

# CleanGo Innovations Inc.

## Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)



**CleanGo Innovations Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited - Expressed in Canadian dollars)

<i>(unaudited)</i>	Notes	As at September 30, 2022	As at December 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 61,743	\$ 295,750
Receivables	3	129,264	149,201
Share subscription receivables	4	387,164	370,260
Deposits and prepaid expenses		14,973	9,836
Inventory	5	213,856	208,757
		<b>807,000</b>	<b>1,033,804</b>
<b>Non-current assets</b>			
Right-of-use assets	6	361,291	7,183
Property and equipment	7	68,512	78,703
		<b>429,803</b>	<b>85,886</b>
<b>Total assets</b>		<b>\$ 1,236,803</b>	<b>\$ 1,119,690</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 693,498	\$ 956,622
Related parties payables	11	585,831	476,133
Current portion of lease liabilities	6	106,163	7,915
		<b>1,385,492</b>	<b>1,440,670</b>
<b>Non-current liabilities</b>			
Government loan	9	38,668	43,115
Lease liabilities	6	256,540	-
		<b>295,208</b>	<b>43,115</b>
<b>Total liabilities</b>		<b>1,680,700</b>	<b>1,483,785</b>
<b>SHAREHOLDERS' DEFICIT</b>			
Share capital	10	7,901,008	7,620,334
Contributed surplus	10	195,912	31,490
Warrants	10	566,907	689,729
Accumulated other comprehensive loss		(3,997)	(7,573)
Deficit	12	(9,103,726)	(8,698,075)
<b>Total shareholders' deficit</b>		<b>(443,897)</b>	<b>(364,095)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>\$ 1,236,803</b>	<b>\$ 1,119,690</b>

*"signed" Anthony Sarvucci*

**Director**

*"signed" Paula Pearce-Sarvucci*

**Director**

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

## CleanGo Innovations Inc

### Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

<i>(unaudited)</i>	Notes	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
<b>Revenue</b>		\$ 23,561	\$ 34,114	\$ 91,305	\$ 103,894
Cost of sales		(9,891)	(28,624)	(65,071)	(82,934)
<b>Gross Margin</b>		<b>13,671</b>	<b>5,490</b>	<b>26,233</b>	<b>20,960</b>
<b>Expenses</b>					
Selling and administrative	11	140,792	76,371	814,944	348,134
Depreciation and amortization	6,7	22,809	7,196	37,219	21,068
Transaction costs			(16,850)	-	115,756
Foreign exchange loss / (gain)		13,865	4,121	19,182	(2,243)
Other (income) expense		-	-	(14,214)	(18,426)
Finance (income) expense	8	460	5,586	(14,949)	17,520
		<b>177,926</b>	<b>76,424</b>	<b>842,181</b>	<b>481,809</b>
<b>Net loss before undernoted item</b>		<b>(164,255)</b>	<b>(70,934)</b>	<b>(815,948)</b>	<b>(460,849)</b>
Gain (loss) on debt settlement	14	-		(16,050)	
Other income				426,347	
Listing expense	15		7,932,995		7,932,995
<b>Net loss</b>		<b>(164,255)</b>	<b>(8,003,929)</b>	<b>(405,651)</b>	<b>(8,393,844)</b>
Translation gain (loss) on foreign operations		3,296	1,178	3,576	(638)
<b>Comprehensive loss</b>		<b>(160,959)</b>	<b>(8,002,751)</b>	<b>\$ (402,075)</b>	<b>\$ (8,394,482)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.02)</b>	<b>\$ (1.04)</b>	<b>\$ (0.05)</b>	<b>\$ (1.28)</b>

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## CleanGo Innovations Inc.

### Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

<i>(unaudited)</i>	Notes	Number of shares	Amount	Contributed surplus	Warrants	Accumulated other comprehensive loss	Deficit	Total deficit
Balance at January 01, 2021		6,000,000	\$ 633,890	\$ -	\$ -	\$ (6,395)	\$ (8,698,075)	\$ (8,070,580)
Reverse acquisition transactions:								
Shares issued	12	4,374,213	5,523,220	-	-	-	-	5,523,220
Units issued pursuant to qualifying transaction	12	625,000	789,498		210,502			1,000,000
Options and warrants assumed	12	-	-	31,490	451,184	-	-	482,674
Recapitalization of builders shares	12	(28,125)	421,271	-	-	-	-	421,271
Shares issued related to debt extinguishment	12	300,542	252,455		28,043			280,498
Translation loss on foreign operations		-	-	-	-	(1,178)	-	(1,178)
<b>Balance at December 31, 2021</b>		<b>11,271,629</b>	<b>\$ 7,620,334</b>	<b>\$ 31,490</b>	<b>\$ 689,729</b>	<b>\$ (7,573)</b>	<b>\$ (8,698,075)</b>	<b>\$ (364,095)</b>
Net loss for the year							(405,651)	(405,651)
Shares issued related to debt extinguishment	14	594,106	280,674		41,600			322,274
Expired warrants				164,422	(164,422)			-
Translation gain (loss) on foreign operations						3,576		3,576
<b>Balance at September 30, 2022</b>		<b>11,865,735</b>	<b>\$ 7,901,008</b>	<b>\$ 195,912</b>	<b>\$ 566,907</b>	<b>\$ (3,997)</b>	<b>\$ (9,103,726)</b>	<b>\$ (443,897)</b>

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## CleanGo Innovations Inc.

### Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

<i>(unaudited)</i>	Notes	Nine months ended September 30, 2022	Nine months ended September 30, 2021
<b>Cash (used in) / provided by:</b>			
<b>Operating activities:</b>			
Net loss		\$ (405,651)	\$ (8,393,844)
Items not involving cash:			
Depreciation and amortization	6, 7	37,219	21,068
Accretion on government loan	9	(4,448)	1,028
Share-based payments	14	322,274	
Unrealized foreign exchange (gain) / loss		10,109	2,919
Non-cash other income - interest		(16,904)	(18,426)
Non-cash other income	15	(426,347)	
Future lease obligation		1,407	
Listing expense			7,932,995
		(482,341)	(454,260)
Net change in non-cash working capital	18	276,090	(506,620)
Cash used in operations		(206,251)	(960,880)
<b>Financing activities:</b>			
Proceeds from share issuances			239,840
Increase in loans from related parties			79,977
Increase in government loans			60,514
Repayment of lease liabilities	6	(27,755)	(10,405)
Proceeds from SoftLab loan			
Cash from (used in) financing activities		(27,755)	369,926
<b>Investing activities:</b>			
Acquisition of property and equipment			(8,383)
Cash acquired on acquisition			932,234
Cash used in investing activities		-	923,851
Decrease in cash		(234,007)	332,897
Net effect of foreign exchange on cash held in foreign currencies			(13)
Cash, beginning of year		295,750	212,052
Cash, end of year		\$ 61,743	\$ 544,936

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

## CleanGo Innovations Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

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#### 1. NATURE AND CONTINUANCE OF OPERATIONS

CleanGo Innovations Inc. (formerly SoftLab9 Technologies Inc.) (the “Company” or “CleanGo”) was incorporated as CDN BVentures Ltd. on October 30, 2014 under the Business Corporations Act (British Columbia). On August 27, 2021, the Company completed a reverse take-over business combination with Clean Go Green Go Inc. (“CleanGo GreenGo”) wherein the Company acquired 100% of the issued and outstanding common shares of Clean Go Green Go and its wholly owned subsidiary CleanGo GreenGo Inc. (“CleanGo US”) and began trading on the Canadian Securities Exchange (“Exchange”) under the symbol “CGII”.

These consolidated financial statements reflect the continuation of the financial position, operating results and cash flow of the Company’s legal subsidiary, CleanGo GreenGo.

The head office, principal address and registered and records office of the Company are located at Suite 422, 234 – 5149 Country Hills Blvd, Calgary, Alberta.

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

#### *Going concern*

The Company incurred a net loss of \$405,651 (2021 \$460,849 before RTO listing expense) for the nine months ended September 30, 2022 and used cash in operations of \$206,251 (2021 \$960,880). As at September 30, 2022, the Company had a history of losses and an accumulated deficit of \$9,103,726 (2021 \$8,698,075). Of this accumulated deficit, \$6,394,123 was due to a reverse take over asset acquisition in 2021. Current liabilities exceeded its current assets by \$578,492 (2021 \$406,866). 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 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 (“Financial Statements”) have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”) 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.

## CleanGo Innovations Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

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## 2. BASIS OF PREPARATION

### Statement of Compliance

These Financial Statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting and follow a basis consistent with the accounting, estimations and valuation policies described in the Company's audited Consolidated Financial Statements as at and for the year ended December 31, 2021 (the "Annual Financial Statements").

These Financial Statements have been prepared on a historical cost basis. All financial information is reported in Canadian dollars, unless otherwise noted. Certain information and disclosures normally required to be included in the notes to the Annual Financial Statements prepared in accordance with IFRS have been condensed or omitted. These Financial Statements should be read in conjunction with the Annual Financial Statements.

The timely preparation of the financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses for the reporting period. The judgments, estimates, and assumptions are based on current data and relevant information available to the Company at the time of financial statement preparation. Accordingly, actual reported amounts may differ from estimated amounts as future confirming events occur.

These Financial Statements are authorized for issue by the Board of Directors on November 16, 2022.

## 3. RECEIVABLES

	Sept 30, 2022		December 31, 2021
Trade receivables	\$ 24,643	\$	18,688
Other receivables	104,621		130,513
Ending balance	\$ 129,264	\$	149,201

## 4. LOANS AND SHARE SUBSCRIPTION RECEIVABLES

In 2021, the Company provided funds to three related parties to assist in the purchase of shares relating to Builder Shares in an initial amount of \$359,760. The loans bear interest at a rate of 5% per annum compounded quarterly, are due on demand and are secured by shares of the Company. In December 2021, services valued at \$37,500 was provided as payment of one of the loans.

## 5. INVENTORY

	Sept 30, 2022		December 31, 2021
Finished goods	\$ 213,722	\$	205,050
Materials and supplies	71,252		71,380
Provision for inventory obsolescence	(71,117)		(67,673)
Ending balance	\$ 213,856	\$	208,757

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**Notes to the Condensed Interim Consolidated Financial Statements**  
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**6. LEASES**

In 2020, the Company entered into an office lease which expires in 2022.

Changes in the Company's ROU assets for the year are as follows:

	<b>ROU assets</b>
Recognition of office lease at July 1, 2020	\$ 28,729
Amortization	(7,182)
Balance December 31, 2020	\$ 21,547
Amortization	(14,364)
Balance December 31, 2021	\$ 7,183
Amortization for the period	(7,183)
Balance June 30, 2022	\$ 0

The changes in the Company's lease liability for the year are as follows:

	<b>Lease liability</b>
Recognition of office lease at July 1, 2020	\$ 28,729
Principal payments	(6,670)
Balance December 31, 2020	22,059
Principal payments	\$ (14,144)
Balance December 31, 2021	7,915
Principal payments	(7,915)
Balance June 30, 2022	\$ 0

In 2022, the Company entered into an office lease which expires in 2025.

Changes in the Company's ROU assets for the year are as follows:

	<b>ROU assets</b>
Recognition of lease at August 1, 2022	\$ 382,543
Amortization	(21,252)
Balance September 30, 2022	\$ 361,291

The changes in the Company's lease liability for the year are as follows:

	<b>Lease liability</b>
Recognition of office lease at August 1, 2022	\$ 382,543
Principal payments	(19,840)
Balance September 30, 2022	362,703



## CleanGo Innovations Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

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#### 7. PROPERTY AND EQUIPMENT

	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Computer equipment	Total
<b>Cost</b>						
Balance December 31, 2021	\$ 67,478	\$ 3,367	\$ 5,198	\$ 17,229	\$ 4,456	\$ 97,728
Additions						
Balance Sept 30, 2022	\$ 67,478	\$ 3,367	\$ 5,198	\$ 17,229	\$ 4,456	\$ 97,728
<b>Depreciation</b>						
Balance December 31, 2021	\$ 7,370	\$ 960	\$ 3,899	\$ 3,535	\$ 3,261	\$ 19,025
Depreciation expense	4,896	477	1,299	2,457	1,062	10,191
Balance Sept 30, 2022	\$ 12,266	\$ 1,437	\$ 5,198	\$ 5,992	\$ 4,323	\$ 29,216
<b>Net book value</b>						
September 30, 2022	\$ 55,212	\$ 1,930	\$ 0	\$ 11,237	\$ 133	\$ 68,512

	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Computer equipment	Total
<b>Cost</b>						
Balance December 31, 2020	\$ 66,334	\$ 3,367	\$ 5,198	\$ 9,990	\$ 4,456	\$ 89,345
Additions	1,144	-	-	7,239	-	8,383
Balance December 31, 2021	\$ 67,478	\$ 3,367	\$ 5,198	\$ 17,229	\$ 4,456	\$ 97,728
<b>Depreciation</b>						
Balance December 31, 2020	\$ 861	\$ 320	\$ 1,300	\$ 791	\$ 1,851	\$ 5,123
Depreciation expense	6,509	640	2,599	2,744	1,410	13,902
Balance December 31, 2021	\$ 7,370	\$ 960	\$ 3,899	\$ 3,535	\$ 3,261	\$ 19,025
<b>Net book value</b>						
December 31, 2021	\$ 60,108	\$ 2,407	\$ 1,299	\$ 13,694	\$ 1,195	\$ 78,703

#### 8. FINANCE INCOME AND EXPENSE

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Finance income (note 4)	\$ (16,904)	\$ (1,056)
Interest expense	2,808	15,549
Interest on lease liability (note 6)	3,595	1,999
Accretion on Government loan (note 9)	(4,448)	1,028
Ending balance	\$ (14,949)	\$ 17,520

## CleanGo Innovations Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

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#### 9. GOVERNMENT ASSISTANCE

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 December 31, 2023, \$20,000 of the loan amount is forgiven. In addition, the loan is non-interest bearing until December 31, 2023. In the event the CEBA loan is not repaid by December 31, 2023, no amount will be forgiven, and the lender will automatically extend the loan by three years until December 31, 2026, and during the extension period, interest will be charged on the outstanding amount at a fixed rate of 5 percent. The Company recognized the forgiveness amount and the interest benefit totalling \$23,046 as other income using an interest rate of 7.946 percent to discount the loan. The interest benefit will be accreted on a monthly basis up to the payable amount through interest expense.

#### 10. SHARE CAPITAL

##### A. Authorized share capital

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

##### Issued share capital

	Number of shares		Amount (\$)
Balance December 31, 2020	6,000,000	\$	633,890
Issued on RTO transaction (i)	4,999,212		6,312,718
Recapitalization of builder shares (ii)	(28,125)		421,271
Shares issued due to debt extinguishment (iii)	300,542		252,455
<b>Balance December 31, 2021</b>	<b>11,271,629</b>		<b>7,620,334</b>
Shares issued due to debt extinguishment Q1 (note 13)	215,159		129,095
Shares issued due to debt extinguishment Q2 (note 13)	378,947		151,579
<b>Balance September 30, 2022</b>	<b>11,865,735</b>	<b>\$</b>	<b>7,901,008</b>

On August 27, 2021, the Company completed a share consolidation on the basis of 1:0.75. As well, on December 13, 2021, the Company completed a share consolidation on the basis of 4:1.0. These consolidated financial statements reflect the retrospective application of these share consolidations.

- (i) In August 2021 a reverse acquisition transaction (“RTO”) with Clean Go Green Go was completed resulting in an increase in share capital of \$6,312,718
- (ii) In 2021 as a condition of the CSE to complete the RTO and to adhere to the CSE policy on Builder Shares, related party debt of \$109,510 was settled for common shares, cash capital contribution of \$311,760 and 28,125 shares held by the CEO were cancelled. As a result, share capital increased by \$421,271.
- (iii) In 2021 \$520,173 of debt was settled by issuing shares resulting in increase in share capital of \$252,455

**CleanGo Innovations Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
For the three and nine months ended September 30, 2022 and 2021  
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**B. Warrants**

The following table summarizes the continuity of share purchase warrants:

	Number of warrants		Amount
Balance, December 31, 2020 and 2019	-	\$	-
Purchase of warrants on RTO transaction (i)	1,387,206		661,686
Warrants issued related to debt extinguishment (ii)	148,118		28,043
Balance December 31, 2021	1,535,324	\$	689,729
Warrants issued related to debt extinguishment (iii) (note 13)	31,750		5,600
Warrants issued related to debt extinguishment (iv) (note 13)	189,474		36,000
Warrants expired June 18, 2022	(397,403)		(164,422)
<b>Balance September 30, 2022</b>	<b>1,359,145</b>	<b>\$</b>	<b>566,907</b>

- (i) On the closing of the RTO transaction, the Company assumed the existing warrants of SoftLab9. The fair value was determined using the Black-Scholes model with the following assumptions: risk free interest rate between 0.40% – 0.43%; dividend yield – 0%; expected volatility between 140% – 160%; life of warrants between 0.8 – 1.5 years.
- (ii) The Company issued warrants of CleanGo Innovations related to debt extinguishment that occurred on October 27, 2021. The fair value was determined using the Black-Scholes model with the following assumptions: risk free interest rate between 0.98%; dividend yield – 0%; expected volatility 160%; life of warrants 1.5 years.
- (iii) The Company issued warrants of CleanGo Innovations related to debt extinguishment that occurred March 15, 2022. The fair value was determined using the Black-Scholes model with the following assumptions: risk free interest rate 1.6%; dividend yield – 0%; expected volatility 160%; life of warrants 1 year.
- (iv) The Company issues warrants of CleanGo Innovations related to debt extinguishment that occurred June 7, 2022. The fair value was determined using the Black-Scholes model with the following assumptions: risk free interest rate 1.6%; dividend yield – 0%; expected volatility 160%; life of warrants 1 year.

The following table reflects the warrants issued and outstanding as of September 30, 2022.

Expiry date	Exercise price per warrant (\$)	Outstanding	Fair value
July 21, 2022	0.60	677,303	286,762
February 9, 2023	0.70	68,203	46,159
February 26, 2023	0.70	244,297	164,343
April 27, 2023	0.70	135,618	26,182
April 27, 2023	1.25	12,500	1,861
March 15, 2023	0.60	31,750	5,600
June 7, 2023	0.62	189,474	56,800
	<b>0.71</b>	<b>1,359,145</b>	<b>\$ 752,129</b>

## CleanGo Innovations Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

#### C. Stock Options

The following table summarizes the continuity of stock options:

	Number of Stock Options	Weighted average exercise price
Balance, December 31, 2021	-	-
Issued to directors, officers, consultants	1,187,500	0.65
Balance, September 30, 2022	1,187,500	0.65

Additional information regarding the outstanding stock options at September 30, 2022 is as follows:

Expiry Date	Exercise Price	Options Outstanding	Remaining Life (Years)	Options Exercisable
January 1, 2027	\$0.65	1,100,000	5	1,100,000
March 15, 2027	\$0.60	87,500	5	87,500
		<b>1,187,500</b>	<b>5</b>	<b>1,187,500</b>

#### 11. 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:

	September 30, 2022	December 31, 2021
Consulting fees	\$ 162,000	\$ 287,995
Legal fees	65,561	127,465
	<b>\$ 227,561</b>	<b>\$ 415,460</b>

Summary of amounts payable to related parties:

	September 30, 2022	December 31, 2021
Directors and officers	\$ 357,137	\$ 272,891
Companies owned by directors	228,694	229,609
Ending balance	\$ 585,831	\$ 502,500
Less amount in accounts payable and accrued liabilities		(26,367)
Less current portion		(476,133)
	<b>\$ -</b>	<b>\$ -</b>

## CleanGo Innovations Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

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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 \$228,694 (2021 - \$209,600) is a US dollar denominated payable in the amount of US \$166,845 (2021 - \$166,845) related to the acquisition of a worldwide licensing agreement in 2014. CleanGo received a waiver subsequent to December 31, 2021 from the company whereby the amount owing will not be called before 2023. Advances from the CEO/director are unsecured and due on demand. CleanGo received a waiver subsequent to December 31, 2021 from the CEO/director whereby \$270,000 of the amount owing will not be called before 2023.

#### 12. REVERSE TAKE-OVER

On November 20, 2020 the Company entered into an Arrangement Agreement (“Arrangement”) with CleanGo GreenGo under which a reverse acquisition transaction (the “Transaction” or “RTO”) was ultimately completed on August 27, 2021. Under the terms of the Arrangement, the Company acquired all of the issued and outstanding common shares of CleanGo GreenGo. Upon closing, former CleanGo GreenGo shareholders held approximately 54% of the outstanding shares of the Company; accordingly, the Transaction is considered to be a reverse acquisition transaction under which CleanGo GreenGo is identified as the accounting acquirer.

Former SoftLab9 Technologies Inc. did not meet the definition of a business under IFRS 3 Business Combinations (“IFRS 3”) prior to the transaction, the future consolidated financial statements of the combined entity will represent the continuation of CleanGo GreenGo. The Transaction is therefore accounted for in accordance with IFRS 2 Share-based Payment (“IFRS 2”)

whereby CleanGo GreenGo is deemed to have issued shares in exchange for the net assets of former SoftLab9 Technologies Inc. at the fair value of the consideration received by CleanGo GreenGo.

As a result of this asset acquisition, a listing expense of \$6,394,123 has been recorded. This reflects the difference between the net assets received and the estimated fair value of consideration given as follows:

		Net assets acquired
Cash	\$	932,303
Accounts receivables		102,734
Loans receivable		971,989
Accounts payable and accrued liabilities		(1,267,494)
Related parties payables		(28,031)
Loans payable		(99,730)
	\$	<b>611,771</b>

  

		Consideration given
Share capital	\$	6,312,718
Reserves for options and warrants assumed		693,176
	\$	<b>7,005,894</b>

In connection with the acquisition, Softlab 9 completed a Private Placement consisting of the issuance of 545,625 Units at a unit price of \$0.40 on August 19, 2021 and 1,954,375 Units at a price of \$0.40 on August 26, 2021. The consideration given was valued at \$0.32 per share price which was based on the value of the common shares within the Units.

The Company had a \$928,526 loan outstanding with SoftLab9 which has been eliminated on completion of the RTO.

## CleanGo Innovations Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

As a condition of the CSE to complete the RTO and adhere to the CSE policy on Builder Shares, related party debt of \$109,510 was settled for common shares, cash capital contribution of \$311,760 and 28,125 shares held by the CEO were cancelled. As a result, share capital increased by \$421,271.

Prior period RTO costs are as per September 2021 published financial statements and do not reflect changes made effective December 31, 2021.

### 13. 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	Nine months ended Sept 30, 2022	Nine months ended Sept 30, 2021
Canada	\$ 90,541	\$ 88,421
US	764	15,473
	\$ 91,305	\$ 103,894

  

Inventory	Sept 30, 2022	December 31, 2021
Canada	\$ 0	\$ 152,367
US	213,856	56,391
	\$ 213,856	\$ 208,757

  

Non-current assets	Sept 30, 2022	December 31, 2021
Canada	\$ 68,512	\$ 85,886
US	361,291	-
	\$ 429,803	\$ 83,490

### 14. LOSS ON DEBT SETTLEMENT

A loss of \$16,050 was recognized in 2022 resulting from the settlement of \$306,224 of debt by issuing shares. Details of this transaction are as follows:

	Number	Value
Common shares issued Q1 2022	215,159	\$ 129,095
Warrants issued Q1 2022	31,750	\$ 5,600
Common shares issued Q2 2022	378,947	\$ 151,579
Warrants issued Q2 2022	189,474	\$ 36,000
<b>Total</b>		<b>\$ 322,274</b>

## 15. OTHER INCOME

After discussions with our external auditors and corporate council, payables related to Soflab subsidiaries were written off in June 2022

## 16. 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, 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.

## 17. 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

Trade receivables, other receivables, accounts payable and accrued liabilities, loan from SoftLab and related party payables approximate their fair value due to their short-term maturities. Cash under the fair value hierarchy are based on Level 1 quoted prices in active markets for identical assets or liabilities. Fair value of the Government loan 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.

**CleanGo Innovations Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
For the three and nine months ended September 30, 2022 and 2021  
(Unaudited - Expressed in Canadian dollars)

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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:

	<b>Sept 30, 2022</b>	December 31, 2021
Cash	\$ 13,855	\$ 4,413
Trade receivables	\$ 794	\$ 52
Accounts payable and accrued liabilities	\$ (22,086)	\$ (6,379)
Related party payables	\$ (228,694)	\$ (210,775)

As at September 30, 2022, 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 \$32,366 (as at December 31, 2021 \$26,965) due to the fluctuation, and this would be recorded in the consolidated statements of loss and comprehensive loss.

**(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 is not exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates as its loans are non-interest bearing.

**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, however there was a \$10,800 provision taken in 2021 and a \$70,647 provision taken in 2020 which was primarily related to royalties owed from a new US customer who was to have white labeled the Company's product and sold it through their distribution network.

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 September 30, 2022, the Company's cash balance of \$61,743 (\$295,750 at Dec 31, 2021) is unable to settle current liabilities of \$1,385,492 (\$1,440,670 at December 31, 2021). 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 increase revenue and/or additional equity or debt financings.



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

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

**18. SUPPLEMENTARY CASH FLOW INFORMATION**

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

	Nine months ended Sept 30, 2022	Nine months ended Sept 30, 2021
Changes in non-cash working capital:	\$	\$
Trade and other receivables	(5,063)	(249,984)
Related party loan		(119,920)
Deposits and prepaid expenses	(5,137)	2,422
Inventory	(5,099)	(21,913)
Accounts payable and accrued liabilities	181,690	1,096,861
Related party payables	109,698	(52,607)
Loan payable		(798,696)
Non-cash working capital deficiency acquired		(362,783)
	\$ 276,090	\$ (506,620)

**19. COMPARATIVE FIGURES**

Certain of the comparative figures at September 30, 2021 and December 31, 2021 have been reclassified to conform with the current year's presentation.