22,130) in accounts receivable, and there is \$ nil (December 31, 2023 \$nil) in overdue accounts that do not have an associated provision.

4. SUBSCRIPTION RECEIVABLES

On December 22, 2023, the Company completed a non-brokered private placement for an aggregate of \$501,338 through assurance of 835,564 units at a price of \$0.60 per unit. The Company received \$316,338 in 2023 and \$125,000 in 2024.

The unpaid share subscriptions of \$60,000 was reclassified as deduction of equity at December 31, 2024 and 2023 (Note 12A(vi)).

5. INVENTORY

	December 31, 2024	December 31, 2023
Finished goods	\$ 9,302	\$ -
Materials and supplies	105,701	71,252
Ending balance	\$ 115,003	\$ 71,252

6. PROPERTY AND EQUIPMENT

	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance December 31, 2022	67,478	3,367	5,198	17,229	4,456	97,728
Balance December 31, 2023	67,478	3,367	5,198	17,229	4,456	97,728
Derecognized	-	-	(5,198)	-	-	(5,198)
Balance December 31, 2024	67,478	3,367	-	17,229	4,456	92,530
Accumulated Depreciation						
Balance December 31, 2022	14,119	1,596	5,198	6,811	4,456	32,180
Depreciation expense	6,523	672	-	3,665	-	10,860
Balance December 31, 2023	20,642	2,268	5,198	10,476	4,456	43,040
Derecognized	-	-	(5,198)	-	-	(5,198)
Depreciation expense	6,749	673	-	3,438	-	10,860
Balance December 31, 2024	27,391	2,941	-	13,914	4,456	48,702
Net book value						
December 31, 2023	46,836	1,099	-	6,753	-	54,688
December 31, 2024	40,087	426	-	3,315	-	43,828

CleanGo Innovations Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

7. RIGHT OF USE ASSETS

Balance December 31, 2022	\$	314,995
Amortization	\$	(115,096)
Unrealized foreign exchange		(5,086)
Balance December 31, 2023	\$	194,813
Amortization	\$	(127,683)
Unrealized foreign exchange		10,955
Balance December 31, 2024	\$	78,085

8. LEASES

On August 1, 2022, the Company entered into a warehouse lease agreement that gives the Company the right to use a certain warehouse space until July 31, 2025. The total present value of the monthly payments is \$357,525, using the financing rate of 11.2%. At the start of this agreement, the Company recorded \$357,525 as ROU asset and lease liabilities.

As at		Total
Balance at December 31, 2022	\$	333,658
Lease accretion		31,841
Lease payments		(141,865)
Foreign exchange translation		(5,646)
Balance at December 31, 2023		217,988
Lease accretion		18,637
Lease payments		(154,578)
Foreign exchange translation		12,592
Balance at December 31, 2024	\$	94,639

Which consists of:

	December 31, 2024	December 31, 2023
Current lease liability	\$ 94,639	\$ 130,998
Non-current lease liability	-	86,990
Ending balance	\$ 94,639	\$ 217,988

As at December 3, 2024, the Company has \$19,785 (December 31, 2023 - \$4,133) of outstanding rent included in accounts payable and accrued liabilities.

As at December 31, 2024, the Company is committed to minimum lease payments of \$98,205 (US\$68,250).

9. FINANCE EXPENSES

	December 31, 2024	December 31, 2023
Accretion on lease liability (Note 8)	\$ 18,637	\$ 31,841
Accretion on government loan (Note 10)	1,047	-
Accretion on convertible debentures (Note 11)	41,960	21,610
Accretion on promissory notes (Note 13)	74,307	18,272
Interest expense	2,500	37,422
Interest on convertible debentures	36,000	22,800
Interest on shareholder loans	13,673	-
Total finance expenses	\$ 188,124	\$ 131,945

CleanGo Innovations Inc.

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For the years ended December 31, 2024 and 2023

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10. GOVERNMENT LOAN

In April 2021, the Company obtained a bank loan under the Canadian Emergency Business Account program ("CEBA Loan") in the amount of \$60,000. Under the provision of the loan, if the principal amount of the loan is repaid by January 18, 2024, \$20,000 of the loan amount is forgiven. If the loan was not repaid by January 18, 2024, it would have been converted to a term loan that would bear interest at 5% per annum. During the year ended December 31, 2024, the Company repaid the full amount of \$40,000 and recorded accretion expense of \$1,047, (2023 - \$nil). As at December 31, 2024, the outstanding balance was \$nil (2023 - \$38,953).

11. CONVERTIBLE NOTES

On April 26, 2023, and June 26, 2023, the Company closed the first and second tranche of a non-brokered private placement of convertible note units of the Company respectively of convertible notes in multiples of \$1,000 of principal and 2,500 common share purchase warrants per \$1,000 of principal.

The note bears interest at a rate of 1.5% per month and principal and accrued interest is repayable in common shares of the Company at a conversion price of \$0.375 per share at maturity 24 months from the date of issuance or at the time of earlier conversion at the option of either the noteholder or the Company. If the noteholder elects to convert within the first year, the payment of interest will be waived. Each Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.40 per share for a period of two years from issuance.

First Tranche

In connection with the First Tranche, the Company issued a note with a principal value of \$150,000 and 375,000 warrants for gross proceeds of \$150,000.

Proceeds from convertible note, net of financing costs	\$	139,772
Allocation – convertible notes – equity portion		(29,484)
Allocation – convertible notes – warrant portion		(27,642)
Accrued Interest		18,300
Accretion of convertible note		17,342
Balance December 31, 2023	\$	118,288
Accrued Interest		27,000
Accretion of convertible note (Note 9)		31,810
Balance December 31, 2024	\$	177,098

Second Tranche

In connection with the Second Tranche, the Company issued a note with a principal value of \$50,000 and 125,000 Warrants for gross proceeds of \$50,000.

Proceeds from convertible note, net of financing costs	\$	48,464
Allocation – convertible notes – equity portion		(10,223)
Allocation – convertible notes – warrant portion		(9,584)
Accrued Interest		4,500
Accretion of convertible note		4,268
Balance December 31, 2023	\$	37,425
Accrued Interest		9,000
Accretion of convertible note (Note 9)		10,150
Balance December 31, 2024	\$	56,575

CleanGo Innovations Inc.

Notes to the Consolidated Financial Statements

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12. SHARE CAPITAL

A. Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

On January 6, 2023, the Company consolidated all of the issued and outstanding common shares of the Company on the basis of one post-consolidation common share for every 5 pre-consolidation common shares. The common shares commenced trading on a post-share consolidation basis when the markets opened on January 13, 2023. Accordingly, all common share, option, warrant, and per share amounts have been retroactively restated to reflect this share consolidation.

Issued share capital

- (i) On January 4, 2023, the Company settled debt of \$5,000 of accounts payable by issuing 40,000 shares at a fair value of \$0.50 per share.
- (ii) On June 6, 2023, the Company settled outstanding indebtedness of \$150,000 to the CEO and Director of the Company, through issuance of 500,000 units at a price of \$0.30 per unit. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant allows for the purchase of one additional common share at an exercise price of \$0.40 for a period of 24 months from the date of issue. The Company used relative fair value method for warrants valuation and allocated \$56,773 to the warrants.
- (iii) On June 6, 2023, the Company completed a non-brokered private placement for an aggregate of \$75,000 through issuance of 250,000 units at a price of \$0.30 per unit. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant allows for the purchase of one additional Common Share at an exercise price of \$0.40 for a period of 24 months from the date of issue. The Company used relative fair value method for warrants valuation and allocated \$12,500 to the warrants.
- (iv) On July 18, 2023, the company entered into a debt settlement agreement with its CEO in the amount of \$85,000 to be settled through the issuance of 285,714 common shares at a value of \$85,000. As the debt was settled in the CEO's capacity as a shareholder, the value of the consideration was determined to equal the fair value of the debt settled.
- (v) On October 23, 2023, the company settled outstanding indebtedness of \$100,000 to certain creditors, through the issuance of 266,666 common shares at a price of \$0.375 per share. The shares issued were valued at the market price of \$0.72 per share leading to a loss on settlement of \$92,000.
- (vi) On December 22, 2023, the Company completed a non-brokered private placement for an aggregate of \$501,338 through issuance of 835,564 units at a price of \$0.60 per unit. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant allows for the purchase of one additional common share at an exercise price of \$0.90 for a period of 36 months from the date of issue. The Company used relative fair value method for warrants valuation and allocated \$25,067 to the warrants. The Company received \$316,338 in 2023 and \$125,000 in 2024. The unpaid share subscriptions of \$60,000 was reclassified as deduction of equity at December 31, 2024 and 2023.
- (vii) On March 18, 2024, the Company issued 10,000 shares at a price of \$0.90 per share for the exercise of warrants.
- (viii) On August 28, 2024, the Company issued 302,934 shares for the exercise of 250,000 warrants with an exercise price of \$0.40, 17,798 options with an exercise price of \$0.40 and 35,136 options with an exercise price of \$0.35.

CleanGo Innovations Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

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B. Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants
Balance December 31, 2022	133,194
Warrants expired	(133,194)
Warrants issued April 26, 2023, related to convertible notes (i)	375,000
Warrants issued June 6, 2023, related to debt settlement (ii)	500,000
Warrants issued June 6, 2023, related to private placement (iii)	250,000
Warrants issued June 26, 2023, related to convertible notes (iv)	125,000
Warrants issued December 22, 2023, related to a private placement (v)	835,564
Balance December 31, 2023	2,085,564
Warrants exercised (vi)	(260,000)
Balance December 31, 2024	1,825,564

- (i) The Company issued warrants related to the issuance of convertible notes (Note 11) on April 26, 2023.
- (ii) The Company issued warrants related to debt settlement of \$150,000 that occurred June 6, 2023 (Note 12A(ii)).
- (iii) The Company issued warrants related to a private placement of \$75,000 that occurred June 6, 2023 (Note 12A(iii)).
- (iv) The Company issued warrants related to the issuance of convertible notes on June 26, 2023 (Note 11).
- (v) The Company issued warrants related to the private placement of \$501,338 on December 22, 2023 (Note 12A(vi)).
- (vi) During the year ended December 31, 2024, 260,000 warrants were exercised (Note 12A(vii)-(viii)).

The fair value of the warrants issued was determined using the Black-Scholes pricing model with the following range of assumptions:

Stock price	\$ 0.25 - 0.35
Risk-free rate	3.1–4.38%
Expected life	2 years
Estimated volatility	172%
Dividend yield	Nil

The following table reflects the warrants issued and outstanding as at December 31, 2024.

Grant Date	Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Warrants Outstanding
April 26, 2023	April 26, 2025	\$ 0.40	0.32	375,000
June 6, 2023	June 6, 2025	\$ 0.40	0.43	500,000
June 26, 2023	June 26, 2025	\$ 0.40	0.48	125,000
December 22, 2023	December 22, 2026	\$ 0.90	1.98	825,564
		\$ 0.63	1.11	1,825,564

C. Stock Options

Under the Company's rolling stock option plan dated December 21, 2022, the Company may grant options, with a maximum term of ten years, for up to 10% of the Company's issued and outstanding common shares, to directors, employees and consultants at exercise prices to be determined by the market value on the date of grant. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted, with the exception of options granted in relation to investor relations. Options granted to consultants engaged in investor relations activities must vest no earlier than as to one-quarter upon the grant date and as to a further one-quarter after each of the following three four-month periods.

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12. SHARE CAPITAL (Cont'd...)

The following table summarizes the continuity of stock options:

	Number of Stock Options	Weighted average exercise price (\$)
Balance, December 31, 2022	220,000	3.25
Cancelled	(220,000)	3.25
Granted	329,552	0.37
Balance, December 31, 2023	329,552	0.37
Granted	222,500	0.40
Exercised	(52,934)	0.37
Balance, December 31, 2024	499,118	0.38

The fair value of the stock options issued was determined using the Black-Scholes pricing model with the following range of assumptions:

Stock price	\$ 0.25 – 0.40
Risk-free rate	3.10 – 3.95%
Expected life	5 years
Estimated volatility	170 - 209%
Dividend yield	Nil

The following table reflects the stock options issued and outstanding as at December 31, 2024

Grant Date	Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of options outstanding
May 16, 2023	May 16, 2028	\$ 0.40	3.38	100,854
July 11, 2023	July 11, 2028	\$ 0.35	3.53	175,764
November 18, 2024	November 18, 2029	\$ 0.40	4.88	222,500
			4.10	499,118

During the year ended December 31, 2024, the Company recorded share-based compensation of \$80,556 (2023 - \$103,678) as a result of the grant and vest of stock options.

13. RELATED PARTY TRANSACTIONS**Key management personnel:**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Related party transactions are in the normal course of operations and initially measured at fair value. Amounts due to or from related parties are non-interest bearing, due on demand and unsecured, unless specified.

The following related party transactions represent amounts incurred during the year ended:

	December 31, 2024	December 31, 2023
Consulting fees	\$ 229,410	\$ 252,000
Stock-based compensation	64,796	98,650
	\$ 294,206	\$ 350,650

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13. RELATED PARTY TRANSACTIONS (CONT'D)

Summary of amounts payable to related parties:

	December 31, 2024	December 31, 2023
Directors and officers	\$ 488,507	\$ 206,580
Companies owned by directors	135,705	213,467
Promissory notes	298,764	220,607
	\$ 922,976	\$ 640,654

The amounts due to directors and management originated from expenses incurred by the directors and management on the behalf of the Company. One of the payables to the Company owned by directors of \$135,705 (at December 31, 2023 - \$213,467) is related to the acquisition of a worldwide licensing agreement in 2014.

The promissory notes were issued on September 15, 2023, to settle \$253,000 and \$32,982 (USD \$24,000) in accounts payable owed to CEO in exchange of these notes due on December 31, 2024. These notes are unsecured with interest at 3% per annum and matured on December 31, 2024. Subsequent to December 31, 2024, the CEO agreed to extend the notes for an additional twelve-month term with interest at prime plus 5% per annum. The fair value of the promissory notes was estimated using an interest rate specific to the counterparty. At initial recognition, the estimated debt discount of \$83,153 was recorded as contributory premium and credited to contributed surplus. During the year ended December 31, 2024, the Company recorded accretion expenses of \$74,307 (2023 - \$18,272) to bring the promissory notes to their face value by the maturity date.

14. SEGMENTED INFORMATION

The Company has two reportable and operating segments which supply cleaning and disinfecting products to customers directly or through online distributors.

The Company operates in two geographical areas, Canada and the United States ("US"). The Company's revenue from external customers and information about non-current assets by location of assets are detailed below:

Revenue	December 31, 2024	December 31, 2023
Canada	\$ 158,538	\$ 161,629
USA	50,499	60,417
	\$ 209,037	\$ 222,046

Inventory	December 31, 2024	December 31, 2023
USA	\$ 115,003	\$ 71,252
	\$ 115,003	\$ 71,252

Non-current assets	December 31, 2024	December 31, 2023
USA	\$ 121,913	\$ 249,501
	\$ 121,913	\$ 249,501

15. CAPITAL MANAGEMENT

The Company defines capital as consisting of shareholders' deficit. The Company's objectives when managing capital are to support the further advancement of the Company's business objectives and existing product lines, as well as to ensure that the Company is able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company,

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is reasonable. The approach to capital management has not changed since the prior year, and the Company is not subjected to externally imposed capital requirements.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value risk

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted 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 (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data

The carry value of cash, accounts receivable, subscription receivable, accounts payable and accrued liabilities, and subscription received in advance approximate their fair value due to their short-term maturities. Fair value of the government loan, convertible debentures, and promissory notes approximate carrying value due to the effective interest rate used in the calculation of the carrying value.

b) Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises two main types of risk: currency risk and interest rate risk and are disclosed as follows:

(i) Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company undertakes sales and purchase transactions in foreign currencies and is therefore subject to gains and losses due to fluctuations in foreign currency exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The consolidated statements of financial position include the following amounts with respect to financial assets and liabilities for which cash flows are originally denominated in US dollars:

	December 31, 2024		December 31, 2023	
Cash	\$	22,559	\$	14,901
Accounts receivable		-		3,496
Inventory		58,422		-
Prepays expenses		15,283		15,871
Accounts payable and accrued liabilities		(34,717)		(8,307)
Related party payables		(222,702)		(222,236)
Promissory notes	\$	(35,882)	\$	(32,488)

As at December 31, 2024, if a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately \$31,539 (December 31, 2023 \$22,831) due to the fluctuation, and this would be recorded in the consolidated statements of loss and comprehensive loss.

CleanGo Innovations Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2024 and 2023

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd...)**(ii) Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company believes it has minimal exposure to risks associated with the effects of fluctuations in the prevailing levels of market interest rates as the majority of its loans have fixed interest rates. The only loans that have a variable interest rate are due to a related party, and can be renegotiated if interest rates change significantly.

c) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All the Company's cash is held through a Canadian and American chartered bank and accordingly, the Company's exposure to credit risk is considered to be limited.

The Company's trade receivables exposure to credit risk is considered to be limited. The Company's accounts receivable consists of amounts due from various customers. The maximum exposure to credit risk is equal to the carrying value of accounts receivable. The business models of the Company's respective segments require analysis of credit risk specific to each business line. The Company's historic rate of bad debts is low. As at December 31, 2024, the Company has a \$nil (December 31, 2023 \$nil) provision for bad debts.

The Company applies the simplified approach to providing for ECL's prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables are assessed primarily on days past due combined with the Company's knowledge of past bad debts.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At December 31, 2024, the Company's cash balance of \$101,335 (2023 - \$296,728) is unable to settle current liabilities of \$1,563,665 (2023 - \$1,168,318). The Company manages its liquidity risk by attempting to maintain sufficient cash balances to enable settlement of transactions on the due date. Due to the working capital deficiency, the Company will need to seek further sources of cashflows through increased revenue and/or additional equity or debt financings.

17. SUPPLEMENTARY CASH FLOW INFORMATION

The change in non-cash working capital comprises the following:

	December 31, 2024	December 31, 2023
Trade and other receivables	\$ 19,032	\$ 93,689
Deposits and prepaid expenses	52,627	(65,553)
Inventory	(43,751)	(1,482)
Accounts payable and accrued liabilities	179,997	203,444
	\$ 207,905	\$ 230,098

18. WRITE-OFF OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

In the year ended December 31, 2024, the Company did not write-off any accounts payable (2023-\$164,352) as the Company has no obligation to settle these payables.

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(Expressed in Canadian dollars)

19. INCOME TAXES

The income tax provision is as follows:

	December 31, 2024	December 31, 2023
Loss before taxes	\$ (970,016)	\$ (738,665)
Expected income tax recovery	(251,000)	(199,000)
Non-deductible charges	82,000	73,000
Others	(6,000)	(75,000)
Deferred tax benefits not recognized	175,000	201,000
Tax provision (recovery)	\$ -	\$ -

The following table provides details of unrecognized deductible temporary differences and unused losses for which no deferred tax asset has been recognized.

	December 31, 2024	December 31, 2023
Property and equipment	\$ 663,000	\$ 652,000
Lease obligation	17,000	23,000
Share issue costs	-	29,000
Non-capital losses carried forward	7,334,000	6,364,000
Total available tax pools	\$ 8,014,000	\$ 7,068,000

Deferred tax assets have not been recognized in respect of these items because it is not currently probable that future taxable profit will be available against which the Company can utilize the benefits.

At December 31, 2024, the Company's non-capital losses are deductible from future years' taxable income and expire between 2030 – 2044.

20. CONTINGENT LIABILITY

On September 11, 2024, Independent Trading Group Inc. ("ITG") filed a claim against the Company for unpaid services related to a Market Making Service Agreement dated September 1, 2022. ITG is seeking damages in the amount of \$25,000 plus interest related to the breach of the agreement. The Company disputes the claim on the basis that the underlying agreement was terminated on consent and all amounts due and payable at the time of termination were paid in full. The outcome of the claim remains uncertain. As of December 31, 2024, the Company has included \$nil in accounts payable and accrued liabilities for amounts owing to ITG.

21. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2024, the Company is in the process of completing a private placement. The Company will be issuing shares at a price of \$0.60 and expects to raise \$200,000, of which \$105,221 was received as of December 31, 2024.