Nanalysis Announces Third Quarter 2021 Results

Year to date revenue growth of 110%

CALGARY, AB, Nov. 18, 2021 /CNW/ - Nanalysis Scientific Corp. ("the Company", TSXV: NSCI, OTCQX: NSCIF, FRA: 1N1), a leader in portable MRI and NMR machines for healthcare and industrial applications, released today its third quarter 2021 results.

"We are happy with our continued growth and relied on our strong product line in the third quarter to continue our revenue trajectory," said Sean Krakiwsky, Founder and CEO of Nanalysis. "We are addressing our manufacturing constraints to satisfy the demand of our growing backlog for our 100 MHz product. Deliveries have picked up and will continue do so in the coming months with the goal of minimizing any backlog. Our hard work continues to yield results and I'm very proud of our team."

Financial Highlights for the Three and Nine Months Ended September 30, 2021:

- Revenue was $3.3 million and $11.0 million for the three and nine months ended September 30, 2021, respectively, representing increases of 96% and 110% compared to the same periods last year.
- Gross margin was 64% and 65% for the three and nine months ended September 30, 2021, respectively.
- Income before other items of $12K and $1,506K for the three and nine months ended September 30, 2021, respectively, representing an improvement of $446K and $2,529K compared to the same periods last year.
- Cash of $12.6 million, an undrawn credit facility of $2.0 million and working capital of $14.6 million.

Recent strategic and operational highlights during and subsequent to the third quarter of 2021 include:

- **Announced entering into a binding agreement for the acquisition of K'(Prime) Technologies ("KPrime"):** KPrime a North American sales and service company, with a particular focus on scientific instrumentation for pharma, food, chemical and oil & gas customers, as well as imaging systems for security applications. Over the past four fiscal years KPrime's unaudited revenue has been between $8 million and $10 million with positive EBIDTA of roughly $1.0 to $1.5 million per year.
- **Announced and closed acquisition of One Moon Scientific ("OMS"):** OMS is a New York based magnetic resonance software company that specializes in a suite of software tools to streamline and automate Magnetic Resonance ("MR") data analysis and management. The acquisition opens up new industry verticals for hardware sales and allows for software licensing and SaaS revenue.
- **Bolstered manufacturing by buildout of two adjacent bays:** The additional manufacturing capacity will allow for increased production and quicker fulfillment of 100MHz backlog. The Company anticipates an increase to the production capabilities of the all product lines.
- **The Company currently has 29 100 MHz units on back order**. The expansion of the manufacturing facility, coupled with the addition and training of new manufacturing personnel resulted in production delays, as such Nanalysis only delivered on two units in the quarter.
- **Closed bought deal public offering and concurrent non-brokered private placement for gross proceeds of $11.0 million:** The Company issued 9,165,000 units at a price per unit

of $1.20.

Operating Results
For the three months ended September 30, 2021, the Company reported consolidated revenue of $3,336K, an increase of $1,636K or 96% from the comparative period in 2020. The increase in revenue is due to the progress completion of RS2D contracts, the shipment of Nanalysis' new flagship product: the 100MHz spectrometer and strong sales of the 60Mhz spectrometer. In the Quarter the company worked towards doubling the size of its manufacturing facility and substantially increasing the manufacturing headcount. Buildout with renovations are in final stages and the technical training of new staff is close to complete.

As of September 30, 2021, the Company had $3,181K of unearned revenue (December 31, 2021-$2,868K), of which $2,345K will be recognized into revenue over the next 12 months. Unearned revenue relates to prepayments for the 100MHz, prepayment on RS2D contracts and extended warranty sales.

Gross profit for three months ended September 30, 2021, was $2,122K (a margin of 64%) compared to gross profit of $1,056K (a margin of 62%) for 2020. The company achieved income before other items for the three months ended September 30, 2021, of $12K as compared to losses before other items of $434K for 2020.

The Company's net loss for the three months ended was $857K an improvement of $242K, from the comparative period in 2020.

Outlook
Sean Krakiwsky states "We continue to see a 100% growth year over year stemming from strong demand for our products. We are confident in our ability to push organic growth into the coming years, as evidenced by a strong backlog of 29 100 MHz units, increased demand for the 60MHz as evidenced by this quarter and additional manufacturing capacity expected to come online in early 2022. Despite supply chain and facility expansion challenges, this quarter reflects the fact that we as a Company can demonstrate strong growth without the reliance on a single product line. The acquisition of KPrime strengthens our business in the short and medium term as we implement our vision. I am proud of what we have accomplished thus far into 2021 and am very much looking forward to a great 2022."

Conference Call
Founder and CEO Sean Krakiwsky and CFO Luke Caplette will host a conference call to discuss these results at 5:00 P.M. Eastern Time today. All interested parties are invited to join this call.

Investors interested in participating on the live call can dial 1-877-451-6152 or 1-201-389-0879 from abroad. Investors can also access the call online through a listen-only webcast HERE, or on the investor relations section of the Company's website HERE.

The webcast will be archived on the Company's investor relations webpage for at least 90 days and a telephonic playback of the conference call will be available by calling 1-844-512-2921 or 1-412-317-6671 from abroad. The conference ID is 13724825. Telephonic playback will be available for 14 days after the conference call.

About Nanalysis Scientific Corp. (TSXV: NSCI, OTCQX: NSCIF, FRA:1N1)
Nanalysis trades on the TSX Venture Exchange (TSXV) in Canada with ticker symbol 'NSCI', Over the Counter (OTC) in the United States under the ticker symbol 'NSCIF', and on the Frankfurt Exchange (FRA) under the symbol '1N1'.

Nanalysis is an international business focused on capitalizing its proprietary technologies in nuclear magnetic resonance (NMR) that go into NMR spectrometers and magnetic resonance imaging (MRI). Nanalysis operates out of two subsidiaries, Nanalysis Corp. and RS2D S.A.S. (RS2D).

Nanalysis Corp. is an industry leader in developing and manufacturing compact NMR spectrometers for laboratory and industrial markets. Its advanced 60 and 100 MHz spectrometers require no liquid helium or other cryogens. These devices are used by chemical professionals spanning a wide variety of industries, including oil and gas, chemical, mining, pharmaceutical, and biotechnology.

Through its European subsidiary RS2D, the Company's electronic boards and software are used in conventional NMR and MRI equipment and are being incorporated into next-gen MRI systems as well as miniaturized MRI devices.

To sign up for updates relating to Nanalysis, please complete the online form found HERE.

Notice regarding Forward Looking Statements and Legal Disclaimer

This news release contains certain "forward-looking statements" within the meaning of such statements under applicable securities law. Forward-looking statements are frequently characterized by words such as "anticipates", "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed", "positioned" and other similar words, or statements that certain events or conditions "may" or "will" occur and in this news release specifically include "we are confident in our ability to push organic growth into the coming years" and "very much looking forward to a great 2022". These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. Forward-looking statements are 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 projected in the forward-looking statements. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

Neither TSX Venture Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.

	Three months ended September 30			Nine months ended September 30		
($000's)	2021	2020	($) Change	2021	2020	($) Change
Revenue	3,336	1,700	1,636	10,954	5,219	5,735
Cost of products sold	1,224	644	580	3,802	1,855	1,947
Gross profit	2,112	1,056	1,056	7,152	3,364	3,788
Expenses						
Sales and marketing	838	822	16	2,706	2,200	506
General and administration	1,016	668	348	2,411	2,187	224
Research and development	246	-	246	529	-	529
Income (loss) before other items	12	(434)	446	1,506	(1,023)	2,529
Other Items						
Acquisition transaction costs	96	-	96	98	275	(177)
Depreciation and amortization expense	620	466	154	1,885	1,187	698
Finance expense (income)	121	3	118	(84)	(86)	2
Stock-based compensation	103	150	(47)	346	313	33
Foreign exchange (gain) loss	(102)	130	(232)	(44)	17	(61)
RS2D earn-out	-	-	-	177	-	177
Loss before tax	(826)	(1,183)	357	(872)	(2,729)	1,857
Deferred income tax recovery	31	(84)	115	255	(259)	514
Net loss	**(857)**	**(1,099)**	**242**	**(1,127)**	**(2,470)**	**1,343**
Other comprehensive income	27	40	(13)	74	182	(108)
Total comprehensive loss	**(830)**	**(1,059)**	**229**	**(1,053)**	**(2,288)**	**1,235**

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