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California Nanotechnologies Announces FY2023 Results

- US$1,382K revenue and 72% gross margin for FY2023
- Strong EBITDA margin[1] and operating cash flow
- Maintained capital discipline with initiation of key growth investments while paying down US$245K in debt

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LOS ANGELES, CALIFORNIA, June 29, 2023 - California Nanotechnologies Corp. ("Cal Nano" or the "Company") is pleased to announce record revenues of US$1,381,934 for the fiscal year ending February 28, 2023. This represents an increase of 28% from the previous fiscal year. Net income for the fiscal year was US$79,764, compared to US$200,600 in the same period last year, while EBITDA[2] was US$337,912, compared to US$404,911 for the same period last year. The decrease in net income and EBITDA is primarily explained by one-time COVID-19 benefits valued at US$145K received in FY2022. Despite starting key growth investments in the second half of FY2023 to support future revenues, which has resulted in a higher cost structure, EBITDA margin continued to be strong at 24%. The financial statements are available on SEDAR at www.sedar.com and on the Company's website.

"FY2023 not only built upon the success of FY2022, during which we achieved profitability for the first time in the Company's history, but also witnessed further revenue growth and a substantial reduction in our debt," stated CEO Eric Eyerman. "Throughout the fiscal year, we remained dedicated to sustaining profitability while actively pursuing strategic investments to drive our long-term expansion."

The increase in revenue for FY2023 was mainly attributed to the continuation and signing of new R&D programs for Cal Nano's two core manufacturing service offerings in Spark Plasma Sintering ("SPS") and cryomilling. While FY2022 saw good revenue growth with a concentration from a thermoelectrics customer, FY2023 experienced more diversified revenue across several customers, including Ambri, a start-up battery-technology company. Additionally, during the year, the Company signed SPS equipment sales contracts worth approximately US$430K with three U.S. universities,

[1] Non-IFRS Measure
[2] Non-IFRS Measure

marking an evolution in Cal Nano's business model to assist R&D customers with in-housing its core technologies. The first of these three units was shipped in Q1/2024, with the remaining units expected to be delivered later in FY2024.

Cal Nano believes that there will be increasing demand for its manufacturing services in the coming years as customers continue to recognize the benefits of its technologies at a commercial scale. As a result, the Company is preparing for this opportunity by expanding contract scopes, hiring key personnel, and carefully planning out equipment purchases. Subsequent to FY2023, Cal Nano acquired a used cryomilling machine that became available at a very attractive price, which will allow the company to triple its existing capacity. Cal Nano is evaluating the best location for installing the new cryomill and is also exploring options to expand its Spark Plasma Sintering capacity.

Furthermore, the Company made payments of US$245K towards its bank debt and borrowings from Omni-Lite Industries Canada Inc., demonstrating a commitment to reducing its overall debt. At the start of the fiscal year, the company had a total debt of US$1,575,257, which was successfully reduced to US$1,330,156. Cal Nano believes that managing appropriate debt levels is in the best interests of shareholders.

About California Nanotechnologies Corp.

At Cal Nano, we envision a world in which our advanced technologies are used to help make the most innovative products on this planet and beyond. We are trusted by global leaders to help push the boundaries of applied material science by utilizing our unique technical expertise and vision. Headquartered in Los Angeles, California, Cal Nano hosts a complement of advanced processing and testing capabilities for materials research and production needs. Customers range from Fortune 500 companies to startups with programs spanning aerospace, renewable energy, defense, and semiconductors.

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Non-IFRS Measures and Reconciliation of Non-IFRS Measures

This press release makes reference to certain non-IFRS measures. These non-IFRS measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing a further understanding of results of operations of Cal Nano from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the financial information of Cal Nano reported under IFRS. The Company uses non-IFRS measures such as EBITDA to provide investors with a supplemental measure of operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess the Company's ability to meet its capital expenditure and working capital requirements.

"EBITDA" means the earnings before interest, income taxes, depreciation, and amortization, where interest is defined as net finance costs as per the consolidated statement of comprehensive income.

"EBITDA margin" means the earnings before interest, income taxes, depreciation, and amortization, where interest is defined as net finance costs as per the consolidated statement of comprehensive income as a percentage of total revenues.

Reconciliations and Calculations

The table set forth below provides a quantitative reconciliation of EBITDA, which is a Non-IFRS financial measure, to the most comparable IFRS measure disclosed in the Company's financial statements. The reconciliation of Non-IFRS measures to the most directly comparable measure calculated in accordance with IFRS is provided below where appropriate. Quotes do not have a directly comparable IFRS measure.

EBITDA Reconciliation

Amounts in $US	**Twelve months ended February 28, 2023**	**Twelve months ended February 28, 2022**
Net Income/(Loss)	**79,764**	**200,600**
Interest Expense	111,675	75,376
Taxes	4,044	-
Depreciation & Amortization	142,429	129,015
EBITDA	**$337,912**	**$404,991**
EBITDA Margin	**24%**	**38%**

Reader Advisory

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to the expected future performance of the Company. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, governmental regulation, including environmental regulation; unanticipated operating events or performance; failure to obtain industry partner and other third party consents and approvals, if and when required; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; competition for, among other things, capital, skilled personnel and supplies; changes in tax laws; and the other risk factors disclosed under our profile on SEDAR at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.