

CrayoNano Q2 2023 Investor Update

23 August 2023

Trondheim, Norway

CrayoNano AS (NOTC: CNANO) is pleased to announce its Q2 2023 Investor Update. The quarter marked the successful completion of the planned capital raise to accelerate market-adoption of its disruptive UV-C LED products. CrayoNano is working closely with leading manufacturers to offer integrated, high-quality optic solutions, and continues to support customers in the design-in phase towards design-win, volume orders and material revenue generation. Post period-end, the company reached another key milestone by signing its first commercial frame contract with AquiSense Technologies ('AquiSense'), a global leader in UVC-LED systems for water, air, and surface disinfection.

Jo Uthus, CEO said: *"The second quarter of 2023 has seen the implementation of our growth plans and strategy post capital raise. We are pleased to be working with leading manufacturer LEDiL, and to improve our reach in the Indian market by partnering with Vallalar Energy Solutions. With the signing of a commercial frame contract with AquiSense, one of the world's largest system integrators in the water disinfection market, we are proving ourselves as a high-quality supplier for a range of their leading disinfection products. We look forward to bringing even more customers through to design-wins and volume production during the remaining two quarters of the year."*

Market & Customer Update

During the quarter, the Company continued to invest in strengthening its sales and marketing abilities, reaching a larger share of the market and is seeing a strong interest for the powerful CrayoLED™ UV-C LED, particularly in the water segment.

In the second quarter, we experienced an increase in number of customer leads by almost 30%, to 585 and saw an increase in design-ins to 29 in total. In the months ahead we will work with our customers as we support the design process towards volume orders and material revenue generation.

In June, we announced a new partnership with leading optics supplier LEDiL, a renowned manufacturer of optical solutions. This new partnership is a testament to the quality of CrayoNano's products and is expected to reduce customer design-in time and offer integrated high-quality optics solutions. Customers are expected to benefit from access to even more disinfection applications ([link](#)).

In July, the Company announced a new distributor partnership with Vallalar Energy Solutions (VES), a consulting firm specialising in UV-C water and air purification based in India, expanding CrayoNano's reach in this market. VES will distribute and market the CrayoLED™ UV-C LED product throughout India, contributing to India's clean energy transition by creating opportunities for customers across industries in India to adopt new UV-C LED disinfection product solutions through established Indian equipment manufacturers.

Finally, the Company has signed its first commercial frame contract with AquiSense, a global leader in UVC-LED systems for water, air, and surface disinfection. AquiSense works with leading LED manufacturers to evaluate their devices and then design efficient disinfection products. AquiSense has tested and validated the CrayoLED™ UV-C LEDs to its high-quality standards for use in water disinfection systems for point of entry and point of use products. We were able to successfully transition the lead to signed agreement in 10 months, with an initial contract value estimated to be NOK 4m, over the next 12 months, with opportunity to increase the value.

Operational Update

In line with our business plan and strategy, and in preparation for the scaling of the business to support our growth ambitions, we strengthened our Taiwan operations through the hiring of a new Taiwan based Chief Technology Officer, Ryan Chuo, bringing 25 years of industry experience from optoelectronics and UV-C LED design and manufacturing companies.

In preparation for scaling the business, we have transitioned part of our operations to Taiwan and transitioned people into customer-facing roles to support our growing global design-in activity. This change was effective from August 1st and is in line with our ongoing focus on efficient operations, the second quarter has also seen a prudent management of our cost base as we prepare for increased volumes and scale.

Financial Update

Revenue and operating cost

Revenue from product sales in the second quarter amounted to NOK 32k from smaller test unit shipments to prospective customers. Total operating costs were NOK 15.0m, a reduction of NOK 8.3m (36%) compared with the previous quarter, and NOK 3.2m (18%) below the same quarter last year. The decrease is mainly driven by lower R&D cost and a temporary reduction in Fab related costs in Taiwan. EBITDA for the quarter was at NOK -14.2m, an improvement of NOK 7.3m compared with the previous quarter, and NOK 2.0m compared with the same period last year.

Private placements

During April, and as announced in our Q1 update, we completed a private placement of approx. NOK 125m in gross proceeds. CrayoNano is well capitalized and has begun utilising the new growth capital which will go towards key strategic goals including sales acceleration, investments in manufacturing capacity and flexibility, product development and for general corporate purposes. The company also completed a subsequent offering towards existing shareholders during the period as announced on June 6 ([link](#)).

Cash flow

Cash flow from operations was NOK -25.8m in the quarter, a slightly higher cash burn than previous quarter and broadly in line year-on-year. As part of the ongoing ramp-up, CrayoNano continued to build strategic inventory which increased by NOK 2.8m in the second quarter to NOK 8m. As the availability of products has been a key constraint in the market, we believe having a strategic inventory is an important asset for our revenue generation abilities.

At the end of the quarter cash and cash equivalents was NOK 67m, up NOK 57m quarter-on-quarter with positive cash flow from proceeds from the private placement, offset by negative cash flow from operations and capex. Post quarter-end, the Company secured a credit facility of NOK 12m from Sparebank 1 SMN, partly guaranteed by Eksfin. The facility is established for the purpose of financing parts of CrayoNano's working capital.

Euronext Growth

The Company's Board of directors intends to pursue a listing on Euronext Growth Oslo within the next 12 months.

-ENDS-

Q2 2023 Results Presentation and Q&A

CrayoNano will present its Q2 2023 Financial Update to analysts and investors via webcast at 10:00 CET today. The live video webcast will be accessible via the company's website: <https://webcast.openbriefing.com/crayonano-aug23/>

An audio recording will also be made available after the webcast via the same link.

Our presentation can be found here: [CrayoNano-Q223-results-presentation.pdf](#)

Calendar of future events for CrayoNano:

Q3 Financial Update	9 November 2023
Q4 Financial Update	15 February 2024

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About CrayoNano

CrayoNano develops and manufactures nanomaterials-based semiconductor components using proprietary technologies. Headquartered in Trondheim, Norway with a branch office in Taiwan, CrayoNano supports customers with global sales representatives and distributors in EMEA, APAC and the Americas. CrayoNano's innovative semiconductor components advance global solutions in health and safety, water purification, consumer, and industrial applications, and more. CrayoNano is registered on Euronext OTC in Norway under the ticker "CNANO".