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California Nanotechnologies Announces Q2 2024 Results

- ◆ Record quarterly revenue of US\$686K representing 152% YOY increase
- ◆ Strong profitability with net income of US\$214K and EBITDA¹ of US\$279K
- ◆ Mr. Chris Melnyk, a material science leader, joins Board of Directors

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LOS ANGELES, CALIFORNIA, October 30, 2023 - California Nanotechnologies Corp. ("Cal Nano" or the "Company") is pleased to announce record quarterly revenues of US\$685,931 for the quarter ending August 31, 2023. This represents an increase of 152% compared to the same period last year. Net income for the quarter was US\$213,674 compared to a net loss of US\$26,496 in the same period last year, while EBITDA¹ was US\$279,308, compared to US\$49,437 in the same period last year. Net income and EBITDA¹ showed significant improvements due to higher revenue generation, a higher gross margin, and improving efficiencies at the current scale of operations. The financial statements are available on SEDAR+ at www.sedarplus.ca and on the [Company's website](#).

"As previously disclosed, we have made significant progress in this fiscal year, achieving record revenues this quarter," stated CEO Eric Eyeran. "While this quarter stands as one of our strongest yet, I am excited about the ongoing growth opportunities. We are in the process of evaluating several options to facilitate the expansion of our manufacturing capacity, which would be desirable if demand for our services continues to increase. I look forward to updating everyone on our future progress."

The increase in revenue for Q2/FY2024 was attributed to the ongoing ramp-up of R&D manufacturing programs for new and existing customers, with the largest account continuing to be the green steel cleantech company. Gross margin and profitability were higher due to operational efficiencies and because there were no equipment sales during the quarter. It is anticipated that profitability will fluctuate over time as the Company invests in overhead expenses in advance of capacity expansion and business development.

While Cal Nano continues to prioritize contracted manufacturing revenues, the Company's business model incorporates equipment sales for smaller-scale Spark Plasma Sintering ("SPS") equipment, targeting a different

¹ Non-IFRS Measure

customer base than its manufacturing offerings. To date, U.S. research labs and universities have been the primary customers, with two deliveries valued at US\$295K expected to occur in Q3/FY2024. Subsequent to the end of the quarter, Cal Nano also received a US\$344K order from the University of Connecticut, which is expected to be delivered in FY2025.

In addition, Cal Nano is in the process of identifying potential new sites for its production and headquarters. The Company recognizes the potential need for a larger space to accommodate recent equipment purchases and potentially larger-sized SPS systems to meet the increasing customer demands. If secured, this new space is expected to house all the existing equipment, including the recently purchased used cryomill, along with another recently acquired piece of equipment that will enable the latest in 3D material printing using SPS technology.

Lastly, the Company is pleased to announce the nomination of Mr. Chris Melnyk as a Director, effective November 1, 2023, and subject to approval by the TSX Venture Exchange. Mr. Melnyk, a distinguished figure in the materials science industry, previously served as the CEO and board member of Cal Nano before departing in 2016. Since early 2023, Chris has been a valued sales and business development consultant for the Company, leveraging his extensive expertise to grow revenue, drive strategic initiatives and enhance shareholder value. Mr. Melnyk is based out of North Carolina and is expected to provide the Company with a closer presence to the Company's customers in the Eastern United States.

"We are happy to welcome Chris back to the board," stated Roger Dent, Director at Cal Nano. "His nomination reflects our commitment to securing the best leadership for the Company, and we look forward to benefiting from his invaluable insights and guidance in the boardroom."

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. Global leaders trust us 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 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 USD	Three months ended August 31, 2023	Three months ended August 31, 2022	Six months ended August 31, 2023	Six months ended August 31, 2022
Net Income/(Loss)	213,674	(26,496)	249,141	23,774
Interest Expense	28,396	40,645	56,906	59,392
Taxes	800	-	1,600	800
Depreciation & Amortization	36,438	35,289	72,604	70,277
EBITDA	279,308	49,437	380,251	154,242
EBITDA Margin	41%	18%	32%	26%

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: future financial results, including anticipated profitability and/or lack thereof; statements about future plans, including statements about the planned expansion of the Company's manufacturing capacity, and new sites for the Company's production and headquarters; demand for the Company's services by current and future customers, including existing and future orders for the Company's SPS equipment and the anticipated revenue therefrom; anticipated timing for and expected results of director appointments; and 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; a significant change in demand for the Company's services and products; industry conditions, governmental regulation, including environmental regulation; the effects of product development and need for continued technological change; the effect of government regulation and compliance on the Corporation and the industry; research and development risks; reliance on key personnel; operations in foreign jurisdictions; protection of intellectual property rights; contractual risk; third-party risk, risk of technological or scientific obsolescence; dependence of technical infrastructure; 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.sedarplus.ca. 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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.