# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **March 31, 2024**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________

Commission File Number: 001-41654

# CLEAN ENERGY TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

| **Nevada** | **20-2675800** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**1340 Reynolds Avenue Unit 120, Irvine, California 92614**
(Address of principal executive offices)

**(949) 273-4990**
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $0.001 | CETY | Nasdaq |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ |
| Non-accelerated filer ☒ | Smaller reporting company ☒ |
| | Emerging Growth Company ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of May 20, 2024, there were 42,929,748 shares of the Registrant's common stock, par value $0.001 per share, issued and outstanding.

**CLEAN ENERGY TECHNOLOGIES, INC.**
**(A Nevada Corporation)**

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(Expressed in US dollars)
March 31, 2024 (unaudited)

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**Clean Energy Technologies, Inc.**
Consolidated Balance Sheets
(Unaudited)

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| **Assets** | | |
| **Current Assets:** | | |
| Cash | $ 289,481 | $ 89,625 |
| Accounts receivable - net | 1,126,528 | 1,102,386 |
| Accounts receivable – Related Party | 660,464 | 491,774 |
| Advance to Supplier - Prepayment | 905,693 | 1,048,630 |
| Deferred Offering Costs | 22,750 | 11,000 |
| Investment Heze Honguan Natural Gas Co. | 749,821 | 762,273 |
| Loan Receivables | 3,246 | 200,826 |
| Investment to Guangyuan Shuxin New Energy Co. | 281,432 | 286,106 |
| Inventories, net | 656,537 | 666,413 |
| Total Current Assets | 4,695,952 | 4,659,033 |
| Long-Term Assets: | | |
| Property and Equipment - Net | 4,204 | 4,530 |
| Goodwill | 747,976 | 747,976 |
| LWL Intangibles | 1,468,709 | 1,468,709 |
| Investment to Shuya | 399,993 | - |
| Long-term financing receivables - net | 902,354 | 902,354 |
| License | 354,322 | 354,322 |
| Patents | 88,848 | 91,817 |
| Right -of - use asset | 294,955 | 245,975 |
| Other assets | 71,976 | 67,133 |
| Total Long-Term Assets | 4,333,337 | 3,882,816 |
| Assets from discontinued operations | - | 2,386,762 |
| **Total Assets** | $ 9,029,289 | $ 10,928,611 |
| **Liabilities and Stockholders' Equity** | | |
| **Current Liabilities:** | | |
| Accounts payable | $ 880,426 | $ 506,535 |
| Accounts payable – Related Party | - | 87,420 |
| Accrued expenses | 211,164 | 451,285 |

| | | |
|---|---|---|
| Customer deposits | 119,121 | 165,236 |
| Warranty liability | 100,000 | 100,000 |
| Deferred revenue | 33,000 | 33,000 |
| Facility lease liability - current | 172,029 | 117,606 |
| Line of credit | 635,200 | 626,033 |
| Related party note payable | 40,000 | - |
| Convertible notes payable - net | 2,180,119 | 1,934,956 |
| Total Current Liabilities | 4,371,059 | 4,022,071 |
| **Long-Term Liability:** | | |
| Facility lease liability - non-current | 125,316 | 128,480 |
| Accrued dividend | 117,928 | 47,904 |
| Total Long-Term Liability | 243,244 | 176,384 |
| Liabilities from discontinued operations | - | 860,958 |
| **Total Liabilities** | 4,614,303 | 5,059,413 |
| **Stockholders' Equity** | | |
| Common stock, $.001 par value; 2,000,000,000 shares authorized; 42,550,948 and 39,152,455 issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | 42,551 | 39,152 |
| 15% Series E Convertible preferred stock, $ .001 par value; 3,500,000 shares authorized; 1,634,209 shares issued and outstanding as of March 31, 2024 and 2,199,387 outstanding as of and December 31, 2023, respectively | 1,634 | 2,199 |
| Additional paid-in capital | 29,085,265 | 28,251,621 |
| Accumulated other comprehensive income | (240,877) | (196,827) |
| Accumulated deficit | (24,473,587) | (22,984,163) |
| Total Stockholders' Equity attributable to Clean Energy Technologies, Inc. | 4,414,986 | 5,111,982 |
| Non-controlling interest | - | 757,216 |
| Total Stockholders' Equity | 4,414,986 | 5,869,198 |
| **Total Liabilities and Stockholders' Equity** | $ 9,029,289 | $ 10,928,611 |

The accompanying footnotes are an integral part of these unaudited consolidated financial statements



**Clean Energy Technologies, Inc.**
Consolidated Statements of Operations
for the three months ended March 31, 2024 and 2023 (Unaudited)

| | 2024 | 2023 |
|---|---|---|
| Sales | $ 1,315,037 | $ 551,869 |
| Sales – related party | 197,989 | - |
| Total sales | 1,513,026 | 551,869 |
| Cost of goods sold | 1,260,021 | 532,382 |
| Gross profit | 253,005 | 19,487 |
| Operating expenses: | | |
| General and administrative expense | 218,658 | 83,267 |
| Salaries | 511,111 | 158,557 |
| Travel | 29,652 | 71,662 |
| Professional fees legal & accounting | 199,053 | 88,210 |
| Facility lease and maintenance | 71,275 | 122,779 |
| Consulting engineering | 41,208 | 167,683 |
| Depreciation and amortization | 2,969 | 5,949 |
| Total operating expenses | 1,073,926 | 698,107 |
| Operating loss | (820,921) | (678,620) |
| Other income (expense) | - | 79,082 |
| Change in derivative liability | - | 326,539 |
| Other loss – deconsolidation of shuya | (303,286) | |
| Interest and financing fees | (295,193) | (837,391) |
| Total loss | (1,419,400) | (1,110,390) |
| Income tax expense | - | - |
| Net (loss) before noncontrolling interest from continuing operations | (1,419,400) | (1,110,390) |
| Net profit before noncontrolling interest from discontinued operations | - | 74,555 |
| Net loss attributable to non-controlling interest from continuing operation | - | - |
| Net profit attributable to non-controlling interest from discontinued operation | - | (38,023) |
| Net (loss) attributable to Clean Energy Technologies, Inc. from continuing operation | (1,419,400) | (1,110,390) |
| Net profit attributable to Clean Energy Technologies, Inc. from discontinued operation | - | (36,532) |
| Net (loss) attributable to Clean Energy Technologies, Inc. | (1,419,400) | (1,073,858) |
| Accumulative other comprehensive (loss) | | |
| Foreign currency translation (loss) | (44,050) | (9,613) |
| Total other comprehensive (loss) | $ (1,463,450) | (1,064,246) |
| Basic and diluted weighted average number of common shares outstanding | 40,143,893 | 37,255,674 |

| | | |
|---|---|---|
| Net (loss) per common share basic and diluted | $ (0.04) | (0.03) |

The accompanying footnotes are an integral part of these unaudited consolidated financial statements



**Clean Energy Technologies, Inc.**
Consolidated Statements of Stockholders' Equity
for the three months ended March 31, 2024 and 2023 (Unaudited)

| Description | Common Stock .001 Par Shares | Common Stock .001 Par Amount | Preferred Stock Shares | Preferred Stock Amount | Common Stock to be issued Amount | Additional Paid in Capital | Subscription Interest | Accumulated Comprehensive Income | Accumulated Deficit | Non Controlling interest | Stock holders' Deficit/equity Totals |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **December 31, 2022** | 37,174,879 | 37,175 | - | - | - | 19,278,230 | | (160,673) | (17,276,536) | - | 1,878,196 |
| Warrants issued in conjunction for debt | | | | | | 609,619 | | | | | 609,619 |
| Warrants issued for services | | | | | | 76,100 | | | | | 76,100 |
| Shares issued for S1 | 975,000 | 975 | | | | 3,899,025 | | | | | 3,900,000 |
| Offering costs | | | | | | (753,781) | | | | | (753,781) |
| Shares issued for rounding | 3,745 | 4 | | | | (4) | | | | | - |
| Shares for Pacific Pier and Firstfire conversion | 64,225 | 64 | | | | (68) | | | | | (4) |
| Shares issued for Universal Scope Conversion | 277,604 | 278 | | | | 665,972 | | | | | 666,250 |
| Currency translation adjustments | | | | | | | | 9,613 | | | 9,613 |
| Non controlling interest ownership | | | | | | | | | | 650,951 | 650,951 |
| Net Loss | | | | | | | | | (1,073,858) | 38,023 | (1,035,835) |
| **March 31, 2023** | 38,495,453 | 38,496 | - | - | - | 23,775,093 | | (151,060) | (18,350,396) | 688,974 | 6,001,109 |

| Description | Common Stock .001 Par Shares | Common Stock .001 Par Amount | Preferred Stock Shares | Preferred Stock Amount | Common Stock to be issued Amount | Additional Paid in Capital | Accumulated Comprehensive Income | Accumulated Deficit | Non Controlling interest | Stock holders' Deficit/equity Totals |
|---|---|---|---|---|---|---|---|---|---|---|
| **December 31, 2023** | 39,152,455 | 39,152 | 2,199,387 | 2,199 | - | 28,251,621 | (196,827) | (22,984,163) | 757,216 | 5,869,198 |
| Shares issued for stock compensation | 15,000 | 15 | - | - | - | 9,435 | - | - | - | 9,450 |
| Shares issued for debt inducement | 50,000 | 50 | - | - | - | 45,447 | - | - | - | 45,497 |
| Shares issued for subscription | 2,000,001 | 2,000 | - | - | - | 898,000 | - | - | - | 900,000 |
| Shares issued for series E preferred conversion | 1,333,492 | 1,334 | (565,178) | (565) | - | (768) | - | - | - | - |
| Currency translation adjustments | - | - | - | - | - | - | (44,050) | - | - | (44,050) |
| Non controlling interest ownership | - | - | - | - | - | - | - | - | (757,216) | (757,216) |
| Accrued Series E preferred dividend | - | - | - | - | - | - | - | (70,024) | - | (70,024) |
| Subscription receivable | - | - | - | - | - | (118,470) | - | - | - | (118,470) |
| Net Loss | - | - | - | - | - | - | - | (1,419,400) | - | (1,419,400) |
| **March 31, 2024** | 42,550,948 | 42,551 | 1,634,209 | 1,634 | - | 29,085,265 | (240,877) | (24,473,587) | - | 4,414,986 |

The accompanying footnotes are an integral part of these unaudited consolidated financial statements



**Clean Energy Technologies, Inc.**
Consolidated Statements of Cash Flows
for the three months ended March 31, 2024 and 2023 (Unaudited)

| | 2024 | 2023 |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Net Loss from continuing operation | $ (1,419,400) | $ (1,110,390) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 3,222 | 10,339 |
| Other loss from deconsolidation of shuya | 303,286 | - |
| Stock compensation expense | 9,450 | - |
| Stock issued for stock inducement | 45,497 | - |
| Amortization of debt discount | 23,352 | 470,038 |
| Attributable income per equity method - Shuya | (38,378) | - |
| Warrant issued | | 76,100 |
| Financing fees | - | 67,111 |
| Change in derivative liability | - | (326,539) |
| Changes in operating assets and liabilities: | | |
| Right – of - use asset | (49,324) | 62,502 |
| Lease liabilities | 51,585 | (61,546) |
| Accounts receivable | (24,142) | 442,088 |
| Accounts receivable – related party | (168,691) | - |
| Interest receivable | - | - |
| Prepaid expenses | 212,296 | 147,054 |
| Other assets | 32,933 | 230,577 |
| Decrease in inventory | (109,028) | (244,972) |
| Accounts payable | 346,348 | (277,082) |

| | | |
|---|---|---|
| Accrued interest | 64,638 | 33,953 |
| Accrued expenses | (85,262) | (482,559) |
| Customer deposits | (70,018) | 334,891 |
| Net cash used in continuing operations | (871,636) | (628,435) |
| Net cash used in discontinued operations | - | (12,657) |
| Net cash used in operating activities | (871,636) | (641,092) |
| **Cash flows from investing activities** | | |
| Investment in Heze Hongyuan | - | (76,203) |
| Loan receivables | 83,460 | 116,000 |
| Net cash provided by continuing operations | 83,460 | 39,797 |
| Net cash provided by discontinued operations | - | - |
| Net cash flows provided by investing activities | 83,460 | 39,797 |
| **Cash flows from financing activities** | | |
| Proceeds from notes payable and lines of credit | 556,250 | 926,920 |
| Payments on notes payable and line of credit | (349,908) | (970,724) |
| Stock issued for cash | 781,529 | 3,145,244 |
| Net cash provided by continuing operations | 987,871 | 3,101,440 |
| Net cash provided by discontinued operations | - | 146,100 |
| Net cash flows provided by financing activities | 987,871 | 3,247,540 |
| Effect of currency exchange rate changes on cash | 161 | 63,313 |
| Net increase in cash and cash equivalents | 199,856 | 2,709,557 |
| Cash and cash equivalents at beginning of period | 89,625 | 149,272 |
| **Cash and cash equivalents at end of period** | $ 289,481 | $ 2,858,829 |
| **Supplemental cashflow information:** | | |
| Interest paid | $ - | $ 837,391 |
| Taxes paid | $ - | $ - |
| **Supplemental non-cash disclosure** | | |
| Discount on new notes | $ - | $ 184,200 |
| Shares issued for preferred conversions | $ 1,333 | $ - |
| Dividend accrued | $ 70,023 | $ - |
| Warrants issued in conjunction for convertible notes payable | $ - | $ 609,617 |
| Universal convertible note issuance | $ - | $ 666,038 |

The accompanying footnotes are an integral part of these unaudited consolidated financial statements



**Clean Energy Technologies, Inc.**
**Notes to Consolidated Financial Statements (Unaudited)**

**NOTE 1 – GENERAL**

These unaudited interim consolidated financial statements as of and for the three months ended March 31, 2024, reflect all adjustments which, in the opinion of management, are necessary to fairly state the Company's financial position and the results of its operations for the periods presented, in accordance with the accounting principles generally accepted in the United States of America. All adjustments are of a normal recurring nature.

These unaudited interim consolidated financial statements should be read in conjunction with the Company's financial statements and notes thereto included in the Company's fiscal year end December 31, 2023 report. The Company assumes that the users of the interim financial information herein have read, or have access to, the audited financial statements for the preceding period, and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. The results of operations for the three months ended March 31, 2024 are not necessarily indicative of results for the entire year ending December 31, 2024.

The summary of significant accounting policies of Clean Energy Technologies, Inc. is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

**Corporate History**

We were incorporated in California in July 1995 under the name Probe Manufacturing Industries, Inc. We redomiciled to Nevada in April 2005 under the name Probe Manufacturing, Inc. We manufactured electronics and provided services to original equipment manufacturers (OEMs) of industrial, automotive, semiconductor, medical, communication, military, and high technology products. On September 11, 2015 Clean Energy HRS, or "CE HRS", our wholly owned subsidiary acquired the assets of Heat Recovery Solutions from General Electric International. In November 2015, we changed our name to Clean Energy Technologies, Inc.

Our principal executive offices are located at 1340 Reynolds Avenue, Irvine, CA 92614. Our telephone number is (949) 273-4990. Our common stock is listed on the Nasdaq Capital Market under the symbol "CETY."

Our internet website address is www.cetyinc.com. The information contained on our website is not incorporated by reference into this document, and you should not consider any information contained on, or that can be accessed through, our website as part of this document.

The Company has four reportable segments: Clean Energy HRS (HRS) & CETY Europe, CETY Renewables waste to energy, and engineering & manufacturing services, and CETY HK NG trading.

**Going Concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the normal course of business. The Company had a total stockholder's equity of $4,414,986 and a working capital of $ 324,893 as of March 31, 2024. The company also had an accumulated deficit of $24,473,587 as of March 31, 2024. Therefore, there is substantial doubt about the ability of the Company to continue as a going concern. There can be no assurance that the Company will achieve its goals and reach profitable operations and is still dependent upon its ability (1) to obtain sufficient debt and/or equity capital and/or (2) to generate positive cash flow from operations.

**Plan of Operation**

CETY is a rising leader in the zero-emission revolution by providing eco-friendly energy solutions, clean energy fuels, and alternative electric power for small to mid-sized projects across North America, Europe, and Asia. The company harnesses the power of heat and biomass to produce electricity with zero emissions and minimal cost. Additionally, the company offers Waste to Energy Solutions, converting waste materials from manufacturing, agriculture, and wastewater treatment plants into electricity and BioChar. Clean Energy Technologies also provides Engineering, Consulting, and Project Management Solutions, leveraging its expertise to develop clean energy projects for both municipal and industrial customers, as well as Engineering, Procurement, and Construction (EPC) companies.

**Our principal businesses**

**Heat Recovery Solutions** – Clean Energy Technologies patented Clean Cycle Generator (CCG) is a heat recovery system that captures waste heat from various sources and converts it into electricity. This system can be integrated into various industrial processes, helping to reduce energy costs and carbon emissions.

**Waste to Energy Solutions** - Clean Energy Technologies' waste to energy solutions involve converting organic waste materials, such as agricultural waste and food waste, into clean energy through its proprietary gasification technology that produce a range of products, including electricity, heat, and biochar.

**Engineering, Consulting and Project Management Solutions** – Clean Energy Technologies offers engineering and manufacturing services to help clients bring their sustainable energy products to market. This includes design, prototyping, testing, and production services. Clean Energy Technologies' expertise in engineering and manufacturing enables it to provide customized solutions to meet clients' specific needs.

**Clean Energy Technologies (H.K.) Limited ("CETY HK")** consists of two business ventures in mainland China:(i) our natural gas ("NG") trading operations sourcing and suppling NG to industries and municipalities. NG is principally used for heavy truck refueling stations and urban or industrial users. We purchase large quantities of NG from large wholesale NG depots at fixed prices which are prepaid for in advance at a discount to the market. We sell the NG to our customers at fixed prices or prevailing daily spot prices for the duration of the contracts

**NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :**

The summary of significant accounting policies of Clean Energy Technologies, Inc. (formerly Probe Manufacturing, Inc.) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

The consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates may be materially different from actual financial results. Significant estimates include the recoverability of long-lived assets, the collection of accounts receivable and valuation of inventory and reserves.



**Cash and Cash Equivalents**

We maintain the majority of our cash accounts at JP Morgan Chase bank. The total cash balance is insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000, (which we may exceed from time to time) per commercial bank. For the purpose of the statement of cash flows we consider all cash and highly liquid investments with initial maturities of one year or less to be cash equivalents.

**Accounts Receivable**

Our ability to collect receivables is affected by economic fluctuations in the geographic areas and industries served by us. Reserves for un-collectable amounts are provided, based on past experience and a specific analysis of the accounts. Although we expect to collect amounts due, actual collections may differ from the estimated amounts. As of March 31, 2024, and December 31, 2023, we had a reserve for potentially un-collectable accounts receivable of $95,000. Our policy for reserves for our long-term financing receivables is determined on a contract-by-contract basis and considers the length of the financing arrangement. As of March 31, 2024, and December 31, 2023, we had a reserve for potentially un-collectable long-term financing receivables of $247,500.

Eight customers accounted for approximately 98% of accounts receivable on March 31, 2024. Our trade accounts primarily represent unsecured receivables. Historically, our bad debt write-offs related to these trade accounts have been insignificant.

**Inventory**

Inventories are valued at the lower of weighted average cost or market value. Our industry experiences changes in technology, changes in market value and availability of raw materials, as well as changing customer demand. We make provisions for estimated excess and obsolete inventories based on regular audits and cycle counts of our on-hand inventory levels and forecasted customer demands and at times additional provisions are made. Any inventory write offs are charged to the reserve account. As of March 31, 2024 we had a reserve of $934,344 as compared to a reserve of $ 934,344 as of December 31, 2023.

**Property and Equipment**

Property and equipment are recorded at cost. Assets held under capital leases are recorded at lease inception at the lower of the present value of the minimum lease payments or the fair market value of the related assets. The cost of ordinary maintenance and repairs is charged to operations. Depreciation and amortization are computed on the straight-line method over the following estimated useful lives of the related assets:

| | |
|---|---|
| Furniture and fixtures | 3 to 5 years |



**Long – Lived Assets**

Long-lived assets, which include property, plant and equipment and intangible assets with finite lives, and operating lease right-of-use assets, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

Recoverability of long-lived assets to be held and used is measured by comparing the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. The Company conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, "Impairment or Disposal of Long-Lived Assets." ASC 360-10-15 requires the Company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group asset group exceeds its fair value based on discounted cash flow analysis or appraisals. There was no impairment of long-lived assets for the periods ended March 31, 2024 and 2023.

**Revenue Recognition**

The Company recognizes revenue under ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606),"* ("ASC 606").

*Performance Obligations Satisfied Over Time*

*FASB ASC 606-10-25-27 through 25-29, 25-36 through 25-37, 55-5 through 55-10*

An entity transfers control of a good or service over time and satisfies a performance obligation and recognizes revenue over time if one of the following criteria is met:

a. The customer receives and consumes the benefits provided by the entity's performance as the entity performs (as described in FASB ASC 606-10-55-5 through 55-6).
b. The entity's performance creates or enhances an asset (for example, work in process) that the customer controls as the asset is created or enhanced (as described in FASB ASC 606-10-55-7).
c. The entity's performance does not create an asset with an alternative use to the entity (see FASB ASC 606-10-25-28), and the entity has an enforceable right to payment for performance completed to date (as described in FASB ASC 606-10-25-29).



*Performance Obligations Satisfied at a Point in Time*

*FASB ASC 606-10-25-30*

If a performance obligation is not satisfied over time, the performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation, the entity should consider the guidance on control in FASB ASC 606-10-25-23 through 25-26. In addition, it should consider indicators of the transfer of control, which include, but are not limited to, the following:

a. The entity has a present right to payment for the asset
b. The customer has legal title to the asset
c. The entity has transferred physical possession of the asset
d. The customer has the significant risks and rewards of ownership of the asset
e. The customer has accepted the asset

The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods and services transferred to the customer. In addition, a) the company also does not have an alternative use for the asset if the customer were to cancel the contract, and b) has a fully enforceable right to receive payment for work performed (i.e., customers are required to pay as various milestones and/or timeframes are met)

The following five steps are applied to achieve that core principle for our HRS and Cety Europe Divisions:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when the company satisfies a performance obligation

The following steps are applied to our legacy engineering and manufacturing division:

- We generate a quotation

- We receive Purchase orders from our customers.

- We build the product to their specification
- We invoice at the time of shipment
- The terms are typically Net 30 days

The following step is applied to our CETY HK business unit:

- CETY HK is primarily responsible for fulfilling the contract / promise to provide the specified good or service.

*A principal obtains control over any one of the following (ASC 606-10-55-37A):*

a. A good or another asset from the other party which the entity then transfers to the customer. Note that momentary control before transfer to the customer may not qualify.
b. A right to a service to be performed by the other party, which gives the entity the ability to direct that party to provide the service to the customer on the entity's behalf.
c. A good or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer.

If the entity obtains control over one of the above before the good or service is transferred to a customer, the entity could be considered a principal.



Additionally, the above five steps are applied to achieve core principle for our CETY Renewables Division:

Because the CETY Renewables division is presently engaged in the Engineering, Procurement, and Construction (EPC) of biomass power facilities, CETY Renewables has developed a process of executing EPC Agreements with customers for this work. In contracting these engagements, CETY Renewables recognizes revenue according to accounting standards in accordance with ASC 606.

In recognizing this revenue, CETY Renewables first identifies the relevant contract with its customer according to 606-10-25-1.

- The entities, together known as the Parties, approved the contract in writing, through signatures and commitment to the performance of permitting, design, procurement, construction, and commissioning.

- CETY's work product includes permits, engineering designs, equipment, and full balance of plant specific to permitting, design, procurement, construction, and commissioning.

- CETY and customer agree to a total EPC contract price.

- The contract has commercial substance. The risk associated with this EPC Agreement is that payment of the EPC contract price.

- Per the EPC Agreement, CETY expects to collect substantially all of the consideration for its goods and services.

Secondly, CETY identifies the performance obligations of the Parties in performance of the EPC Agreement in accordance with 606-10-25-14. At contract inception, CETY assesses the goods and services necessary to deliver the facility in accordance with its agreement with clients. The agreement specifically laid out all deliverables necessary to achieve the permitting, design, procurement, construction, and commissioning.

CETY also looks at 606-10-25-14(A). A bundle of goods or services is also present, in that CETY is delivering all work products associated with permitting, design, procurement, construction and commissioning of a commercially operable biomass power plant. A biomass power plant is a distinct bundle of goods or services, so the individual goods or services on their own do not lend themselves to a fully integrated or functional system.

CETY in accordance with 606-10-32-1, CETY reviews measurement of the performance obligations. There is no exclusion of any amount of the Contract Price due to constraints associated with 606-10-31-11 through 606-10-32-13.

In review of 606-10-32-2A, CETY did not exclude measurement from the measurement of the transaction price any taxes assessed by a government authority as no such taxes will be due.

In reviewing 606-10-32-3, CETY evaluated the nature, timing, and amount of consideration promised, and whether it impacts the estimate of the transaction price.

Finally, in identifying a single method of measuring progress for each performance obligation satisfied over time, in accordance with 606-10-25-32, CETY applies the methodology of 606-10-25-36. CETY adopted and implemented the input method for revenue recognition in accordance with ASC 606-10-25-33. The company adopts the input method for implementation. CETY recognizes revenue for performance obligations on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation per 606-10-55-20.

For CETY, the contracts with clients for the construction of biomass power plants are the basis for revenue recognition. In each separate EPC Agreement, the performance obligations include permitting, design, procurement, construction, and commissioning of the plant. All of these work products satisfy Section 606-10-25-27(b) as these work products create or enhance an asset under customer's control. Upon delivery of the work product, the customer takes control of the work products and has full right and ability to direct the use of and obtain substantially all of the remaining benefits of the assets. We recognize revenue over time, using timeline and milestone methods to measure progress towards complete satisfaction of the performance obligation.

During the complexity and duration of the biomass power plant construction projects, CETY will recognize revenue over time, consistent with the criteria for over-time recognition under ASC 606. This approach reflects the continuous transfer of documents, permits, and the equipment over to the customer, which is characteristic of long-term construction contracts.

We have a list of appropriate measures of progress: This is based on milestones achieved, among other measures.

Given the long-term nature of the projects, CETY regularly reviews and, if necessary, updates its estimates of progress towards completion, transaction price, and the allocation of the transaction price to performance obligations.

Also, from time to time our contracts state that the customer is not obligated to pay a final payment until the units are commissioned, i.e. a final payment of 10%. As of December 31, 2023 and March 31,2024 we had $ 33,000 and 33,000 of deferred revenue, which is expected to be recognized in the second quarter of year 2024.

Also from time to time we require upfront deposits from our customers based on the contract. As of March 31,2024, and December 31, 2023 and, we had outstanding customer deposits of $119,121 and $165,236 respectively.

**Fair Value of Financial Instruments**

The Financial Accounting Standards Board issued ASC (Accounting Standards Codification) 820-10 (SFAS No. 157), “Fair Value Measurements and Disclosures” for financial assets and liabilities. ASC 820-10 provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements. FASB ASC 820-10 defines fair value as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs, where available. The following summarizes the three levels of inputs required by the standard that the Company uses to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Company’s derivative liabilities have been valued as Level 3 instruments. We value the derivative liability using a lattice model, with a volatility of 56% and using a risk free interest rate of 0.15%

The Company’s financial instruments consist of cash, prepaid expenses, inventory, accounts payable, accrued expenses, and convertible notes payable. The estimated fair value of cash, prepaid expenses, investments, accounts payable, accrued expenses and convertible notes payable approximate their carrying amounts due to the short-term nature of these instruments.

**Foreign Currency Translation and Comprehensive Income (Loss)**

We have no material components of other comprehensive income (loss) and accordingly, net loss is equal to comprehensive loss in all periods. The accounts of the Company’s Chinese entities are maintained in RMB. The accounts of the Chinese entities were translated into USD in accordance with FASB ASC Topic 830 “Foreign Currency Matters.” All assets and liabilities were translated at the exchange rate on the balance sheet date; stockholders’ equity is translated at historical rates and the statements of operations and cash flows are translated at the weighted average exchange rate for the period. The resulting translation adjustments are reported under other comprehensive income (loss) in accordance with FASB ASC Topic 220, “Comprehensive Income.” Gains and losses resulting from foreign currency transactions are reflected in the statements of operations.



The Company follows FASB ASC Topic 220-10, “Comprehensive Income (loss).” Comprehensive income (loss) comprises net income (loss) and all changes to the statements of changes in stockholders’ equity, except those due to investments by stockholders, changes in additional paid-in capital and distributions to stockholders.

**Change from fair value or equity method to consolidation**

In July 2022, JHJ and other three shareholders agreed to form and make total capital contribution of RMB 20 million ($2.81 million) with latest contribution due date in February 2066 into Sichuan Hongzuo Shuya Energy Limited (“Shuya”), JHK owns 20% of Shuya. In August 2022, JHJ purchased 100% ownership of Sichuan Shunengwei Energy Technology Limited (“SSET”) for $0, who owns 29% of Shuya; Shunengwei is a holding company and did not have any operations nor made any capital contribution into Shuya as of the ownership purchase date by JHJ; right after the ownership purchase of SSET, JHJ ultimately owns 49% of Shuya.

Shuya was set up as the operating entity for pipeline natural gas (PNG) and compressed natural gas (CNG) trading business, while the other two shareholders of Shuaya have large supply relationships.

For the year ended December 31, 2022, the Company has determined that Shuya was not a VIE and has evaluated its consolidation analysis under the voting interest model. Because the Company does not own greater than 50% of the outstanding voting shares, either directly or indirectly, it has accounted for its investment in Shuya under the equity method of accounting. Under this method, the investor (“JHJ”) recognizes its share of the profits and losses of the investee (“Shuya”) in the periods when these profits and losses are also reflected in the accounts of the investee. Any profit or loss recognized by the investing entity appears in its income statement. Also, any recognized profit increases the investment recorded by the investing entity, while a recognized loss decreases the investment.

JHJ made a investment of RMB 3.91 million ($0.55 million) into Shuya during the 12 months ended December 31, 2022 recorded in accordance with ASC 323. Shuya had a net loss of approximately $10,750 during the year ending December 31, 2022, of which approximately $ 5,000 was allocated to the company, reducing the investment by that amount.

However, effective January 1, 2023, JHJ, SSEN and Chengdu Xiangyueheng Enterprise Management Co., Ltd (“Xiangyueheng), who is the 10% shareholder of Shuya, entered a Three-Parties Consistent Action Agreement, wherein these three shareholders (or three parties) will guarantee that the voting rights will be expressed in the same way at the shareholders’ meeting of Shuya to consolidate the controlling position of the three parties in Shuya. The three parties agree that within the validity period of this agreement, before the party intends to propose the motions to the shareholders or the board of directors on the major matters related to the voting rights of the shareholders or the board of directors, the three parties internally will discuss, negotiate and coordinate the motion topics for consistency; in the event of disagreement, the opinions of JHJ shall prevail.

As a result of Consistent Action Agreement, the Company re-analyzed and determined that Shuya is the variable interest entity (“VIE”) of JHJ because 1) the equity investors at risk, as a group, lack the characteristics of a controlling financial interest, and 2) Shuya is structured with disproportionate voting rights, and substantially all of the activities are conducted on behalf of an investor with disproportionately few voting rights. Under ASC 810, a reporting entity has a controlling financial interest in a VIE, and must consolidate that VIE, if the reporting entity has both of the following characteristics: (a) the power to direct the activities of the VIE that most significantly affect the VIE’s economic performance; and (b) the obligation to absorb losses, or the right to receive benefits, that could potentially be significant to the VIE. The Company concluded JHJ is deemed the primary beneficiary of the VIE. Accordingly, the Company consolidates Shuya effective on January 1, 2023.

The change of control interest was accounted for using the acquisition method of accounting in accordance with Accounting Standards Codification, referred to as ASC, 805, Business Combinations. The management determined that the Company was the acquiror for financial accounting purposes. In identifying the Company as the accounting acquiror, the companies considered the structure of the transaction and other actions contemplated by the Three-Parties Consistent Action Agreement, relative outstanding share ownership and market values, the composition of the combined company’s board of directors, the relative size of Shuya, and the designation of certain senior management positions of the combined company.

In accordance with ASC 805, the Company recorded the acquisition based on the fair value of the consideration transferred and then allocated the purchase price to the identifiable assets acquired and liabilities assumed based on their respective fair values as of the Acquisition Date. The excess of the value of consideration transferred over the aggregate fair value of those net assets was recorded as goodwill. Any identified definite lived intangible assets will be amortized over their estimated useful lives and any identified intangible assets with indefinite useful lives and goodwill will not be amortized but will be tested for impairment at least annually. All intangible assets and goodwill will be tested for impairment when certain indicators are present. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates including the selection of valuation methodologies, estimates of future revenues and cash flows, discount rates, and selection of comparable companies. The valuation of purchase considerations was based on preliminary estimates that management believes are reasonable under the circumstances.

As the Consistent Action Agreement did not quantify any considerations to gain the control, the deemed consideration paid is the fair value of 51% non-controlling interest as of January 1, 2023. The following table summarizes the fair value of the consideration paid and the fair value of assets acquired and liabilities assumed on January 1, 2023, the acquisition date.

| | | |
|---|---|---|
| Fair value of non-controlling interests | $ | 650,951 |
| Fair value of previously held equity investment | | 556,096 |
| **Subtotal** | $ | 1,207,047 |
| Recognized value of 100% of identifiable net assets | | (1,207,047) |
| **Goodwill Recognized** | $ | - |
| **Recognized amounts of identifiable assets acquired and liabilities assumed (preliminary):** | | |
| Inventories | $ | 516,131 |
| Cash and cash equivalents | | 50,346 |
| Trade and other receivables | | 952,384 |
| Advanced deposit | | 672,597 |
| Net fixed assets | | 6,704 |
| Trade and other payables | | (1,021,897) |
| Advanced payments | | (5,317) |
| Salaries and wages payables | | (4,692) |
| Other receivable | | 40,791 |
| **Total identifiable net assets** | $ | 1,207,047 |

Under ASC-805-10-50-2, initial consolidation of an investee previously reported using fair value or the equity method should be accounted for prospectively as of the date the entity obtained a controlling financial interest. Therefore, the Company should provide pro forma information as if the consolidation had occurred as of the beginning of each of the current and prior comparative reporting period per

On January 1, 2024, and effective on the same date, JHJ, SSET and Xiangyueheng entered into the Agreement on the Termination of the Concerted Action Agreement (the “Termination Agreement”), pursuant to which the parties released each other from any and all obligations under the CAA. Due to the Termination Agreement, the Company now holds less than 50% of the voting rights in Shuya. The Company analyzed whether Shuya should be consolidated under ASC 810 and determined Shuya is no longer required to be consolidated on January 1, 2024 after the execution of the Termination Agreement. Accordingly, the Company will not consolidate Shuya into its consolidated financial statements on or after January 1, 2024.



**Net (Loss) per Common Share**

Basic (loss) per share is computed on the basis of the weighted average number of common shares outstanding. At March 31, 2024, we had outstanding common shares of 40,143,893. Basic Weighted average common shares and equivalents for the three months ended March 31, 2024, and March 31, 2023 were 42,550,948 and 37,255,674 respectively. As of March 31, 2024, we had convertible notes, convertible into approximately 2,659,288 of additional common shares and outstanding warrants of 2,099,352 shares. Fully diluted weighted average common shares and equivalents were withheld from the calculation for the three months ended March 31, 2024, and March 31, 2023 as they were considered anti-dilutive.

**Research and Development**

We had no amounts of research and development (R&D) expense during the three months ended March 31, 2024, and 2023.

**Segment Disclosure**

FASB Codification Topic 280, *Segment Reporting*, establishes standards for reporting financial and descriptive information about an enterprise’s reportable segments. The Company has four reportable segments: Clean Energy HRS (HRS), CETY Europe, CETY HK and engineering & manufacturing services division. The segments are determined based on several factors, including the nature of products and services, the nature of production processes, customer base, delivery channels and similar economic characteristics. Refer to note 1 for a description of the various product categories manufactured under each of these segments.

An operating segment’s performance is evaluated based on its pre-tax operating contribution, or segment income. Segment income is defined as net sales less cost of sales, and segment selling, general and administrative expenses, and does not include amortization of intangibles, stock-based compensation, other charges (income), net and interest and other, net.

**Selected Financial Data**:

| | For the three months ended March 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| Net Sales | | | | |
| Manufacturing and Engineering | $ | 9,341 | $ | - |
| Heat Recovery Solutions | | 72,488 | | 10,942 |
| NG Trading | | 1,219,629 | | 540,927 |
| Waste to Energy | | 211,568 | | - |
| Discontinued operations | | - | | 2,345,138 |
| Total Sales | $ | 1,513,026 | $ | 2,897,007 |
| | | | | |
| Segment income and reconciliation before tax | | | | |
| Manufacturing and Engineering | | 7,806 | | - |
| Heat Recovery Solutions | | 51,599 | | 5,127 |
| LNG Trading | | 9,852 | | 14,360 |
| Waste to Energy | | 183,748 | | - |
| Total Segment income | | 253,005 | | 19,487 |
| Less: operating expense | | (1,073,926) | | (698,107) |

| | | |
|---|---|---|
| Less: other income and expenses | (295,193) | (431,770) |
| Net (loss) before income tax | $ (1,116,114) | $ (1,110,390) |

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Total Assets | | |
| Manufacturing and Engineering | $ 2,528,055 | $ 2,544,786 |
| Heat Recovery Solutions | 3,167,896 | 3,099,223 |
| Waste to Energy | 690,435 | 486,572 |
| NG Trading | 2,946,189 | 4,798,030 |
| Total Assets | $ 9,332,575 | $ 10,928,611 |

| | For the three months ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| United States | 286,311 | 5,194 |
| China | 1,219,629 | 540,927 |
| Other international | 7,086 | 5,748 |
| Total Sales | 1,513,026 | 551,869 |



**Share-Based Compensation**

The Company has adopted the use of Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" (SFAS No. 123R) (now contained in FASB Codification Topic 718, *Compensation-Stock Compensation*), which supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance and eliminates the alternative to use Opinion 25's intrinsic value method of accounting that was provided in Statement 123 as originally issued. This Statement requires an entity to measure the cost of employee services received in exchange for an award of an equity instruments, which includes grants of stock options and stock warrants, based on the fair value of the award, measured at the grant date (with limited exceptions). Under this standard, the fair value of each award is estimated on the grant date, using an option-pricing model that meets certain requirements. We use the Black-Scholes option-pricing model to estimate the fair value of our equity awards, including stock options and warrants. The Black-Scholes model meets the requirements of SFAS No. 123R; however, the fair values generated may not reflect their actual fair values, as it does not consider certain factors, such as vesting requirements, employee attrition and transferability limitations. The Black-Scholes model valuation is affected by our stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. We estimate the expected volatility and estimated life of our stock options at grant date based on historical volatility. For the "risk-free interest rate," we use the Constant Maturity Treasury rate on 90-day government securities. The term is equal to the time until the option expires. The dividend yield is not applicable, as the Company has not paid any dividends, nor do we anticipate paying them in the foreseeable future. The fair value of our restricted stock is based on the market value of our free trading common stock, on the grant date calculated using a 20-trading-day average. At the time of grant, the share-based compensation expense is recognized in our financial statements based on awards that are ultimately expected to vest using historical employee attrition rates and the expense is reduced accordingly. It is also adjusted to account for the restricted and thinly traded nature of the shares. The expense is reviewed and adjusted in subsequent periods if actual attrition differs from those estimates.

We re-evaluate the assumptions used to value our share-based awards on a quarterly basis and, if changes warrant different assumptions, the share-based compensation expense could vary significantly from the amount expensed in the past. We may be required to adjust any remaining share-based compensation expense, based on any additions, cancellations or adjustments to the share-based awards. The expense is recognized over the period during which an employee is required to provide service in exchange for the award—the requisite service period (usually the vesting period). No compensation cost is recognized for equity instruments for which employees do not render the requisite service.



**Leases**

The Company adopted ASC Topic 842, Leases, or ASC 842, using the modified retrospective transition method with a cumulative effect adjustment to be accumulated deficit as of January 1, 2019, and accordingly, modified its policy on accounting for leases as stated below. As described under "Recently Adopted Accounting Pronouncements," below, the primary impact of adopting ASC 842 for the Company was the recognition in the consolidated balance sheet of certain lease-related assets and liabilities for operating leases with terms longer than 12 months.

The Company's leases primarily consist of facility leases which are classified as operating leases. The Company assesses whether an arrangement contains a lease at inception. The Company recognizes a lease liability to make contractual payments under all leases with terms greater than twelve months and a corresponding right-of-use asset, representing its right to use the underlying asset for the lease term. The lease liability is initially measured at the present value of the lease payments over the lease term using the collateralized incremental borrowing rate since the implicit rate is unknown. Options to extend or terminate a lease are included in the lease term when it is reasonably certain that the Company will exercise such an option. The right-of-use asset is initially measured as the contractual lease liability plus any initial direct costs and prepaid lease payments made, less any lease incentives. Lease expense is recognized on a straight-line basis over the lease term.

Leased right-of-use assets are subject to impairment testing as a long-lived asset at the asset-group level. The Company monitors its long-lived assets for indicators of impairment. As the Company's leased right-of-use assets primarily relate to facility leases, early abandonment of all or part of facility as part of a restructuring plan is typically an indicator of impairment. If impairment indicators are present, the Company tests whether the carrying amount of the leased right-of-use asset is recoverable including consideration of sublease income, and if not recoverable, measures impairment loss for the right-of-use asset or asset group.

**Income Taxes**

Federal Income taxes are not currently due since we have had losses since inception of Clean Energy Technologies.

On December 22, 2018 H.R. 1, originally known as the Tax Cuts and Jobs Act, (the "Tax Act") was enacted. Among the significant changes to the U.S. Internal Revenue Code, the Tax Act lowers the U.S. federal corporate income tax rate ("Federal Tax Rate") from 35% to 21% effective January 1, 2018. The Company will compute its income tax expense for the year ended December 31, 2023 using a Federal Tax Rate of 21% and an estimated state of California rate of 9%.

Income taxes are provided based upon the liability method of accounting pursuant to ASC 740-10-25 *Income Taxes – Recognition.* Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the

Company has met the "more likely than not" standard required by ASC 740-10-25-5.

Deferred income tax amounts reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting purposes.

As of December 31, 2023, we had a net operating loss carry-forward of approximately $ (8,275,877) and a deferred tax asset of $2,482,763 using the statutory rate of 30%. The deferred tax asset may be recognized in future periods, not to exceed 20 years. However, due to the uncertainty of future events we have booked a valuation allowance of $(2,482,763). FASB ASC 740 prescribes recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. On March 31, 2024 the Company did not take any tax positions that would require disclosure under FASB ASC 740.

On February 13, 2018, Clean Energy Technologies, Inc., a Nevada corporation (the "Registrant" or "Corporation") entered into a Common Stock Purchase Agreement ("Stock Purchase Agreement") by and between MGW Investment I Limited ("MGWI") and the Corporation. The Corporation received $907,388 in exchange for the issuance of 302,462,667 restricted shares of the Corporation's common stock, par value $ .001 per share (the "Common Stock").

On February 13, 2018, the Corporation and Confections Ventures Limited. ("CVL") entered into a Convertible Note Purchase Agreement (the "Convertible Note Purchase Agreement," together with the Stock Purchase Agreement and the transactions contemplated thereunder, the "Financing") pursuant to which the Corporation issued to CVL a convertible promissory Note (the "CVL Note") in the principal amount of $939,500 with an interest rate of 10% per annum interest rate and a maturity date of February 13, 2020. The CVL Note is convertible into shares of Common Stock at $ 0.12 per share, as adjusted as provided therein. This note was assigned to MGW Investments.

This resulted in a change in control, which limited the net operating to that date forward. We are subject to taxation in the U.S. and the states of California. Further, the Company currently has no open tax years' subject to audit prior to December 31, 2015. The Company is current on its federal and state tax returns.



**Reclassification**

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on reported income, total assets, or stockholders' equity as previously reported.

**Recently Issued Accounting Standards**

**Deferred Stock Issuance Costs**

Deferred stock issuance costs represent amounts paid for legal, consulting, and other offering expenses in conjunction with the future raising of additional capital to be performed within one year. These costs are netted against additional paid-in capital as a cost of the stock issuance upon closing of the respective stock placement. During the quarter ended March 31, 2024 no stock issuance costs were capitalized.

**NOTE 3 – ACCOUNTS AND NOTES RECEIVABLE**

| | | March 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Accounts Receivable | $ | 1,221,528 | | 1,197,386 |
| Accounts Receivable Related Party | | 660,464 | | 491,774 |
| Less reserve for uncollectable accounts | | (95,000) | | (95,000) |
| Total | $ | 1,786,992 | | 1,594,160 |

Our Accounts Receivable is pledged to Nations Interbanc, our line of credit.

| | | March 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Long-term financing receivables | $ | 1,149,854 | $ | 1,149,854 |
| Less Reserve for uncollectable accounts | | (247,500) | | (247,500) |
| Long-term financing receivables - net | $ | 902,354 | $ | 902,354 |

The Company is currently modifying the assets subject to lease to meet the provisions of the agreement, and as of March 31, 2024 any collection on the lease payments was not yet considered probable, resulting in no derecognition of the underlying asset and no net lease investments recognized on the sales-type lease pursuant to ASC 842-30-25-3.

On a contract by contract basis or projects that require extensive work from multiple contractors or supply chain challenges or in response to certain situations or installation difficulties, the Company may elect to allow non-interest bearing repayments in excess of 1 year.

Our long - term financing Receivable are pledged to Nations Interbanc, our line of credit.



**NOTE 4 – INVENTORIES, NET**

Inventories by major classification were comprised of the following at:

| | | March 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Inventory | $ | 1,590,881 | | 1,600,757 |
| Less reserve for uncollectable accounts | | (934,344) | | (934,344) |
| Total | $ | 656,537 | | 666,413 |

Our Inventory is pledged to Nations Interbanc, our line of credit.

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment were comprised of the following at:

| | | March 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Property and Equipment | $ | 1,434,792 | 1,430,076 |
| Accumulated Depreciation | | (1,430,588) | (1,425,546) |
| Net Fixed Assets | $ | 4,204 | 4,530 |

Our Depreciation Expense for the three months ended March 31, 2024, and 2023 was zero and $5,949 respectively.

Our Property Plant and Equipment is pledged to Nations Interbanc, our line of credit.

**NOTE 6 – INTANGIBLE ASSETS**

Intangible assets were comprised of the following at:

| | | March 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Goodwill | $ | 747,976 | 747,976 |
| LWL Intangibles | | 1,468,709 | 1,468,709 |
| Intangible assets - Shuya | | - | 12,914 |
| License | | 354,322 | 354,322 |
| Patents | | 190,789 | 190,789 |
| Accumulated Amortization | | (101,941) | (98,972) |
| Net Intangible Assets | $ | 2,659,855 | 2,675,738 |

Our Amortization Expense for the three months ended March 31, 2024 and 2023 was $ 2,969 and 2,969 respectively.



Based on the foregoing analysis of the facts surrounding the Company's acquisition of LWL, it is the Company's position that the Company is the acquirer of LWL, under the acquisition method of accounting.

As such, as of November 8, 2021 (the acquisition date), the Company recognized, separately from goodwill, the identifiable assets acquired and the liabilities assumed in the Business combination.

The following table presents the purchase price allocation:

| | | |
|---|---|---|
| **Consideration:** | | |
| Cash and cash equivalents | $ | 1,500,000 |
| | | |
| Total purchaser consideration | $ | 1,500,000 |
| | | |
| **Assets acquired:** | | |
| Cash and cash equivalents | $ | 6,156 |
| Prepayment | $ | 13,496 |
| Other receivable | $ | 20,000 |
| Trading Contracts | $ | 146,035 |
| Shenzhen Gas Relationship | $ | 1,314,313 |
| **Total assets acquired** | $ | 1,508,539 |
| | | |
| **Liabilities assumed:** | | |
| Advance Receipts | $ | (8539 |
| Taxes Payable | $ | 179 |
| **Net Assets Acquired:** | $ | 1,500,000 |

If LWL reach USD 5 million in revenue or net profit of USD 1 million by December 31, 2023, then based on the performance contingency there will be issuance of 500,000 shares of CETY to the Seller. The performance contingencies were not met.



**NOTE 7 – INVESTMENT – HEZE HONGGUAN NATURAL GAS CO. CONVERTIBLE NOTE RECEIVABLE**

Effective January 10, 2022, JHJ ("note holder") entered a convertible note agreement with Chengdu Rongjun Enterprise Consulting Co., Ltd ("Rongjun" or "the borrower") with maturity on January 10, 2025. Under this convertible note, JHJ lent RMB 5,000,000 ($0.78 million) to Rongjun with annual interest rate of 12%, calculated from the Issuance Date until all outstanding interest and principal is paid in full. The Borrower may pre-pay principal or interest on this Note at any time prior to the maturity date, without penalty. JHJ has the right to convert this note directly or indirectly into shares or equity interest of Heze Hongyuan Natural Gas Co., Ltd ("Heze") equal to 15% of Heze's outstanding Equity Interest. Rongjun owns 90% of Heze. During the year end December 31, 2023, JHJ recorded $58,273 interest income accrued from 2022 from this note, the accrual of interest income ceased in October 2022.

**NOTE 8 – ACCRUED EXPENSES**

| | | March 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Accrued Wages | $ | 78,255 | $ | 94,955 |
| Sales tax payable | | 34,813 | | 34,405 |
| Accrued Taxes and other | | 98,096 | | 321,925 |
| Total accrued expenses | $ | 211,164 | $ | 451,285 |

**NOTE 9 – LINE OF CREDIT AND NOTES PAYABLE**

On November 11, 2013, we entered into an accounts receivable financing agreement with American Interbanc (now Nations Interbanc). Amounts outstanding under the agreement bear interest at the rate of 2.5% annually. It is secured by the assets of the Company. In addition, it is personally guaranteed by Kambiz Mahdi, our Chief Executive Officer. As of March 31, 2024, the outstanding balance was $635,200 compared to $626,033 at

December 31, 2023.

On April 1, 2021, we entered into an amendment to the purchase order financing agreement with DHN Capital, LLC dba Nations Interbanc. Nations Interbanc has lowered the accrued fees balance by $275,000 as well as the accrual rate to 2.25% per 30 days. As a result, CETY has agreed to remit a minimum monthly payment of $25,000 by the final calendar day of each month.

On September 11, 2015, our CE HRS subsidiary issued a promissory note in the initial principal amount $ 1,400,000 and assumed a pension liability of $100,000, for a total liability of $1,500,000, in connection with our acquisition of the heat recovery solutions, or HRS, assets of General Electric International, Inc., a Delaware corporation ("GEII"), including intellectual property, patents, trademarks, machinery, equipment, tooling and fixtures. The note bears interest at the rate of 2.66% per annum. The note is payable on the following schedule: (a) $200,000 in principal on December 31, 2015 and (b) thereafter, the remaining principal amount of $1,200,000, together with interest thereon, payable in equal quarterly instalments of principal and interest of $157,609, commencing on December 31, 2016 and continuing until December 31, 2019, at which time the remaining unpaid principal amount of this note and all accrued and unpaid interest thereon shall be due and payable in full. CETY stopped making payments and informed GE that it had encountered difficulties because of the valuations of the assets that were acquired from GE. Given that the values of the assets were different than GE's internal reports and as we discussed at the time of the transaction with GE's management, we proposed a change in the amount the Company owes GE under the purchase agreement, but GE was non-responsive, and GE's entire distributed power vertical has been divested.

Based on the California Statute of Limitations, the Nevada Statute of Limitations, and the New York Statute of Limitations it is the view of our legal counsel that the above referenced debt is no longer an enforceable obligation. under California law, Nevada law, and New York law, as it became past due no later than November 3, 2016, more than Six (6) years ago and last payment made on the debt was on November 3, 2016, which is more than Six (6) years ago. The total gain recognized from this write off was $2,556,916.



On March 10, 2022 the company entered into a promissory note in the amount of $ 170,600, with an interest rate of 10% per annum and a default interest rate of 22% per annum. This note is due in full on March 10, 2023 and has mandatory monthly payments of $18,766. The note had an OID of $17,060 and was recorded as finance fee expense. In the event of the default, at the option of the Investor, the note may be converted into shares of common stock of the company. This note is convertible, but not until a contingent event of default has taken place, none of which have occurred as of the date of this filing. This note was paid off as of December 6, 2022.

On June 30, 2022 the company entered into a promissory note in the amount of $ 252,928.44 with an interest rate of 10% per annum and a default interest rate of 22% per annum. This note is due in full on June 30, 2023 and has mandatory monthly payments of $27,822. The note had an OID of $25,293 and was recorded as finance fee expense. In the event of the default, at the option of the Investor, the note may be converted into shares of common stock of the company. This note is convertible, but not until a contingent event of default has taken place, none of which have occurred as of the date of this filing. The balance on this note as of December 31, 2022 was $139,111. This note was paid off as of February 13, 2023.

On July 13, 2022 the company entered into a promissory note in the amount of $ 159,450 with interest rate of 10% per annum and a default interest rate of 22% per annum. This note is due in full on July 13, 2023 and has mandatory monthly payments of $17,539. The note had an OID of $16,447 and was recorded as finance fee expense. In the event of the default, at the option of the Investor, the note may be converted into shares of common stock of the company. This is note is convertible, but not until a contingent event of default has taken place, none of which have occurred as of the date of this filing. The balance on this note as of December 31, 2022 was $87,697. This note was paid off as of March 7, 2023.

On October 25, 2022 the company entered into a promissory note in the amount of $ 114,850 with interest rate of 10% per annum and a default interest rate of 22% per annum. This note is due in full on October 25, 2023 and has mandatory monthly payments of $12,633 The note had an OID of $11,850 and was recorded as finance fee expense. In the event of the default, at the option of the Investor, the note may be converted into shares of common stock of the company. This is note is convertible, but not until a contingent event of default has taken place, none of which have occurred as of the date of this filing. This note was paid off as of September 15, 2023.

On December 5,2022 the company entered into a promissory note in the amount of $ 191,526 with interest rate of 10% per annum and a default interest rate of 22% per annum. This note is due in full on December 5, 2023 and has mandatory monthly payments of $21,067 The note had an OID of $19,760 and was recorded as finance fee expense. In the event of the default, at the option of the Investor, the note may be converted into shares of common stock of the company. This note is convertible, but not until a contingent event of default has taken place, none of which have occurred as of the date of this filing. The balance on this note as of December 31, 2023 was $0.

On February 10, 2023 the company entered into a promissory note in the amount of $ 258,521 with an interest rate of 10% per annum and a default interest rate of 22% per annum. This note is due in full on February 10, 2024, and has mandatory monthly payments of $28,437. The note had an OID of $27,698 and was recorded as finance fee expense. In the event of the default, at the option of the Investor, the note may be converted into shares of common stock of the company. This note is convertible, but not until a contingent event of default has taken place, none of which has occurred as of the date of this filing. The balance on this note as of December 31, 2023 was 0.

On March 6, 2023 the company entered into a promissory note in the amount of $ 135,005 with an interest rate of 10% per annum and a default interest rate of 22% per annum. This note is due in full on March 6, 2024, and has mandatory monthly payments of $13,500. The note had an OID of $14,465 and was recorded as a finance fee expense. In the event of the default, at the option of the Investor, the note may be converted into shares of common stock of the company. This note is convertible, but not until a contingent event of default has taken place, none of which has occurred as of the date of this filing. The balance on this note as of December 31, 2023 was $0.

On October 13, 2023 the company entered into a promissory note in the amount of $ 197,196 with an interest rate of 10% per annum and a default interest rate of 22% per annum. This note is due in full on August 15, 2024 and has mandatory monthly payments of $21,692. The note had an OID of $21,128 and was recorded as finance fee expense. In the event of the default, at the option of the Investor, the note may be converted into shares of common stock of the company. This note is convertible, but not until a contingent event of default has taken place, none of which has occurred as of the date of this filing. The balance on this note as of March 31, 2024 was $108,459.



On November 17, 2023 the company entered into a promissory note in the amount of $ 261,450 with an interest rate of 10% per annum and a default interest rate of 22% per annum. This note is due in full on September 30, 2024 and has mandatory monthly payments of $28,760. The note had an OID of $28,013 and was recorded as finance fee expense. In the event of the default, at the option of the Investor, the note may be converted into shares of common stock of the company. This note is convertible, but not until a contingent event of default has taken place, none of which has occurred as of the date of this filing. The balance on this note as of March 31, 2024 was $201,317.

On November 30, 2023 the company entered into a promissory note in the amount of $ 136,550 with an interest rate of 10% per annum and a default interest rate of 22% per annum. This note is due in full on September 30, 2024 and has mandatory monthly payments of $15,021. The note had an OID of $16,700 and was recorded as finance fee expense. In the event of the default, at the option of the Investor, the note may be converted into shares of common stock of the company. This note is convertible, but not until a contingent event of default has taken place, none of which has occurred as of the date of this filing. The balance on this note as of March 31, 2024 was $105,144.

On December 19, 2023 the company entered into a promissory note in the amount of $ 92,000 with an interest rate of 10% per annum and a default interest rate of 22% per annum. This note is due in full on October 30, 2024 and has mandatory monthly payments of $10,120. The note had an OID of $12,000 and was recorded as finance fee expense. In the event of the default, at the option of the Investor, the note may be converted into shares of common stock of the company. This note is convertible, but not until a contingent event of default has taken place, none of which has occurred as of the date of this filing. The balance on this note as of March 31, 2024 was $80,960.

On January 3, 2024, Clean Energy Technologies, Inc. (the "Company") entered into a securities purchase agreement (the "Agreement") with FirstFire Global Opportunities Fund, LLC, a Delaware limited liability company (the "Buyer"), pursuant to which the Company agreed to issue and sell to the Buyer the promissory note of the Company in the principal amount of $143,750 (the "Note"), which amount is the $125,000 actual amount of the purchase price (the "Purchase Price") plus an original issue discount in the amount of $18,750. The Note is convertible into shares of common stock of the Company at a fixed price of $1.60, par value $0.001 per share (the "Common Stock"), upon the terms and subject to the limitations and conditions set forth in such Note. This principal and the interest balance of this note was paid off on March 5, 2024.

As a condition to the sale of the Note, the Company issued to the Buyer 10,000 shares (the "Commitment Shares") of Common Stock. On the closing date, the Buyer shall further withhold from the Purchase Price (i) a non-accountable sum of $5,000 to cover the Buyer's legal fees and (ii) a sum of $ 7,188 to cover the Company's fees owed to Revere Securities LLC, a registered broker-dealer, in connection with this transaction.

On February 2, 2024, Clean Energy Technologies, Inc. (the "Company") entered into a securities purchase agreement (the "Agreement") with Coventry Enterprises LLC, a Delaware limited liability company (the "Buyer"), pursuant to which the Company agreed to issue and sell to the Buyer the promissory note of the Company in the principal amount of $92,000 (the "Note"), which amount is the $80,000 actual amount of the purchase price (the "Purchase Price") plus an original issue discount in the amount of $10,120. The Note is convertible into shares of common stock at a fixed price of $1.60 of the Company, par value $0.001 per share (the "Common Stock"), upon the terms and subject to the limitations and conditions set forth in such Note. The balance on this note as March 31, 2024 was $91,080.

As a condition to the sale of the Note, the Company issued to the Buyer 20,000 shares (the "Commitment Shares") of Common Stock.

On March 4, 2024, Clean Energy Technologies, Inc. (the "Company") entered into a securities purchase agreement (the "Agreement") with FirstFire Global Opportunities Fund, LLC, a Delaware limited liability company (the "Buyer"), pursuant to which the Company agreed to issue and sell to the Buyer the promissory note of the Company in the principal amount of $280,500 (the "Note"), which amount is the $255,000 actual amount of the purchase price (the "Purchase Price") plus an original issue discount in the amount of $25,500. The Note is convertible into shares of common stock at a fixed price of $1.60 of the Company, par value $0.001 per share (the "Common Stock"), upon the terms and subject to the limitations and conditions set forth in such Note. The balance on this note as of date of this filing was $308,550.

As a condition to the sale of the Note, the Company issued to the Buyer 20,000 shares (the "Commitment Shares") of Common Stock. On the closing date, the Buyer shall further withhold from the Purchase Price (i) a non-accountable sum of $6,000 to cover the Buyer's legal fees and (ii) a sum of $ 5,563 to cover the Company's fees owed to Revere Securities LLC, a registered broker-dealer, in connection with this transaction.

*Convertible notes*

On May 5, 2017, we entered into a nine-month convertible note payable for $ 78,000, which accrues interest at the rate of 12% per annum. It is not convertible until three months after its issuance and has a conversion rate of sixty one percent (61%) of the lowest closing bid price (as reported by Bloomberg LP) of our common stock for the fifteen (15) Trading Days immediately preceding the date of conversion. On November 6, 2017, this note was assumed and paid in full at a premium for a total of $116,600 by Cybernaut Zfounder Ventures. An amended term was added to the original note with the interest rate of 14%. This note matured on February 21st of 2018 and is currently in default. As of March 31, 2023, the outstanding balance due was $159,894. As of April 3, 2023, this note was settled and paid off.

On May 24, 2017, we entered into a nine-month convertible note payable for $ 32,000, which accrues interest at the rate of 12% per annum. It is not convertible until three months after its issuance and has a conversion rate of fifty-five eight percent (58%) of the lowest closing bid price (as reported by Bloomberg LP) of our common stock for the fifteen (15) Trading Days immediately preceding the date of conversion. On November 6, 2017, this note was assumed and paid in full at a premium for a total of $95,685, by Cybernaut Zfounder Ventures. An amended term was added to the original note with the interest rate of 14%. This note matured on February 26th, 2018, and is currently in default. As of March 31, 2023, the outstanding balance due was $163,979. As of April 3, 2023, this note was settled and paid off.



On May 6, 2022, we entered into a Securities Purchase Agreement with Mast Hill, L.P. (Mast Hill") pursuant to which the Company issued to Mast Hill a $750,000 Convertible Promissory Note, due May 6, 2023 (the "Note") for a purchase price of $675,000.00 plus an original issue discount in the amount of $75,000.00, and an interest rate of fifteen percent (15%) per annum. Mast Hill Fund is entitled to purchase 234,375 shares of common stock per the warrant agreement at the exercise price of $1.60. The Securities Purchase Agreement provides customary representations, warranties and covenants of the Company and Mast Hill as well as providing Mast Hill with registration rights. The principal balance and accrued interest of this as of March 31, 2024 was $963,459. This note is in default; however the lender has not issued a notice of default.

On August 5, 2022, we entered into a Securities Purchase Agreement with Jefferson Street Capital, LLC (Jefferson) pursuant to which the Company issued to Jefferson a $138,888 Convertible Promissory Note, due August 5, 2023 (the "Note") for a purchase price of $125,000.00 plus an original issue discount in the amount of $13,888.88, and an interest rate of fifteen percent (15%) per annum. Jefferson is entitled to purchase 43,403 shares of common stock per the warrant agreement at the exercise price of $1.60. The Securities Purchase Agreement provides customary representations, warranties and covenants of the Company and Jefferson as well as providing Jefferson with registration rights. This note was paid off as of March 9, 2023, for the payoff amount of $187,451.

On August 17, 2022, we entered into a Securities Purchase Agreement with Firstfire Global Opportunities Fund LLC ("Firstfire") pursuant to which the Company issued to Mast Hill a $150,000 Convertible Promissory Note, due August 17, 2023 (the "Note") for a purchase price of $135,000.00 plus an original issue discount in the amount of $15,000.00, and an interest rate of fifteen percent (15%) per annum. Firstfire is entitled to purchase 46,875 shares of common stock per the warrant agreement at the exercise price of $1.60. The Securities Purchase Agreement provides customary representations, warranties and covenants of the Company and Firstfire as well as providing Firstfire with registration rights. This note was paid off as of March 9, 2023 for the payoff amount $215,000.

On September 1, 2022, we entered into a Securities Purchase Agreement with Pacific Pier Capital, LLC (Pacific) pursuant to which the Company issued to Pacific a $138,888 Convertible Promissory Note, due August 5, 2023 (the "Note") for a purchase price of $125,000.00 plus an original issue discount in the amount of $13,888.88, and an interest rate of fifteen percent (15%) per annum. Pacific is entitled to purchase 43,403 shares of common stock per the warrant agreement at the exercise price of $1.60. The Securities Purchase Agreement provides customary representations, warranties and covenants of the Company and Pacific as well as providing Pacific with registration rights. This note was paid off as of March 9, 2023 for the payoff amount of $190,606.

On September 16, 2022, we entered into a Securities Purchase Agreement with Mast Hill, L.P. (Mast Hill") pursuant to which the Company issued to Mast Hill a $300,000 Convertible Promissory Note, due September 16, 2023 (the "Note") for a purchase price of $270,000.00 plus an original issue discount in the amount of $30,000.00, and an interest rate of fifteen percent (15%) per annum. Mast Hill Fund is entitled to purchase 93,750 shares of common stock per the warrant agreement at the exercise price of $1.60. The Securities Purchase Agreement provides customary representations, warranties and covenants of the Company and Mast Hill as well as providing Mast Hill with registration rights. Mast Hill converted their warrant on April 18, 2023. The principal balance and accrued interest of this as of March 31, 2024, was $369,041. This note is in default; however the lender has not issued a notice of default.

On November 10, 2022, we entered into a Securities Purchase Agreement with Mast Hill, L.P. (Mast Hill") pursuant to which the Company issued to Mast Hill a $95,000 Convertible Promissory Note, due November 10, 2023 (the "Note") for a purchase price of $85,500 plus an original issue discount in the amount of $9,500 and an interest rate of fifteen percent (15%) per annum. Mast Hill Fund is entitled to purchase 29,686 shares of common stock per the warrant agreement at the exercise price of $1.60. The Securities Purchase Agreement provides customary representations, warranties and covenants of the Company and Mast Hill as well as providing Mast Hill with registration rights. The principal balance and accrued interest of this as of November 08, 2023 was $109,016. This note was converted into Series E preferred shares of CETY.

On November 21, 2022, we entered into a Securities Purchase Agreement with Mast Hill, L.P. (Mast Hill") pursuant to which the Company issued to Mast Hill a $95,000 Convertible Promissory Note, due November 21, 2023 (the "Note") for a purchase price of $85,500 plus an original issue discount in the amount of $9,500, and an interest rate of fifteen percent (15%) per annum. Mast Hill Fund is entitled to purchase 29,686 shares of common stock per the warrant agreement at the exercise price of $1.60. The Securities Purchase Agreement provides customary representations, warranties and covenants of the Company and Mast Hill as well as providing Mast Hill with registration rights. The principal balance and accrued interest of this as of November 8, 2023 was $108,703. This note was converted into Series E preferred shares of CETY.



On December 26, 2022, we entered into a Securities Purchase Agreement with Mast Hill, L.P. (Mast Hill") pursuant to which the Company issued to Mast Hill a $123,000 Convertible Promissory Note, due December 26, 2023 (the "Note") for a purchase price of $110,700 plus an original issue discount in the amount of $12,300 and an interest rate of fifteen percent (15%) per annum. Mast Hill Fund is entitled to purchase 38,437 shares of common stock per the warrant agreement at the exercise price of $1.60. The Securities Purchase Agreement provides customary representations, warranties and covenants of the Company and Mast Hill as well as providing Mast Hill with registration rights. The principal balance and accrued interest of this as of November 08, 2023 was $138,923. This note was converted into Series E preferred shares of CETY.

On January 19, 2023, we entered into a Securities Purchase Agreement with Mast Hill, L.P. (Mast Hill") pursuant to which the Company issued to Mast Hill a $187,000 Convertible Promissory Note, due January 19, 2024 (the "Note") for a purchase price of $168,300 plus an original issue discount in the amount of $18,700 and an interest rate of fifteen percent (15%) per annum. Mast Hill Fund is entitled to purchase 58,438 shares of common stock per the warrant agreement at the exercise price of $1.60. The Securities Purchase Agreement provides customary representations, warranties and covenants of the Company and Mast Hill as well as providing Mast Hill with registration rights. The principal balance and accrued interest of this as of November 8, 2023 was $209,517. This note was converted into Series E preferred shares of CETY.

On March 8, 2023, we entered into a Securities Purchase Agreement with Mast Hill, L.P. (Mast Hill") pursuant to which the Company issued to Mast Hill a $734,000 Convertible Promissory Note, due March 8, 2024 (the "Note") for a purchase price of $660,600 plus an original issue discount in the amount of $73,400 and an interest rate of fifteen percent (15%) per annum. Mast Hill Fund is entitled to purchase 367,000 shares of common stock per the warrant agreement at the exercise price of $1.60. The Securities Purchase Agreement provides customary representations, warranties and covenants of the Company and Mast Hill as well as providing Mast Hill with registration rights. The principal balance and accrued interest balance of this as of November 8, 2023 was $807,601. This note was converted into Series E preferred shares of CETY.

On July 20, 2023 Clean Energy Technology, Inc., a Nevada corporation (the "Company") closed the transactions contemplated by the Securities Purchase Agreement with Mast Hill, L.P. (Mast Hill") dated July 18, 2023 (the "Securities Purchase Agreement") pursuant to which the Company issued to Mast Hill a $556,000 Convertible Promissory Note, due July 18, 2024 (the "Note") for a purchase price of $ 500,400 plus an original issue discount in the amount of $55,600, and an interest rate of fifteen percent (15%) per annum.

The principal and interest of the Note may be converted in whole or in part at any time on or following the issue date, into common stock of the Company, par value $.001 share ("Common Stock"), subject to anti-dilution adjustments and for certain other corporate actions subject to a beneficial ownership limitation of 4.99% of Mast Hill and its affiliates. The per share conversion price into which principal amount and accrued interest may be converted into shares of Common Stock equals $6.00, subject to adjustment as provided in the Note. Upon an event of default, the Note will become immediately payable and the Company shall be required to pay a default rate of interest of 15% per annum. At anytime prior to an event of default, the Note may be prepaid by the Company at a 150% premium. The Note contains customary representations, warranties and covenants of the Company. The principal balance and accrued interest balance of this as of November 8, 2023 was $581,363. This note was converted into Series E preferred shares of CETY.

Total due to Convertible Notes

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Total convertible notes | $ 1,864,098 | 1,697,757 |
| Accrued Interest | 363,685 | 308,216 |
| Debt Discount | (47,664) | (71,017) |
| Total | $ 2,180,119 | 1,934,956 |

**NOTE 10 – DERIVATIVE LIABILITIES**

As a result of the convertible notes, we recognized the embedded derivative liability on the date of note issuance. We also revalued the remaining derivative liability on the outstanding note balance on the date of the balance sheet. We value the derivative liability using a binomial lattice model with an expected volatility range of 91.5%, a risk-free interest rate range of 4.5%, and exercise price of $1.00. The derivative liability as of December 31, 2023 was $0 after the Company paid off the two convertible notes payable in the second quarter of 2023.



**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**Operating Rental Leases**

*ASB ASU 2016-02 "Leases (Topic 842)"* – In February 2016, the FASB issued ASU 2016-02, which requires lessees to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Classification will be based on criteria that are largely similar to those applied in current lease accounting, but without explicit bright lines. Lessor accounting is similar to the current model but has been updated to align with certain changes to the lessee model and the new revenue recognition standard. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We have adopted the above ASU as of January 1, 2019. The right of use asset and lease liability have been recorded at the present value of the future minimum lease payments, utilizing a 5% average borrowing rate and the company is utilizing the transition relief and "running off" on current leases.

As of May 1, 2017, our corporate headquarters were located at 2990 Redhill Unit A, Costa Mesa, CA. On March 10, 2017, the Company signed a lease agreement for an 18,200-square foot CTU Industrial Building. Lease term is seven years and two months beginning July 1, 2017. This lease ended as of November 30, 2023. In October of 2018 we signed a sublease agreement with our facility in Italy with an indefinite term that may be terminated by either party with a 60-day notice for 1,000 Euro per month. Due to the short termination clause, we are treating this as a month-to-month lease. This lease ended as of December 31, 2023.

We have relocated our corporate office to 1340 Reynolds Avenue Unit 120, Irvine, CA 92614. On December 1, 2023, the Company signed a lease agreement for a 3000-square foot of office space with Metro Creekside California, LLC. Lease term is thirty-eight months beginning December 1, 2023 and expiring on January 31, 2027. On October 16 of 2023, we signed a sublease agreement to relocate the HRS operations from Costa Mesa to Irvine, California for one year and 7 months commencing December 1, 2023 and ending June 30, 2025. We also signed a temporary storage lease and Due to the short termination clause, we are treating this as a month-to-month lease.



On January 30, 2024, JHJ entered into a lease for the office in Chengdu City ("Chengdu lease"), China from January 30, 2024 to February 28, 2026 and has a monthly rent or RMB 28,200 without value added tax ("VAT") (or $ 3,930). The lease required a security deposit of RMB 77,120 (or $10,727). The Company received a one-month rent abatement, which was considered in calculating the present value of the lease payments to determine the ROU asset which is being amortized over the term of the lease.

The components of lease costs, lease term and discount rate with respect of these three leases with an initial term of more than 12 months are as the following:

Balance sheet information related to the Company's operating leases:

| | As of March 31, 2024 |
|---|---|
| Right-of-used assets | $ 294,955 |
| Lease liabilities – current | $ 172,029 |
| Lease liabilities – non-current | 125,316 |
| Total lease liabilities | $ 297,345 |

The weighted-average remaining lease term and the weighted-average discount rate of the above three leases are as follows:

| | Three Months Ended March 31, 2024 |
|---|---|
| Weighted average remaining lease term (years) | 2.00 |
| Weighted average discount rate | 4.5%–6.5% |

The following is a schedule, by year of lease payment for above three leases as of March 31, 2024:

| **For the 12 months ending** | Lease Payment |
|---|---|
| March 31, 2025 | 182,023 |
| March 31, 2026 | 98,562 |
| March 31, 2027 | 34,026 |
| Total undiscounted cash flows | 314,611 |
| Imputed Interest | (17,266) |
| Present value of lease liabilities | $ 297,345 |

Our lease expense for the three months ended March 31, 2024 and 2023 was $ 41,081 and $86,774 respectively.



***Severance Benefits***

Mr. Mahdi will receive a severance benefit consisting of a single lump sum cash payment equal the salary that Mr. Mahdi would have been entitled to receive through the remainder or the Employment Period or One (1) year, whichever is greater.

**NOTE 12 – CAPITAL STOCK TRANSACTIONS**

On April 21, 2005, our Board of Directors and shareholders approved the re-domicile of the Company in the State of Nevada, in connection with which we increased the number of our authorized common shares to 200,000,000 and designated a par value of $ .001 per share.

On May 25, 2006, our Board of Directors and shareholders approved an amendment to our Articles of Incorporation to authorize a new series of preferred stock, designated as Series C, and consisting of 15,000 authorized shares.

On June 30, 2017, our Board of Directors and shareholders approved an increase in the number of our authorized common shares to 400,000,000 and in the number of our authorized preferred shares to 10,000,000. The amendment effecting the increase in our authorized capital was filed and effective on July 5, 2017.

On August 28, 2018, our Board of Directors and shareholders approved an increase in the number of our authorized common shares to 800,000,000. The amendment effecting the increase in our authorized capital was filed and effective on August 23, 2018.

On June 10, 2019, our Board of Directors and shareholders approved an increase in the number of our authorized common shares to 2,000,000,000. The amendment effecting the increase in our authorized capital was effective on September 27, 2019.

On January 6, 2023, our board of directors and majority shareholders approved a reverse stock split. Effective upon the filing of our Certificate of Amendment of Articles of Incorporation with the Secretary of State of the State of Nevada, the shares of the Corporation's Common Stock issued and outstanding immediately prior to the Effective Time of January 6, 2023, will be automatically reclassified as and combined into shares of Common Stock such that each (40) shares of Old Common Stock shall be reclassified as and combined into one (1) share of New Common Stock. All per share references to common stock have been retroactively represented throughout the financials.

**Common Stock Transactions**

On December 27, 2021, we entered into a convertible note payable with Universal Scope Inc. for $ 650,000 with a maturity date of June 21, 2022 which accrues interest at the rate of 2% per annum. It is convertible at any time after its issuance and has a fixed conversion rate of $ 2.40 of our common stock. This note and accrued interest equating to $666,250 was converted into 277,604 of our common shares on March 28, 2023.

On February 21, 2022, we issued 375,875 shares of our common stock under our Reg A offering at $ 3.20 per share. These shares are unrestricted and free trading.



During the quarter ended March 31, 2022, we issued 78,896 shares of common stock, under S-1 registration statement with GHS for a total of $ 134,755 in net proceeds and expensed $45,498 in legal and financing fees as a result.

During the April of 2022, we issued 122,891 shares of common stock, under S-1 registration statement with GHS for a total of $ 153,324 in net proceeds and expensed $34,500 in legal and financing fees as a result.

On May 6, 2022, the Company entered into a Securities Purchase Agreement and a warrant agreement with Mast Hill, L.P. (Mast Hill") pursuant to which the Company issued to Mast Hill the Company issued Mast Hill a five-year warrant to purchase 234,375 shares of common stock in connections with the transactions.

On August 17, 2022 we issued 46,875 warrant shares in connection with the issuance of the promissory note in the principal amount of $ 150,000 to First Fire at the exercise price per share of $1.60. However, that if the Company consummates an Uplist Offering on or before the date that is one hundred eighty (180) calendar days after the Issuance Date, then the Exercise Price shall equal 120% of the offering price per share of Common Stock. On March 1, 2023 First Fire exercised the warrant in full on a cashless basis to purchase 33,114 shares of common stock.

On September 1, 2022 we issued 43,403 warrant shares in connection with the issuance of the promissory note in the principal amount of $ 138,889 to Pacific Pier at the exercise price per share of $1.60. However, that if the Company consummates an Uplist Offering on or before the date that is one hundred eighty (180) calendar days after the Issuance Date, then the Exercise Price shall equal 120% of the offering price per share of Common Stock. On March 1, 2023 Pacific Pier exercised the warrant in full on a cashless basis to purchase 31,111 shares of common stock.

On September 21, 2022 MGW I converted $ 1,548,904 from the outstanding balance of their convertible note into 12,907,534 shares of company's common stock.

On December 28, 2022 Mast Hill exercised their warrant in full on a cashless basis to purchase 100,446 shares of Common Stock.

On January 19, 2023, the Company entered into a Securities Purchase Agreement and a warrant agreement with Mast Hill, L.P. (Mast Hill") pursuant to which the Company issued to Mast Hill the Company issued Mast Hill a five-year warrant to purchase 58,438 shares of common stock in connections with the transactions.

On January 27, 2023 we issued 3,745 shares of our common stock due to rounding post the reverse stock split.

On March 23, 2023 we sold 975,000 shares of our common stock in an underwritten offering to R.F. Lafferty & CO and Phillip US. The initial public offering price per share is $4.00 per share. Net proceeds from this offering was $ 3,094,552.

In the second quarter of 2023, the Company issued 40,000 shares to a consultant at fair value of $ 72,000.

On March 8, 2023 the Company entered into a Securities Purchase Agreement and a warrant agreement with Mast Hill, L.P. (Mast Hill") pursuant to which the Company issued to Mast Hill the Company issued Mast Hill a five-year warrant to purchase 367,000 shares of common stock in connections with the transactions.

On April 18, 2023 Mast Hill exercised the right to purchase 93,750 of the shares of Common Stock ("Warrant Shares") of Clean Energy Technologies, Inc., because of the Common Stock Purchase Warrant (the "Warrant") issued on September 16, 2022. The exercise price is $1.60 per share. The total purchase price was $150,000.

On May 10, 2023 Mast Hill exercised the right to purchase 58,438 of the shares of Common Stock ("Warrant Shares") of Clean Energy Technologies, Inc., because of the Common Stock Purchase Warrant (the "Warrant") issued on January 19, 2023. The exercise price is $1.60 per share. The total purchase price was $93,501.



On June 14, 2023 Mast Hill exercised the right to purchase 38,438 of the shares of Common Stock ("Warrant Shares") of Clean Energy Technologies, Inc., because of the Common Stock Purchase Warrant (the "Warrant") issued on December 26, 2022. The exercise price is $1.60 per share. The total purchase price was $61,501.

On June 23, 2023 Mast Hill exercised the right to purchase 29,688 of the shares of Common Stock ("Warrant Shares") of Clean Energy Technologies, Inc., because of the Common Stock Purchase Warrant (the "Warrant") issued on November 21, 2022. The exercise price is $1.60 per share. The total purchase price was $47,501.

On September 12, 2023 Mast Hill exercised the right to purchase 29,688 of the shares of Common Stock ("Warrant Shares") of Clean Energy Technologies, Inc., because of the Common Stock Purchase Warrant (the "Warrant") issued on November 21, 2022. The exercise price is $1.60 per share. The total purchase price was $47,501.

On September 13, 2023 Mast Hill exercised the right to purchase 183,500 of the shares of Common Stock ("Warrant Shares") of Clean Energy Technologies, Inc., because of the Common Stock Purchase Warrant (the "Warrant") issued on March 08, 2022. The exercise price is $1.60 per share.

The total purchase price was $293,600.

On October 27, 2023 Mast Hill exercised the right to purchase 183,500 of the shares of Common Stock (“Warrant Shares”) of Clean Energy Technologies, Inc., because of the Common Stock Purchase Warrant (the “Warrant”) issued on March 08, 2022. The exercise price is $1.60 per share. The total purchase price was $293,600.

On January 3, 2024, Clean Energy Technologies, Inc. (the “Company”) entered into a securities purchase agreement (the “Agreement”) with FirstFire Global Opportunities Fund, LLC, a Delaware limited liability company (the “Buyer”), As a condition to the sale of the Note, the Company issued to the Buyer 10,000 shares (the “Commitment Shares”) of Common Stock.

On February 2, 2024, Clean Energy Technologies, Inc. (the “Company”) entered into a securities purchase agreement (the “Agreement”) with Coventry Enterprises LLC, a Delaware limited liability company (the “Buyer”). As a condition to the sale of the Note, the Company issued to the Buyer 20,000 shares (the “Commitment Shares”) of Common Stock.

On February 24, 2024, Clean Energy Technologies, Inc. (the “Company”) entered into a consulting agreement (the “Agreement”) with Hudson Global Ventures, LLC. As a condition to the agreement, the Company issued to the consultant 15,000 shares of Common Stock.

On March 4, 2024, Clean Energy Technologies, Inc. (the “Company”) entered into a securities purchase agreement (the “Agreement”) with FirstFire Global Opportunities Fund, LLC, a Delaware limited liability company (the “Buyer”). As a condition to the sale of the Note, the Company issued to the Buyer 20,000 shares (the “Commitment Shares”) of Common Stock.

On March 15, 2024, Clean Energy Technologies, Inc., a Nevada corporation, (the “Company”) and certain individual investors (“Subscribers”) entered into a subscription agreement pursuant to which the Company agreed to sell up to 2,000,000 units (each a “Unit” and together the “Units”) to the Subscribers for an aggregate purchase price of $900,000, or $0.45 per Unit, with each unit consisting of one share of common stock, par value $ .001 per share (the “Common Stock”) and a warrant (the “Warrant”) to purchase one share of common stock. The Warrant is exercisable at exercise price of $1.60 per share, expiring one year from the date of issuance.

In the first quarter of 2024, the Company issued 1,333,492 shares for conversion of 565,178 Series E Preferred share.

**Common Stock**

Our Articles of Incorporation authorize us to issue 2,000,000,000 shares of common stock, par value $ 0.001 per share. As of March 31, 2023 there were 38,495,453 shares of common stock outstanding. All outstanding shares of common stock are, and the common stock to be issued will be, fully paid and non-assessable. Each share of our common stock has identical rights and privileges in every respect. The holders of our common stock are entitled to vote upon all matters submitted to a vote of our shareholders and are entitled to one vote for each share of common stock held. There are no cumulative voting rights.



The holders of our common stock are entitled to share equally in dividends and other distributions that our Board of Directors may declare from time to time out of funds legally available for that purpose, if any, after the satisfaction of any prior rights and preferences of any outstanding preferred stock. If we liquidate, dissolve or wind up, the holders of common stock shares will be entitled to share ratably in the distribution of all of our assets remaining available for distribution after satisfaction of all our liabilities and our obligations to holders of our outstanding preferred stock.

**Preferred Stock**

Our Articles of Incorporation authorize us to issue 20,000,000 shares of preferred stock, par value $ 0.001 per share. Our Board of Directors has the authority to issue additional shares of preferred stock in one or more series, and fix for each series, the designation of and number of shares to be included in each such series. Our Board of Directors is also authorized to set the powers, privileges, preferences, and relative participating, optional or other rights, if any, of the shares of each such series and the qualifications, limitations or restrictions of the shares of each such series.

Unless our Board of Directors provides otherwise, the shares of all series of preferred stock will rank on parity with respect to the payment of dividends and to the distribution of assets upon liquidation. Any issuance by us of shares of our preferred stock may have the effect of delaying, deferring or preventing a change of our control or an unsolicited acquisition proposal. The issuance of preferred stock also could decrease the amount of earnings and assets available for distribution to the holders of common stock or could adversely affect the rights and powers, including voting rights, of the holders of common stock.

We previously authorized 440 shares of Series A Convertible Preferred Stock, 20,000 shares of Series B Convertible Preferred Stock, and 15,000 shares Series C Convertible Preferred Stock. As of August 20, 2006, all series A, B, and C preferred had been converted into common stock.

Effective August 7, 2013, our Board of Directors designated a series of our preferred stock as Series D Preferred Stock, authorizing 15,000 shares. Our Series D Preferred Stock offering terms authorized us to raise up to $1,000,000 with an over-allotment of $500,000 in multiple closings over the course of six months. We received an aggregate of $750,000 in financing in subscription for Series D Preferred Stock, or 7,500 shares.

The following are primary terms of the Series D Preferred Stock. The Series D Preferred holders were initially entitled to be paid a special monthly divide at the rate of 17.5% per annum. Initially, the Series D Preferred Stock was also entitled to be paid special dividends in the event cash dividends were not paid when scheduled. If the Company does not pay the dividend within five (5) business days from the end of the calendar month for which the payment of such dividend is owed, the Company will pay the investor a special dividend of an additional 3.5%. Any unpaid or accrued special dividends will be paid upon liquidation or redemption. For any other dividends or distributions, the Series D Preferred Stock participates with common stock on an as-converted basis. The Series D Preferred holders may elect to convert the Series D Preferred Stock, in their sole discretion, at any time after a one-year (1) year holding period, by sending the Company a notice to convert. The conversion rate is equal to the greater of $3.20 or a 20% discount to the average of the three (3) lowest closing market prices of the common stock during the ten (10) trading day period prior to conversion. The Series D Preferred Stock is redeemable from funds legally available for distribution at the option of the individual holders of the Series D Preferred Stock commencing any time after the one (1) year period from the offering closing at a price equal to the initial purchase price plus all accrued but unpaid dividends, provided, that if the Company gave notice to the investors that it was not in a financial position to redeem the Series D Preferred, the Company and the Series D Preferred holders are obligated to negotiate in good faith for an extension of the redemption period. The Company timely notified the investors that it was not in a financial position to redeem the Series D Preferred and the Company and the investors have engaged in ongoing negotiations to determine an appropriate extension period. The Company may elect to redeem the Series D Preferred Stock any time at a price equal to the initial purchase price plus all accrued but unpaid dividends, subject to the investors’ right to convert, by providing written notice about its intent to redeem. Each investor has the right to convert the Series D Preferred Stock at least ten (10) days prior to such redemption by the Company.

On October 31, 2023, Clean Energy Technologies, Inc. (the “Company”) filed with the Nevada Secretary of State a certificate of designation designating 3,500,000 shares of the undesignated and authorized preferred stock of the Company, par value $ 0.001 per share, as the 15% Series E Convertible Preferred Stock (the “Series E Preferred Stock”) and setting forth the rights, preferences and limitations of such Series E Preferred Stock.

The Series E Preferred Stock has a stated value of $ 1.00 (the “Stated Value”) per share. Each holder of the Series E Preferred Stock is entitled to receive dividends payable on the Stated Value of the Series E Preferred Stock at a rate of 15% per annum. The Series E Preferred Stock is convertible at the option of the holder thereof into such number of common stocks of the Company, as is determined by dividing the Stated Value per share plus accrued and unpaid dividends thereon by the conversion price of 80% of the lowest VWAP over the last 5 trading days, subject to a 4.99% beneficial ownership limitation. Each holder of Series E Preferred Stock also enjoys certain voting rights and preferences upon liquidation.

On November 8, 2023, Clean Energy Technologies, Inc. (the “Company”) entered into an exchange agreement (the “Agreement”) with Mast Hill Fund, L.P., a Delaware limited partnership (the “Holder”), pursuant to which the Company agreed to issue to the Holder 2,199,387 shares of the newly designated 15% Series E Convertible Preferred Stock of the Company, par value $ 0.001 per share (the “Series E Preferred Stock”), in exchange for the outstanding balances and accrued interest of $1,955,122, as of November 8, 2023, under the six promissory notes the Company issued to the Holder from November 2022 to July 2023. Based on the analysis performed by an independent agency, the fair value of the stock, as at the valuation date was $3,210,206. Based on the settlement of $ 1,955,122, the company has recorded a loss of $ 1,255,084.

The Company has designated the rights of the Holder with respect to its shares of Series E Preferred Stocks pursuant to that certain Certificate of Designations, Preferences, and Rights of Series E Convertible Preferred Stock (the “Certificate of Designation”). Additionally, $ 117,928 of dividend has been accrued but not paid as of March 31, 2024.

***Warrants***

**A summary of warrant activity for the periods is as follows:**

On May 6, 2022, we issued 234,375 warrant shares in connection with the issuance of the promissory note in the principal amount of $ 750,000 to Mast Hill Fund at the exercise price per share of $1.60. However, that if the Company consummates an Uplist Offering on or before the date that is one hundred eighty (180) calendar days after the Issuance Date, then the Exercise Price shall equal 120% of the offering price per share of Common Stock. On December 28, 2022, Mast Hill exercised the warrant in full on a cashless basis to purchase 100,446 shares of Common Stock.

On August 5, 2022, we issued 43,403 warrant shares in connection with the issuance of the promissory note in the principal amount of $ 138,889 to Jefferson Street at the exercise price per share of $1.60. However, that if the Company consummates an Uplist Offering on or before the date that is one hundred eighty (180) calendar days after the Issuance Date, then the Exercise Price shall equal 120% of the offering price per share of Common Stock.

On August 17, 2022, we issued 46,875 warrant shares in connection with the issuance of the promissory note in the principal amount of $ 150,000 to First Fire at the exercise price per share of $1.60. However, that if the Company consummates an Uplist Offering on or before the date that is one hundred eighty (180) calendar days after the Issuance Date, then the Exercise Price shall equal 120% of the offering price per share of Common Stock. On March 1, 2023, First Fire exercised the warrant in full on a cashless basis to purchase 33,114 shares of common stock.

On September 1, 2022, we issued 43,403 warrant shares in connection with the issuance of the promissory note in the principal amount of $ 138,889 to Pacific Pier at the exercise price per share of $1.60. However, that if the Company consummates an Uplist Offering on or before the date that is one hundred eighty (180) calendar days after the Issuance Date, then the Exercise Price shall equal 120% of the offering price per share of Common Stock. On March 1, 2023, Pacific Pier exercised the warrant in full on a cashless basis to purchase 31,111 shares of common stock.



On September 16, 2022, we issued 93,750 warrant shares in connection with the issuance of the promissory note in the principal amount of $ 300,000 to Mast Hill Fund at the exercise price per share of $1.60. However, that if the Company consummates an Uplist Offering on or before the date that is one hundred eighty (180) calendar days after the Issuance Date, then the Exercise Price shall equal 120% of the offering price per share of Common Stock. On April 18, 2023 Mast Hill exercised the warrant in full at the exercise price per share of $1.60.

On November 10, 2022, we issued 29,687 warrant shares in connection with the issuance of the promissory note in the principal amount of $ 300,000 to Mast Hill Fund at the exercise price per share of $1.60. However, that if the Company consummates an Uplist Offering on or before the date that is one hundred eighty (180) calendar days after the Issuance Date, then the Exercise Price shall equal 120% of the offering price per share of Common Stock. On June 23, 2023 Mast Hill exercised the warrant in full at the exercise price per share of $1.60.

On November 21, 2022, we issued 29,687 warrant shares in connection with the issuance of the promissory note in the principal amount of $ 95,000 to Mast Hill Fund at the exercise price per share of $1.60. However, that if the Company consummates an Uplist Offering on or before the date that is one hundred eighty (180) calendar days after the Issuance Date, then the Exercise Price shall equal 120% of the offering price per share of Common Stock. On September 12, 2023 Mast Hill exercised the warrant in full at the exercise price per share of $1.60.

On December 26, 2022, we issued 38,437 warrant shares in connection with the issuance of the promissory note in the principal amount of $ 123,000 to Mast Hill Fund at the exercise price per share of $1.60. However, that if the Company consummates an Uplist Offering on or before the date that is one hundred eighty (180) calendar days after the Issuance Date, then the Exercise Price shall equal 120% of the offering price per share of Common Stock. On June 14, 2023 Mast Hill exercised the warrant in full at the exercise price per share of $1.60.

On January 19, 2023, we issued 58,438 warrant shares in connection with the issuance of the promissory note in the principal amount of $ 187,000 to Mast Hill Fund at the exercise price per share of $1.60. However, that if the Company consummates an Uplist Offering on or before the date that is one hundred eighty (180) calendar days after the Issuance Date, then the Exercise Price shall equal 120% of the offering price per share of Common Stock. On May 19, 2023 Mast Hill exercised the warrant in full at the exercise price per share of $1.60.
Mast Hill exercised this not in full.

On February 13, 2023, we issued 26,700 warrant shares to J.H. Darbie & Co., Inc. according to finder agreement we entered into date April, 2022 at the exercise price of $5.00.

On March 2023, the company issued Craft Capital Management, L.L.C. and R.F. Lafferty & Co. Inc. a 5-year warrant (the “Underwriter Warrants”) to purchase 29,250 shares of common stock in conjunction with a public offering (the “Underwriting Offering”) pursuant to a registration statement on Form S-1.



On March 8, 2023, we issued 367,000 warrant shares in connection with the issuance of the promissory note in the principal amount of $ 734,000 to Mast Hill Fund at the exercise price per share of $1.60. However, that if the Company consummates an Uplist Offering on or before the date that is one hundred eighty (180) calendar days after the Issuance Date, then the Exercise Price shall equal 120% of the offering price per share of Common Stock.

On March 15,2024 we issued 2,000,000 warrant shares in connection with the issuance of subscription agreement in the amount of 900,000 at the exercise price of per share of $1.60.

| | Warrants - Common Share Equivalents | Weighted Average Exercise price | Warrants exercisable - Common Share Equivalents | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding December 31, 2023 | 99,352 | $ 3.00 | 298,056 | $ - |
| Expired | | | | |
| Additions | 2,000,000 | 1.60 | 3,200,000 | - |
| Outstanding March 31, 2024 | 2,099,352 | $ 1.67 | 3,458,413 | $ - |

**Stock Options**

**We currently have no outstanding stock options.**

**NOTE 13 – RELATED PARTY TRANSACTIONS**

On May 13, 2021 the Company formed CETY Capital LLC a wholly owned subsidiary of CETY. In addition, the company established Vermont Renewable Gas LLC (“VRG”) with our partner, Synergy Bioproducts Corporation (“SBC”) The purpose of the joint venture is the development of a pyrolysis plant established to convert wood feedstock into electricity and BioChar by using high temperature ablative fast pyrolysis reactor for which Clean Energy Technology, Inc. holds the license for. The VRG is in Lyndon, Vermont. Based upon the terms of the members’ agreement, CETY Capital LLC owns a 49% interest and SBC owns a 51% interest in Vermont Renewable Gas LLC.

On June 2, 2023 CETY Renewables executed a turnkey agreement for the design, construction, and delivery of organics to energy plant with Vermont Renewable Gas, LLC. As a result, CETY has recognized revenue from VRG of $197,989 for the three months ended March 31, 2024 and recorded as related party revenue.

Kambiz Mahdi, our Chief Executive Officer, owns Billet Electronics, which is distributor of electronic components. From time to time, we purchase parts from Billet Electronics. In addition, Billet was a supplier of parts and had dealings with current and former customers of the Company prior to joining the company. The amount of parts purchases in 2024 was $0. Our Board of Directors has approved the transactions between Billet Electronics and the Company. The outstanding balance as of March 31, 2024 was $0.



**NOTE 14 - WARRANTY LIABILITY**

For the quarter ended March 31, 2024, and for the year ended December 31, 2023, there was no change in our warranty liability. We estimate our warranty liability based on past experiences and estimated replacement cost of material and labor to replace the critical turbine in the units that are still under warranty.

**NOTE 15 – NON-CONTROLLING INTEREST**

On June 24, 2021 the Company formed CETY Capital LLC a wholly owned subsidiary of CETY. In addition, the company established CETY Renewables Ashfield LLC (“CRA”) a wholly owned subsidiary of Ashfield Renewables Ag Development LLC(“ARA”) with our partner, Ashfield AG (“AG”). The purpose of the joint venture was the development of a pyrolysis plant established to convert woody feedstock into electricity and BioChar by using high temperature ablative fast pyrolysis reactor for which Clean Energy Technology, Inc. holds the license for. The CRA was located in Ashfield, Massachusetts. Based upon the terms of the members’ agreement, the CETY Capital LLC owned 75% interest and AG owns a 25% interest in Ashfield Renewables Ag Development LLC. The agreement with CETY Renewables Ashfield has been terminated and CETY Renewable Ashfield was dissolved.

The consolidated financial statements have deconsolidated the CRA business unit. The Liabilities of CRA has been transferred to Vermont Renewable Gas LLC (“VRG”), a newly formed entity. CETY retains 49% equity in VRG.

On April 2, 2023 the Company formed CETY Capital LLC a wholly owned subsidiary of CETY. In addition, the company established Vermont Renewable Gas LLC (“VRG”) with our partner, Synergy Bioproducts Corporation (“SBC”) The purpose of the joint venture is the development of a pyrolysis plant established to convert wood feedstock into electricity and BioChar by using high temperature ablative fast pyrolysis reactor for which Clean Energy Technology, Inc. holds the license for. The VRG is in Lyndon, Vermont. Based upon the terms of the members’ agreement, CETY Capital LLC owns a 49% interest and SBC owns a 51% interest in Vermont Renewable Gas LLC.

The Company analyzed the transaction under ASC 810 Consolidation, to determine if the joint venture classifies as a Variable Interest Entity (“VIE”). The Company analyzed the transaction under ASC 810 Consolidation, to determine if the joint venture classifies as a Variable Interest Entity (“VIE”). The Joint Venture qualifies as a VIE based on the fact the JV does not have sufficient equity to operate without financial support from both parties. According to ASC 810-25-38, a reporting entity shall consolidate a VIE when that reporting entity has a variable interest (or combination of variable interests) that provides the reporting entity with a controlling financial interest on the basis of the provisions in paragraphs 810-10-25-38A through 25-38J. The reporting entity that consolidates a VIE is called the primary beneficiary of that VIE. According to the JV operating agreement, the ownership interests are 49/51 and the agreement provides for a Management Committee of 3 members. Two of the three members are from Synergy Bioproducts Corporation, and one is from CETY. Both parties do not have substantial capital at risk and CETY does not have voting interest. However, SBC has controlling interest and more board votes therefore SBC is the beneficiary of the VIE and as a result we record it as an equity investment. Accordingly, the Company has elected to account for the joint venture as an equity method investment in accordance with ASC 323 Investments – Equity Method and Joint Ventures. This decision is a result of the company’s evaluation of its involvement with potential variable interest entities and their respective risk and reward scenarios, which collectively affirm that the conditions necessitating the application of the variable interest model are not present.



In July 2022 JHJ and other three shareholders agreed to form and make total capital contribution of RMB 20 million ($2.81 million) with latest contribution due date in February 2066 into Sichuan Hongzuo Shuya Energy Limited (“Shuya”), JHJ owns 20% of Shuya. In August 2022 JHJ purchased 100% ownership of Sichuan Shunengwei Energy Technology Limited (“SSET”) for $0, who owns 29% of Shuya; Shunengwei is a holding company and did not have any operations nor made any capital contribution into Shuya as of the ownership purchase date by JHJ; right after the ownership purchase of SSET, JHJ ultimately owns 49% of Shuya. As a result of Consistent Action Agreement entered on December 31, 2022 the Company re-analyzed and determined that Shuya is the variable interest entity (“VIE”) of JHJ, and the Company consolidates Shuya into its consolidated financial statements effective on January 1, 2023. The non-controlling interest of Shuya represents the 41% equity ownership that is owned by Leishen, and 10% equity ownership owned by another shareholder.

On January 1, 2024 and effective on the same date., JHJ, SSET and Xiangyueheng entered into the Agreement on the Termination of the Concerted Action Agreement (the “Termination Agreement”), pursuant to which the parties release each other from any and all obligations under the CAA. Due to the Termination Agreement, the Company now holds less than 50% of the voting rights in Shuya. The Company has determined that Shuya no longer constitutes a VIE and the Company will not consolidate Shuya into its consolidated financial statements on or after January 1, 2024.

**NOTE 16 – DECONSOLIDATION OF SUBSIDIARY**

On January 1, 2024 and effective on the same date., JHJ, SSET and Xiangyueheng entered into the Agreement on the Termination of the Concerted Action Agreement (the “Termination Agreement”), pursuant to which the parties release each other from any and all obligations under the CAA. Due to the Termination Agreement, the Company now holds less than 50% of the voting rights in Shuya. The Company has determined that Shuya no longer constitutes a VIE and the Company will not consolidate Shuya into its consolidated financial statements on or after January 1, 2024. Accordingly, started from January 1, 2024, the Company deconsolidated Shuya. Under ASC 810-10-40-5, deconsolidation of a VIE generally results in recognition of a gain or loss in the income statement. In addition, any retained equity interest or investment in the former subsidiary is measured at fair value as of the date of deconsolidation. The consideration for deconsolidating of Shuya is $0, the Company used discounted cash flow method to evaluate the fair value of Shuya, and determined the fair value of retained equity interest for Shuya and NCI approximate its carry value; therefore, no gain or loss was recognized from deconsolidation of Shuya.

The Company recalculated the fair value of Shuya investment as of January 1, 2024 using the income approach at $ 399,993 and recorded a loss of $303,286 from deconsolidation of Shuya for the three months ended March 31, 2024.

The following table summarizes the carrying value of the assets and liabilities of Shuya at December 31, 2023.

| | | |
|---|---|---|
| Cash | $ | 85,226 |
| Accounts receivable | | 164,744 |
| Advance to Supplier-Prepayment | | 317,557 |
| Advance to Supplier-Related Party | | 463,621 |
| Due from related party | | 752,066 |
| Inventory | | 308,481 |
| Total current assets | | 2,091,695 |
| Fixed assets, net | | 74,158 |
| Intangible assets, net | | 12,914 |
| Right of use asset | | 207,995 |
| Total non-current assets | | 295,067 |
| Total assets | | 2,386,762 |
| | | |
| Accounts payable | $ | 41,503 |
| Accounts payable-related party | | 328,587 |
| Customer Deposits | | 45,074 |
| Accrued Expense | | 135,087 |
| Facility Lease liability-current | | 229,201 |
| Total current liabilities | | 779,452 |
| Facility Lease liability-long term | | 81,506 |
| | | |
| Total liabilities | | 860,958 |



The following table shows the results of operations relating to discontinued operations Shuya for the three months ended March 31, 2024 and 2023, respectively.

| | THREE MONTHS ENDED MARCH 31, | |
|---|---|---|
| | **2024** | **2023** |
| Revenues | $ - | $ 2,345,138 |
| Cost of goods sold | - | 2,204,056 |
| | | |
| Gross profit | - | 141,082 |
| | | |
| Operating expenses | | |
| Selling | - | 59,680 |
| General and administrative | - | 5,624 |
| | | |
| Total operating expenses | - | 65,304 |
| | | |
| Income from operations | - | 75,778 |
| | - | - |
| Other income | - | 72 |
| | | |
| Income before income tax | - | 75,850 |
| | | |
| Income tax | - | (1,295) |
| | | |
| Income before noncontrolling interest | - | 74,555 |
| | | |
| Less: income attributable to noncontrolling interest | - | 38,023 |
| | | |
| Net gain to the Company | $ - | $ 36,532 |

**NOTE 17 – SUBSEQUENT EVENTS**

As of the day of May 20, 2024, the Company issued 378,800 shares for conversion of Series E Preferred share valued at $ 400,521.



**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR PLAN OF OPERATION**

***FORWARD-LOOKING STATEMENTS***

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) contains forward-looking statements that involve known and unknown risks, significant uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements expressed, or implied, by those forward-looking statements. You can identify forward-looking statements using the words may, will, should, could, expects, plans, anticipates, believes, estimates, predicts, intends, potential, proposed, or continue or the negative of those terms. These statements are only predictions. In evaluating these statements, you should consider various factors which may cause our actual results to differ materially from any forward-looking statements. Although we believe that the exceptions reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

**Description of the Company**

We design, produce and market clean energy products and integrated solutions focused on energy efficiency and renewable energy. Our aim is to become a leading provider of renewable and energy efficiency products and solutions by helping commercial companies and municipalities reduce energy waste and emissions, lower energy costs and generate incremental revenue by providing electricity, renewable natural gas and biochar to the grid.

Our principal executive offices are located at 1340 Reynolds Avenue, Irvine, CA 92614. Our telephone number is (949) 273-4990. Our common stock is listed on the NASDAQ Markets under the symbol "CETY."

Our internet website address is www.cetyinc.com the information contained on our websites are not incorporated by reference into this document, and you should not consider any information contained on, or that can be accessed through, our website as part of this document.

Segment Information

Our four segments for accounting purposes are:

**Clean Energy HRS & CETY Europe** – Our Waste Heat Recovery Solutions, converting thermal energy to zero emission electricity.

**CETY Renewables Waste to Energy Solutions** – Providing Waste to Energy technologies and solutions.

**Engineering and Manufacturing Business** – providing customers with comprehensive design, manufacturing, and project management solutions.

**CETY HK** – The parent company of our NG trading operations in China. Prior to the first quarter of 2022 the Company had three reportable segments but added the CETY HK segment to reflect its recent new businesses in China.



We specialize in renewable energy & energy efficiency systems design, manufacturing and project implementation. We were incorporated in California in July 1995 under the name Probe Manufacturing Industries, Inc. We redomiciled to Nevada in April 2005 under the name Probe Manufacturing, Inc. We provided engineering and manufacturing electronics services to original equipment manufacturers (OEMs) of clean energy, industrial, automotive, semiconductor, medical, communication, military, and high technology products.

With the vision to combat climate change and creating a better, cleaner and environmentally sustainable future, we formed Clean Energy HRS, LLC a wholly owned subsidiary of Clean Energy Technologies, Inc. and acquired the assets of Heat Recovery Solutions from General Electric International on September 11, 2015. In November 2015, we changed our name to Clean Energy Technologies, Inc. We have 24 full-time employees.

Clean Energy Technologies, Inc. established a new company, CETY Europe, SRL (CETY Europe) as a wholly owned subsidiary. CETY Europe is a Sales and Service Center in Silea (Treviso), Italy established in 2017. The service center became operational in November 2018. Their offices are located at Alzaia Sul Sile, 26D, 31057 Silea (TV) and they have 1 full time employee.

Clean Energy Technologies, Inc. established a wholly owned subsidiary called CETY Capital, a financing arm of CETY to fund captive renewable energy projects producing low carbon energy. CETY Capital will add flexibility to the capacity CETY offers its customers and fund projects utilizing its products and clean energy solutions.

CETY Capital retains 49% ownership interest in Vermont Renewable Gas LLC established to develop a biomass plant in Vermont utilizing CETY's High Temperature Ablative Pyrolysis system.

Clean Energy Technologies (H.K.) Limited., a wholly owned subsidiary of Clean Energy Technologies Inc. acquired 100% ownership of Leading Wave Limited a liquid natural gas trading company in China.

**Business Overview**

**General**

The Company's business and operating results are directly affected by changes in overall customer demand, operational costs and performance and leverage of our fixed cost and selling, general and administrative ("SG&A") infrastructure.

Product sales fluctuate in response to several factors including many that are beyond the Company's control, such as general economic conditions, interest rates, government regulations, consumer spending, labor availability, and our customers' production rates and inventory levels. Product sales consist of demand from customers in many different markets with different levels of cyclicality and seasonality.

Operating performance is dependent on the Company's ability to manage changes in input costs for items such as raw materials, labor, and overhead operating costs. Performance is also affected by manufacturing efficiencies, including items such as on time delivery, quality, scrap, and productivity. Market factors of supply and demand can impact operating costs.



**Who We Are**

We develop renewable energy products and solutions and establish partnerships in renewable energy that make environmental and economic sense. Our mission is to be a segment leader in the Zero Emission Revolution by offering recyclable energy solutions, clean energy fuels and alternative electric power for small and mid-sized projects in North America, Europe, and Asia. We target sustainable energy solutions that are profitable for us, profitable for our customers and represent the future of global energy production.

**Our principal businesses**

**Waste Heat Recovery Solutions** – we recycle wasted heat produced in manufacturing, waste to energy and power generation facilities using our patented Clean Cycle$^{TM}$ generator to create electricity which can be recycled or sold to the grid.

**Waste to Energy Solutions** - we convert waste products created in manufacturing, agriculture, wastewater treatment plants and other industries to electricity, renewable natural gas (“RNG”), hydrogen and biochar which are sold or used by our customers.

**Engineering, Consulting and Project Management Solutions** – we bring a wealth of experience in developing clean energy projects for municipal and industrial customers and Engineering, Procurement and Construction (EPC) companies so they can identify, design and incorporate clean energy solutions in their projects.

**CETY HK**

Clean Energy Technologies (H.K.) Limited (“CETY HK”) consists of two business ventures in mainland China:(i) our natural gas (“NG”) trading operations sourcing and suppling NG to industries and municipalities. Natural Gas is principally used for heavy truck refueling stations and urban or industrial users. We purchase large quantities of NG from large wholesale NG depots at fixed prices which are prepaid for in advance at a discount to the market. We sell the NG to our customers at fixed prices or prevailing daily spot prices for the duration of the contracts.

**Business and Segment Information**

We design, produce and market clean energy products and integrated solutions focused on energy efficiency and renewable energy. Our aim is to become a leading provider of renewable and energy efficiency products and solutions by helping commercial companies and municipalities reduce energy waste and emissions, lower energy costs and generate incremental revenue by providing electricity, renewable natural gas and biochar to the grid.

**Summary of Operating Results the three months Ended March 31, 2024 Compared to the same period in 2023**

**Going Concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the normal course of business. The Company had a total stockholder’s equity of $4,414,986 and a working capital of $324,893 as of March 31, 2024, The company also had an accumulated deficit of $24,473,587 as of March 31, 2024 and used $871,636 in net cash from operating activities for the three months ended March 31, 2024. Therefore, there is substantial doubt about the ability of the Company to continue as a going concern. There can be no assurance that the Company will achieve its goals and reach profitable operations and is still dependent upon its ability (1) to obtain sufficient debt and/or equity capital and/or (2) to generate positive cash flow from operations.



For the quarter ended March 31, 2024, our total revenue was $1,513,026 compared to $551,869 for the same period in 2023. Our first quarter 2024 total revenue was higher than the same period in 2023 due to deconsolidation of our Shuya entity.

For the quarter ended March 31, 2024, our gross profit was $253,005 compared to $19,487 for the same period in 2023. The higher gross profit margins were a result of increased revenue from CETY’s non-NG business in China.

For the three months ended March 31, 2024, our operating expense was $1,073,926 compared to $698,107 for the same period in 2023. The increase in expenses contributed to salaries expenses and professional fees for legal & accounting.

For the quarter ended March 31, 2024, we had a net loss of $1,419,400 compared to $1,110,390 for the same period in 2023 due to increased in salaries expense contributed to CETY Renewables new engineers and operational and technology directors, fees and marketing campaign expenses attributed to CETY’s expansion plans and loss from deconsolidation of Shuya.

For the quarter ended March 31, 2024, stockholder’s equity was $4,414,986, compared to $5,869,198 as of December 31, 2023. This decrease of $1,454,212 in stockholder’s equity can be attributed to net loss for the quarter.

CETY has successfully repositioned itself and created 4 different business segments to create a larger, more stable, and more diversified revenue stream that could scale up. The 4 segments are Clean Energy HRS (Heat Recovery), Waste-to-Energy (Pyrolysis Plant), Engineering Procurement and Consulting (EPC), and CETY HK (NG trading and acquisitions). First quarter revenue was mainly contributed by NG trading. The revenue in this segment is expected to continue to stay stable which will help establish CETY as a player in the China market and allows cross-selling of CETY products and solutions and transfer of advanced clean energy with lower cost technologies. CETY expects larger revenue contribution from Waste-to-Energy, Heat Recovery, and EPC in the latter of this year which are higher gross margin segments. Our pilot Waste-to-Energy plant in Vermont which integrates all of CETY’s technologies and expertise into a single solution, is progressing steadily with updates coming soon. There is a growing market for Heat Recovery in the U.S. and Europe, and CETY HK has begun cross-selling Heat Recovery products in China. CETY is also gearing up for the EPC segment to implement holistic self-generation solutions globally.

Management believes this 4-segment strategy has created many operational synergies and cross-selling opportunities across different markets. The growth in the year ended 2024 vs. 2023 was a result of this strategy. CETY believes that it will continue to deliver growth on all segments this year due to our belief that there is an optimistic industry macro backdrop. The main macro factor benefiting us is the global commitment to push renewable energy to the forefront from governments across the world. This is evidenced by the Paris Agreement and COP26. The Inflation Reduction Act passed by Congress in August 2022 had specific provisions that can take advantage of CETY’s products and solutions. Another catalyst that will potentially help our Company, is a continuously improving global supply chain. The European energy crisis has given rise to the opportunity for CETY to sell more of its products and solutions as customers are in search of self-generation capabilities in renewable energy.

CETY expects to and will continue to execute its corporate strategy to build sustained and profitable growth by providing end to end fully integrated solutions and technologies, expand our global sales and marketing, production, research & development, as well as search for synergistic acquisition opportunities.

**See note 1 to the notes to the financial statements for a discussion on critical accounting policies**



**RELATED PARTY TRANSACTIONS**

**See note 13 to the notes to the financial statements for a discussion on related party transaction**

**Results of the three Ended March 31, 2024, Compared to the three ended March 31, 2023**

**Net Sales**

For the quarter ended March 31, 2024, our total revenue was $1,513,026 compared to $551,869 for the same period in 2023. The higher revenue was contributed to the deconsolidation of Shya's business.

**Segment breakdown**

The three months ended March 31, 2024, our revenue from Engineering and Manufacturing was $9,342 compared to zero for the same period in 2023. Our engineering team is in transition to establish the innovation center in Europe and has executed a master services agreement with RPG to support its fortune 500 customers with its sustainability goals. Additionally, our engineering team will be commencing work on the Vermont project starting in the second quarter of 2023.

For the three months ended March 31, 2024, our revenue from HRS was $72,488 compared to $10,942 for the same period in 2023. We have a large pipeline of opportunities in this segment and are working diligently to complete the engineering and design, enabling us to execute contractual agreements and close these opportunities. The sales cycle for these types of opportunities is long due to cost factors and the integration of the technology. We are also working with financial institutions to assist in financing the projects as we increasingly move towards Independent Power Producer models.

For the three months ending March 31, 2024, our revenue from our natural gas (NG) business amounted to $1,219,629, down from $540,927 for the corresponding period in 2023. This increase can be attributed to the deconsolidation of Shuya's revenue and our strategic decision to prioritize non-Chinese markets over expansion into the ASEAN region.

**Gross Profit**

In the three months ending March 31, 2024, our gross profits totaled $253,004, marking an favorable increase compared to $160,569 recorded for the corresponding period in 2023. This uptick in gross profit can be attributed to elevated margins stemming from the increase from our non-Chinese NG business, alongside the successful launch of our waste-to-energy plant in Vermont.

**Segment breakdown**

For the three months ending March 31, 2024, our gross profit from Engineering and Manufacturing amounted to $7,806, compared for the same period in 2023. This segment is a recent addition to CETY's portfolio, currently serving as a support for our ongoing internal projects. Nevertheless, it is anticipated to expand notably as CETY shifts its focus towards providing comprehensive end-to-end integrated solutions.

For the three months ended March 31, 2024, our gross profit from HRS was $51,598, in compared to $5,128 for the corresponding period in 2023. This increase in margins primarily stemmed from increased service activities, which did not include equipment sales.

During the three months ended March 31, 2024, our gross profit from our wholly owned subsidiary, JHJ, was $9,852, a decrease from $12,959 recorded for the corresponding period in 2023. This decline was primarily attributed to the deconsolidation of the Shuya business unit. It's worth noting that our NG business typically operates on slim margins. Looking ahead, we intend to leverage our presence in China to foster synergistic partnerships and facilitate technology transfers, particularly in the growing EV charging sector. Additionally, we aim to explore cross-selling opportunities for our waste heat recovery and waste-to-energy products within the Chinese market.



**Selling, General and Administrative (SG&A) Expenses.**

For the three-month period ending March 31, 2024, our SG&A expenses totaled $218,658, an increase from $88,891 for the same period in 2023. This increase can be attributed to increased spending in IT, insurance expenditures particularly the D&O policy, and increased spending on repairs and maintenance, largely driven by the recent relocation of our HRS operations.

**Salaries Expense**

During the three months ended March 31, 2024, our Salaries expense totaled $511,111, marking a significant increase from $158,557 recorded during the same period in 2023. This surge in expenses for the quarter ending March 31, 2024, can be attributed to the inclusion of key personnel such as our CFO, director of operations, director of technology, and the recruitment of four additional engineers. Our strategy involves fortifying our team from the ground up to establish a robust foundation for scalable growth, reinforced by cutting-edge technology and streamlined systems. We hold strong conviction in the capabilities of our assembled team, envisioning their collective efforts leading us to a position of leadership within the clean energy sector.

**Travel Expense**

The three months ended March 31, 2024; our travel expense was $29,652 compared to $71,662 for the same period in 2023. The decrease was due to lower travel expenses related to China NG business development.

**Professional fees legal and accounting**

For the quarterly period ended March 31, 2024, our Professional Fees expense totaled $126,105, marking an increase from $88,210 in the corresponding period of 2023. This rise in accounting fees can be attributed directly to engaging a new audit firm, which incurred higher costs.

**Facility Lease and Maintenance Expense**

For the three months ended March 31, 2024, our Facility Lease and maintenance expenses totaled $71,275, marking a significant decrease from the $122,779 incurred during the same period in 2023. This reduction in cost can be attributed to the strategic relocation and separation of our corporate offices from our HRS operations, resulting in a cost-saving measure.

**Depreciation and Amortization Expense**

The three months ended March 31, 2024, our depreciation and amortization expense was 2,969 compared to $5,949 for the same period in 2023.

**Change in Derivative Liability**

The three months ended March 31, 2024; we had no derivative liability compared to a gain of $326,539 for the same period in 2023. The gain in derivative liability was from a favorable derivative calculation from several convertible notes in the three months ended March 31, 2023.

**Interest and Finance Fees**

During the three months ending on March 31, 2024, interest and finance fees amounted to $295,193, as opposed to $837,391 for the corresponding period in 2023. The decrease in interest and fees for the March 31, 2024 period can be attributed to less number of notes and bridge financing aimed at facilitating the uplisting to Nasdaq. Despite the decrease in interest and fees for the March 31, 2024 period, we believe that the cost of capital for CETY remains elevated. The delay in securing affordable financing for our Vermont project resulted in our reliance on high-cost financing options. We are working diligently to finalize our financing in the second quarter of 2024.



**Net Loss**

For the three months ending March 31, 2024, our loss amounted to $1,419,400, representing an increase from the loss of $1,110,390 incurred during the corresponding period in 2023. This increase is attributed to expenditures in salaries, IT, relocation, and legal and professional fees.

**Liquidity and Capital Resources**

**Clean Energy Technologies, Inc.**
Condensed Consolidated Statements of Cash Flows
for the three months ended March 31,
(unaudited)

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Net cash (used in) operating activities | $ | (871,636) | $ | (641,093) |
| Net cash provided by investing activities | | 83,460 | | 39,797 |
| Net cash provided by financing activities | | 987,871 | | 3,247,540 |
| Foreign Currency Transaction | | 161 | | 63,313 |
| Net increase in cash and cash equivalents | $ | 289,481 | $ | 2,709,557 |

**Capital Requirements for Long-Term Obligations**

**None.**

**Critical Accounting Policies**

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. A complete summary of these policies is included in the notes to our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

**Revenue Recognition**

The Company recognizes revenue under ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606),"* ("ASC 606").

*Performance Obligations Satisfied Over Time*

*FASB ASC 606-10-25-27 through 25-29, 25-36 through 25-37, 55-5 through 55-10*

An entity transfers control of a good or service over time and satisfies a performance obligation and recognizes revenue over time if one of the following criteria is met:

a. The customer receives and consumes the benefits provided by the entity's performance as the entity performs (as described in FASB ASC 606-10-55-5 through 55-6).
b. The entity's performance creates or enhances an asset (for example, work in process) that the customer controls as the asset is created or enhanced (as described in FASB ASC 606-10-55-7).
c. The entity's performance does not create an asset with an alternative use to the entity (see FASB ASC 606-10-25-28), and the entity has an enforceable right to payment for performance completed to date (as described in FASB ASC 606-10-25-29).



The following five steps are applied to achieve that core principle for our business:

- Identify the contract with the customer

- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when the company satisfies a performance obligation

*Performance Obligations Satisfied at a Point in Time*

*FASB ASC 606-10-25-30*

If a performance obligation is not satisfied over time, the performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation, the entity should consider the guidance on control in FASB ASC 606-10-25-23 through 25-26. In addition, it should consider indicators of the transfer of control, which include, but are not limited to, the following:

a. The entity has a present right to payment for the asset
b. The customer has legal title to the asset
c. The entity has transferred physical possession of the asset
d. The customer has the significant risks and rewards of ownership of the asset
e. The customer has accepted the asset

The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods and services transferred to the customer. In addition a) the company also does not have an alternative use for the asset if the customer were to cancel the contract, and b) has a fully enforceable right to receive payment for work performed (i.e., customers are required to pay as various milestones and/or timeframes are met)

The following five steps are applied to achieve that core principle for our HRS and Cety Europe Divisions:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when the company satisfies a performance obligation



The following steps are applied to our legacy engineering and manufacturing division:

- We generate a quotation
- We receive Purchase orders from our customers.
- We build the product to their specification
- We invoice at the time of shipment
- The terms are typically Net 30 days

The following step is applied to our CETY HK business unit:

- CETY HK is primarily responsible for fulfilling the contract / promise to provide the specified good or service.

*A principal obtains control over any one of the following (ASC 606-10-55-37A):*

a. A good or another asset from the other party which the entity then transfers to the customer. Note that momentary control before transfer to the customer may not qualify.
b. A right to a service to be performed by the other party, which gives the entity the ability to direct that party to provide the service to the customer on the entity's behalf.
c. A good or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer.

If the entity obtains control over one of the above before the good or service is transferred to a customer, the entity could be considered a principal.

During the project development and engineering phase of our CETY Renewable projects such as VRG, we employ the input method of revenue recognition to estimate revenue based on projected costs. This approach involves forecasting future costs and revenues to determine the amount of revenue we recognize in the current period. It's important to understand, however, that these recognized revenue figures are not final and are subject to adjustments. Changes may occur as we gain more clarity on actual costs compared to our initial projections, affecting the revenue recognized accordingly.

The projected costs of the VRG project is based on estimates and profitability will be impacted depending on actual costs. Using the input method for revenue recognition, the amount of recorded revenue is also affected depending on the estimated total costs. The purchase price allocation for Shuya was also based on estimates and comparable data selected by the Company. The inputs for the valuation of the Series E preferred shares were also based on estimates and comparable data selected by the Company.

Additionally, the above five steps are applied to achieve core principle for our CETY Renewables Division:

Because the CETY Renewables division is presently engaged in the Engineering, Procurement, and Construction (EPC) of biomass power facilities, CETY Renewables has developed a process of executing EPC Agreements with customers for this work. In contracting these engagements, CETY Renewables recognizes revenue according to accounting standards in accordance with ASC 606.

In recognizing this revenue, CETY Renewables first identifies the relevant contract with its customer according to 606-10-25-1.

- The entities, together known as the Parties, approved the contract in writing, through signatures and commitment to the performance of permitting, design, procurement, construction, and commissioning.

- CETY's work product includes permits, engineering designs, equipment, and full balance of plant specific to permitting, design, procurement, construction, and commissioning.
- CETY and customer agree to a total EPC Contract price.
- The contract has commercial substance. The risk associated with this EPC Agreement is that payment of the EPC contract price.
- Per the EPC Agreement, CETY expects to collect substantially all of the consideration for its goods and services.



Secondly, CETY identifies the performance obligations of the Parties in performance of the EPC Agreement in accordance with 606-10-25-14. At contract inception, CETY assesses the goods and services necessary to deliver the facility in accordance with the its agreement with its clients. The agreement specifically laid out all deliverables necessary to achieve the permitting, design, procurement, construction, and commissioning.

CETY also looks at 606-10-25-14(A). A bundle of goods or services is also present, in that CETY is delivering all work products associated with permitting, design, procurement, construction and commissioning of a commercially operable biomass power plant. A biomass power plant is a distinct bundle of goods or services, so the individual goods or services on their own do not lend themselves to a fully integrated or functional system.

CETY in accordance with 606-10-32-1, CETY reviews measurement of the performance obligations. There are no exclusion of any amount of the Contract Price due to constraints associated with 606-10-31-11 through 606-10-32-13.

In review of 606-10-32-2A, CETY did not exclude measurement from the measurement of the transaction price any taxes assessed by a government authority as no such taxes will be due.

In reviewing 606-10-32-3, CETY evaluated the nature, timing, and amount of consideration promised, and whether it impacts the estimate of the transaction price.

Finally, in identifying a single method of measuring progress for each performance obligation satisfied over time, in accordance with 606-10-25-32, CETY applies the methodology of 606-10-25-36. CETY adopted and implemented the input method for revenue recognition in accordance with ASC 606-10-25-33. The company adopts the input method for implementation. CETY recognizes revenue for performance obligations on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation per 606-10-55-20.

For CETY, the contracts with clients for the construction of biomass power plants are the basis for revenue recognition. In each separate EPC Agreement, the performance obligations include permitting, design, procurement, construction, and commissioning of the plant. All of these work products satisfy Section 606-10-25-27(b) as these work products create or enhance an asset under customer's control. Upon delivery of the work product, the customer takes control of the work products and has full right and ability to direct the use of and obtain substantially all of the remaining benefits of the assets. We recognize revenue over time, using timeline and milestone methods to measure progress towards complete satisfaction of the performance obligation.

During the complexity and duration of the biomass power plant construction projects, CETY will recognize revenue over time, consistent with the criteria for over-time recognition under ASC 606. This approach reflects the continuous transfer of documents, permits, and the equipment over to the customer, which is characteristic of long-term construction contracts.

We have a list of appropriate measures of progress: This is based on milestones achieved, among other measures.

Given the long-term nature of the projects, CETY regularly reviews and, if necessary, updates its estimates of progress towards completion, transaction price, and the allocation of the transaction price to performance obligations.

Also, from time to time our contracts state that the customer is not obligated to pay a final payment until the units are commissioned, i.e. a final payment of 10%. As of December 31, 2023 and 2022 we had $33,000 and 33,000 of deferred revenue, which is expected to be recognized in the second quarter of year 2024.

Also from time to time we require upfront deposits from our customers based on the contract. As of December 31, 2023 and 2022, we had outstanding customer deposits of $210,310 and $80,475 respectively.



**Change from fair value or equity method to consolidation**

Chengdu Xiangyueheng Enterprise Management Co., Ltd (the "Xiangyueheng"), which owns a 10% equity interest in Shuya, entered a three-party Concerted Action Agreement (the "CAA"), wherein the parties agreed to vote in unison at the shareholders' meeting of Shuya to consolidate the controlling position of the three parties in Shuya. The three parties agreed that during the term of the CAA, before any of the three parties intends to propose motions to the shareholders' meetings or the board of directors, or exercise their voting rights on any matter that shall be presented to and resolved through the shareholders' meeting in accordance with the laws, regulations, Articles of Association of Shuya or any relevant shareholders' agreements, the three parties will discuss, negotiate, and coordinate the motion topics for consistency; in the event of disagreement, the opinions of JHJ shall prevail.

As a result of the CAA, the Company re-analyzed and determined that Shuya is the variable interest entity (the "VIE") of JHJ because 1) the equity investors at risk, as a group, lack the characteristics of a controlling financial interest, and 2) Shuya is structured with disproportionate voting rights, and substantially all the activities are conducted on behalf of an investor with disproportionately few voting rights. Under ASC 810, a reporting entity has a controlling financial interest in a VIE, and must consolidate that VIE, if the reporting entity has both of the following characteristics: (a) the power to direct the activities of the VIE that most significantly affect the VIE's economic performance; and (b) the obligation to absorb losses, or the right to receive benefits, that could potentially be significant to the VIE. The Company concluded JHJ is deemed the primary beneficiary of the VIE. Accordingly, the Company consolidates Shuya into its consolidated financial statements effective on January 1, 2023.

On January 1, 2024, and effective on the same date, JHJ, SSET and Xiangyueheng entered into the Agreement on the Termination of the Concerted Action Agreement (the "Termination Agreement"), pursuant to which the parties released each other from any and all obligations under the CAA. Due to the Termination Agreement, the Company now holds less than 50% of the voting rights in Shuya. The Company analyzed whether Shuya should be consolidated under ASC 810 and determined Shuya is no longer required to be consolidated on January 1, 2024 after the execution of the Termination Agreement. Accordingly, the Company will not consolidate Shuya into its consolidated financial statements on or after January 1, 2024.

**Series E Valuation**

Additionally, the inputs for the valuation of the Series E preferred shares were also based on estimates and comparable data selected by the Company and fair value measurements, furthermore, the purchase price allocation was based on estimates of fair market values.

**Future Financing**

We will continue to rely on equity sales of our common shares to continue to fund our business operations. Issuance of additional shares will result in dilution to existing stockholders. There is no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund planned acquisitions and exploration activities.

***Off-Balance Sheet Arrangements***

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

***Recently Issued Accounting Pronouncements***

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard setting bodies that are adopted by us as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued standards that are not yet effective will not have a material impact on our consolidated financial position or results of operations upon adoption.



**Item 3. Quantitative and Qualitative Disclosure about Market Risk.**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

**Item 4. Controls and Procedures.**

***Evaluation of Disclosure Controls and Procedures***

Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by our company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management carried out an evaluation under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act"). Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures were not effective as of March 31, 2024, due to the material weaknesses resulting from the Board of Directors not currently having any independent members and no director qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K, and controls were not designed and in place to ensure that all disclosures required were originally addressed in our financial statements. Please refer to our Annual Report on Form 10-K as filed with the SEC on April 17, 2024, for a complete discussion relating to the foregoing evaluation of Disclosures and Procedures.

***Changes in Internal Control over Financial Reporting***

Our management has also evaluated our internal control over financial reporting, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of our last evaluation.

**PART II—OTHER INFORMATION**

**Item 1. Legal Proceedings**

From time to time, the Company is involved in litigation incidental to the conduct of its business. The Company is presently not involved in any legal proceedings which in the opinion of management are likely to have a material adverse effect on the Company's consolidated financial position or results of operations.

**Item 1A. Risk Factors.**

There have been no material changes in the Company's risk factors from those previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

**Item 2. Unregistered Sales of Equity Securities**

On February 5, 2021 we issued 75,000 shares of our common stock at a price of $3.2 per share, in exchange for the conversion of 1,200 shares of our Series D Preferred Stock.

On February 9, 2021 we issued 56,892 shares of our common stock share, in exchange for the conversion of $182,052 of accrued dividend for the series D Preferred Stock.



On March 12, 2021 we issued 40,625 shares and 51,715 of our common stock at a price of $3.2 per share, in exchange for the conversion of 650 shares of our Series D Preferred Stock and $165,487 of accrued dividend for the series D preferred stock.

On June 28, 2021 MGW I converted $75,000 from the outstanding balance of their convertible note into 625,000 shares of company's common stock.

On September 2, 2021 the company issued 28,561 as inducement shares. To GHS Investment for the equity line of credit at $1.9 per share.

On September 13, 2021 the company issued 27,516 as issuance correction. To GHS Investment for the equity line of credit at $1.9 per share.

On December 31, 2021 we issued 245,844 shares of our common stock under our Reg A offering at $3.2 per share. These shares are unrestricted and free trading.

On February 21, 2022, we issued 375,875 shares of our common stock under our Reg A offering at $3.2 per share. These shares are unrestricted and free trading.

On September 21, 2022 MGW I converted $1,548,904 from the outstanding balance of their convertible note into 12,907,534 shares of company's common stock.

On December 28, 2022, we issued 100,446 shares of common stock upon the exercise of the cashless warrant that the Company issued to Mast Hill on May 6, 2022.

On March 1, 2023 First Fire exercised the warrant in full on a cashless basis to purchase 33,114 shares of common stock.

On March 1, 2023 Pacific Pier exercised the warrant in full on a cashless basis to purchase 31,111 shares of common stock.

In the third quarter of 2023, the Company issued 40,000 shares to a consultant at fair value of $72,000.

In the second quarter of 2023, the Company issued 220,314 shares and received cash proceed of $352,502.

In the third quarter of 2023, the Company issued 213,188 shares and received cash proceed of $341,101.

In the fourth quarter of 2023, the Company issued 183,500 shares and received cash proceeds of $293,600.

In the first quarter of 2024, the Company issued 1,333,600 shares for conversion of Series E Preferred share valued at $565,178.

On January 3, 2024, the company entered into a securities purchase agreement as a condition to the sale of the Note, the Company issued to the Buyer 10,000 shares of Common Stock.

On February 2, 2024, the company entered into a securities purchase agreement as a condition to the sale of the Note, the Company issued to the Buyer 20,000 shares of Common Stock.

On February 24, 2024, the company entered into a consulting agreement as a condition to the agreement, the Company issued to the consultant 15,000 shares of Common Stock.

On March 4, 2024, the company entered into a securities purchase agreement. As a condition to the sale of the Note, the Company issued to the Buyer 20,000 shares of Common Stock.

On March 15, 2024, Clean Energy Technologies, Inc., a Nevada corporation, entered into a subscription agreement pursuant to which the Company agreed to sell up to 2,000,000 units to the Subscribers for an aggregate purchase price of $900,000.

These securities were issued pursuant to Section 4(2) of the Securities Act and/or Rule 506 promulgated thereunder. The holders represented their intention to acquire the securities for investment only and not with a view towards distribution. The investors were given adequate information about us to make an informed investment decision. We did not engage in any general solicitation or advertising. We directed our transfer agent to issue the stock certificates with the appropriate restrictive legend affixed to the restricted stock.



**Item 3. Defaults upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not Applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

The exhibit listed on the Exhibit Index (following the signatures section of this quarterly report dated March 31, 2024 on Form 10-Q are included, or incorporated by reference, in this three months ended March 31, 2023 Report on Form 10-Q.

| EXHIBIT NUMBER | DESCRIPTION | |
|---|---|---|
| 31.01 | Certification of Principal Executive Officer Pursuant to Rule 13a-14 | Filed herewith. |
| 31.02 | Certification of Principal Financial Officer Pursuant to Rule 13a-14 | Filed herewith. |
| 32.01 | Certification of CEO Pursuant to Section 906 of the Sarbanes-Oxley Act | Filed herewith. |
| 32.02 | Certification of CFO Pursuant to Section 906 of the Sarbanes-Oxley Act | Filed herewith. |
| 101.INS* | Inline XBRL Instance Document | Furnished herewith. |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document | Furnished herewith. |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document | Furnished herewith. |

| | | |
|---|---|---|
| 101.LAB* | Inline XBRL Taxonomy Extension Labels Linkbase Document | Furnished herewith. |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document | Furnished herewith. |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document | Furnished herewith. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) | |

*Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.



**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Costa Mesa, State of California on the twentieth day May, 2024

Clean Energy Technologies, Inc.
REGISTRANT

By: */s/ Kambiz Mahdi*
Kambiz Mahdi
Chief Executive Officer and Director

Date: May 20, 2024

By: */s/ Calvin Pang*
Calvin Pang
Chief Financial Officer and Director

Date: May 20, 2024

By: */s/ Ted Hsu*
Ted Hsu
Director

Date: May 20, 2024

By: */s/ Lauren Morrison*
Lauren Morrison
Director

Date: May 20, 2024

By: */s/ Xiaotian Xiao*
Xiaotian Xiao
Director

Date: May 20, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

| Signature | Title |
|---|---|
| By: */s/ Kambiz Mahdi*<br>Kambiz Mahdi | Chief Executive Officer and Director<br>(Principal executive officer) |
| Date: May 20, 2024 | |

**Exhibit 31.01**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Kambiz Mahdi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clean Energy Technologies, Inc. for the quarterly period ended March 31, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2024

By: */s/ KAMBIZ MAHDI*
Kambiz Mahdi,
Chief Executive Officer

**Exhibit 31.02**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Calvin Pang, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clean Energy Technologies, Inc. for the quarterly period ended March 31, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2024

By: */s/ Calvin Pang*
Calvin Pang,
Chief Financial Officer

**EXHIBIT 32.01**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Clean Energy Technologies, Inc. (the “Company”) hereby certifies, to his knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 20, 2024

By: */s/ Kambiz Mahdi*
Kambiz Mahdi
Chief Executive Officer

**EXHIBIT 32.02**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Clean Energy Technologies, Inc. (the “Company”) hereby certifies, to his knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 20, 2024

By: */s/ Calvin Pang*
Calvin Pang
Chief Financial Officer