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California Nanotechnologies Announces Q3 2025 Results

- ♦ Record quarterly revenue of US$1,806K, representing 56% YOY increase
- ♦ Strong gross profit and Adjusted EBITDA[1] despite higher costs for capacity expansion
- ♦ Improved balance sheet with Omni-Lite repayment to become debt-free

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LOS ANGELES, CALIFORNIA, January 15, 2025 - California Nanotechnologies Corp. ("Cal Nano" or the "Company") is pleased to announce quarterly revenues of US$1,806,205 for the fiscal quarter ending November 30, 2024. This represents an increase of 56% compared to the same period last year.

Adjusted EBITDA[1] showed significant improvement at US$826,453 for the quarter compared with US$426,686 in the prior year period. The improvement represented another all-time quarterly record due to higher revenue generation from manufacturing services, an equipment delivery, and an improvement in gross margin, which was partly offset by one-time and higher overhead costs associated with the Company's new Santa Ana facility coming online.

Net income of US$113,140 for the quarter was recorded, compared to net income of US$513,897 in the same period last year. The lower net income was mainly due to non-cash charges in the amount US$439,131 in Q3/FY2025 and US$198,973 in Q3/FY2024, which were related to the share purchase warrants[2]. These warrants have led to non-cash charges arising from IFRS accounting rules and the Company's reporting in U.S. dollars, while its outstanding warrants are denominated in Canadian dollars. The increase in Cal Nano's share price during the fiscal quarter led to a net increase in this derivative liability, resulting in the expense. Once these warrants are exercised or expire, these non-cash charges are expected to cease appearing on the Company's financial results.

The Company would have reported higher net income without the associated derivative liability. Diluted earnings per share for the quarter was $0.00 compared to diluted earnings per share of $0.01 for the same period last year. The financial statements are available on SEDAR+ at www.sedarplus.ca and on the Company's website.

"Our momentum has continued into this fiscal quarter as we executed our growth plan and commissioned Santa Ana," stated CEO Eric Eyerman. "This led to record revenues, gross profit, and adjusted EBITDA, which all showed strength despite incurring higher costs to support our flagship manufacturing facility. Given the higher manufacturing capacity, key investments completed, and continued customer innovation, we look forward to seeing these initiatives' potential long-term impact."

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[1] Non-IFRS Measure
[2] See disclosure under "Derivative Liability Recognition for Warrant Issuance under IFRS"

Financial Highlights

Amounts in USD	**Three months ended November 30, 2024**	Three months ended November 30, 2023	Period-over-period change	**Nine months ended November 30, 2024**	Nine months ended November 30, 2023	Period-over-period change
Revenues	**1,806,205**	1,159,234	56%	**5,077,216**	2,354,453	115%
Cost of Goods Sold	**413,983**	380,493	9%	**1,281,252**	752,612	70%
Gross Profit	**1,392,222**	778,741	79%	**3,795,964**	1,601,841	137%
Gross Margin[1]	**77%**	67%	1,000bps	**75%**	68%	700bps
Net Income/(Loss)	**113,139**	513,897	(78%)	**154,151**	763,038	(80%)
Income/(loss) Per Share – Diluted	**$0.00**	$0.01	-	$0.00	$0.02	-
EBITDA[1]	**327,569**	577,928	(43%)	**730,658**	958,178	(24%)
Adjusted EBITDA[1]	**826,453**	426,686	94%	**2,389,890**	831,904	187%

The increase in revenue for Q3/FY2025 was attributed to the continued ramp-up of manufacturing programs and a Spark Plasma Sintering (SPS) equipment delivery, which represented another quarterly revenue record. The green steel cleantech customer's program continues to progress well and represented revenues of approximately 57% for the quarter and 62% year-to-date. Furthermore, revenue from the new Santa Ana facility started being recognized this fiscal quarter after being commissioned in September 2024.

Cal Nano continues recognizing its customer concentration risk and is working to reduce it. The Company continues investing in sales and business development capabilities to enhance market reach and build stronger relationships with a broader range of clients.

Gross margin increased year-over-year due to continued operational efficiencies and stronger unit economics. The gross margin was lower than the previous fiscal quarter due in part to having an equipment sale valued at US$183,510. In addition, Cal Nano expects another equipment delivery valued at approximately US$190,000 in Q4/FY2025. The Company anticipates fluctuations in gross margin depending on the manufacturing service mix, utilization of the new facility, and the quantity of equipment sales.

In addition, a new mid-sized SPS2000 machine was installed at Santa Ana in Q3/FY2025, increasing the range and capacity of SPS manufacturing services. The Company expects in the near term that additional capital commitments will be incremental and that the short-term capacity targets have been achieved.

Within the quarter, Cal Nano achieved a significant milestone by repaying the remainder of its approximately US$600,000 borrowings from Omni-Lite Industries Canada Inc. ("Omni-Lite"). This marks the first time the Company has been debt free in approximately 15 years after receiving its first intercompany advance from Omni-Lite. The final repayment was made ahead of its scheduled maturity in May 2025, providing interest savings.

Lastly, Cal Nano has amended its investor relations service agreement with Panolia Investor Relations Inc. to reflect an adjustment in the monthly service fee, from US$4,000 to US$4,750, effective January 14, 2025. This change mirrors the expanded scope of services being offered to the Company going forward.

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. With our unique expertise in processing metallurgic powders into parts, global leaders trust us to help push the boundaries of applied material science. Headquartered in Greater Los Angeles, California, Cal Nano hosts advanced processing and testing machinery and capabilities across two manufacturing facilities for materials research and production needs. Our 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.

"Adjusted EBITDA" refers to earnings before interest, income taxes, depreciation, amortization, share-based compensation, and the unrealized gain on share purchase warrants, with interest defined as net finance costs as per the consolidated statement of comprehensive income.

"Adjusted EBITDA margin" refers to earnings before interest, income taxes, depreciation, amortization, share-based compensation, and the unrealized gain or loss on share purchase warrants, with interest defined as net finance costs as per the consolidated statement of comprehensive income as a percentage of total revenues.

Reconciliations and Calculations

The tables set forth below provides a quantitative reconciliation of Gross Margin and EBITDA, which are Non-IFRS financial measures, 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.

Gross Margin Reconciliation

Amounts in USD	**Three months ended November 30, 2024**	**Three months ended November 30, 2023**	**Nine months ended November 30, 2024**	**Nine months ended November 30, 2023**
Revenues	**1,806,205**	**1,159,234**	**5,077,216**	**2,354,453**
Cost of Goods Sold	413,983	380,493	1,281,252	752,612
Gross Profit	1,392,222	778,741	3,795,964	1,601,841
Gross Margin	**77%**	**67%**	**75%**	**68%**

EBITDA and Adjusted EBITDA Reconciliation

Amounts in USD	**Three months ended November 30, 2024**	**Three months ended November 30, 2023**	**Nine months ended November 30, 2024**	**Nine months ended November 30, 2023**
Net Income/(Loss)	**113,139**	**513,897**	**154,151**	**763,038**
Depreciation & Amortization	153,381	36,486	388,397	109,089
Interest Expense	61,049	28,280	184,305	85,186
Income Tax Expense	-	(735)	805	865
EBITDA	**327,569**	**577,928**	**730,658**	**958,178**
EBITDA Margin	***18%***	***50%***	***14%***	***41%***
Share-based Compensation	59,753	47,731	156,574	72,699
Realized Loss/(Gain) on Share Purchase Warrants	655,782	-	974,260	-
Unrealized Loss/(Gain) on Share Purchase Warrants	(216,651)	(198,973)	528,398	(198,973)
Adjusted EBITDA	**826,453**	**426,686**	**2,389,890**	**831,904**
Adjusted EBITDA Margin	***46%***	***37%***	***47%***	***35%***

Derivative Liability Recognition for Warrant Issuance under IFRS

On October 30, 2023, the Company successfully closed an issuance of units comprising common shares and warrants, encompassing an aggregate of 5,000,000 warrants, each with an exercise price of CA$0.25. As a result of the Company reporting its financial results denominated in US dollars, and in adherence to the International Financial Reporting Standards (IFRS), the Company is required to report a derivative liability attributable to the aforementioned warrants. Consequently, the Company will recognize a non-cash charge or income inclusion on a quarterly basis, predicated upon the fluctuation in the market price of the Company's shares, until such time as the warrants either are exercised or expire.

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; 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.