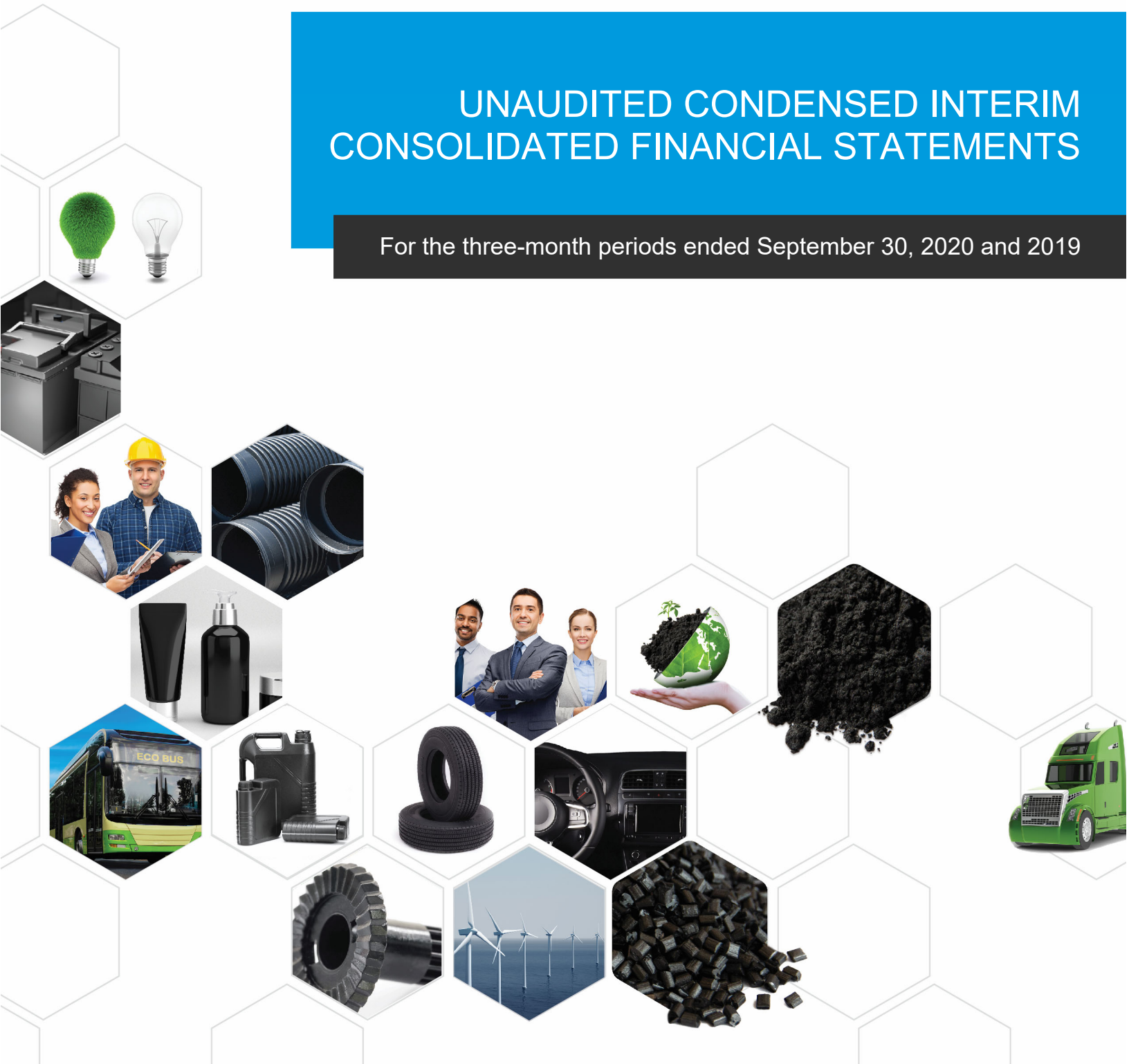
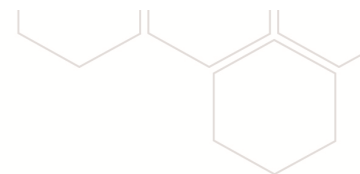


Nano Plore

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended September 30, 2020 and 2019





Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)	As at September 30, 2020 \$	As at June 30, 2020 \$
Assets		
Current assets		
Cash and cash equivalents	26,252,751	33,796,686
Accounts receivable and Contract asset	11,549,364	11,202,100
Inventory	8,253,532	7,116,492
Prepaid expenses	1,174,100	521,215
Lease deposits	36,050	36,050
	47,265,797	52,672,543
Non-current assets		
Lease deposits	58,044	58,044
Equipment deposits	2,770,075	1,094,164
Right-of-use assets	5,588,495	5,878,706
Property, plant and equipment [Note 4]	52,757,836	49,680,575
Intangible assets	3,724,517	3,803,674
Goodwill	460,164	460,164
Total assets	112,624,928	113,647,870
Liabilities and Shareholders' Equity		
Current liabilities		
Operating loans [Note 5]	1,269,167	2,152,568
Accounts payable and accrued liabilities	12,420,262	11,092,750
Income taxes payable	323,056	339,744
Deferred grant	135,882	276,342
Contract liability	1,059,357	946,751
Long-term debt due within one year [Note 5]	5,782,666	4,552,977
	20,990,390	19,361,132
Non-current liabilities		
Defined benefit liabilities	1,619,363	1,310,464
Long-term debt [Note 5]	20,480,556	22,127,720
Convertible debentures - Loan [Note 5]	8,279,307	8,156,305
Deferred tax liabilities	1,666,056	1,724,987
Total liabilities	53,035,672	52,680,608
Shareholders' equity		
Share capital	84,897,865	84,837,145
Reserve	3,646,493	3,588,215
Convertible debentures - Options	2,240,000	2,240,000
Foreign currency translation reserve	53,189	58,505
Deficit	(31,248,291)	(29,756,603)
Total shareholders' equity	59,589,256	60,967,262
Total liabilities and shareholders' equity	112,624,928	113,647,870

See accompanying notes to unaudited condensed interim consolidated financial statements

Note 1 – Nature of operations and liquidity risk

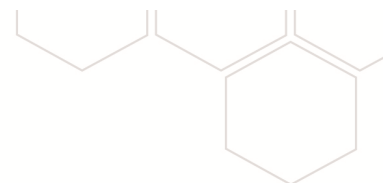
Approved on behalf of the Board of Directors

Soroush Nazarpour

Soroush Nazarpour

Benoit Gascon

Benoit Gascon

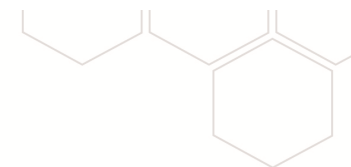


Consolidated Statements of Loss and Comprehensive loss

(Unaudited - Expressed in Canadian dollars)	Three-month periods ended September 30,	
	2020	2019
	\$	\$
Revenues		
Revenues from customers	13,207,898	19,751,318
Other income	2,368,769	231,771
	15,576,667	19,983,089
Cost of Sales and Expenses		
Cost of sales	11,003,991	16,937,762
Research and development expenses	750,728	680,277
Selling, general and administrative expenses	2,942,054	3,151,738
Share-based compensation expenses	77,598	216,171
Depreciation (production)	1,145,710	749,745
Depreciation (other)	332,427	210,029
Amortization	137,290	150,277
Foreign exchange	(126,169)	36,221
	16,263,629	22,132,220
Operating loss	(686,962)	(2,149,131)
Interest on operating loans, long-term debt and convertible debentures	(519,963)	(378,015)
Interest accretion on lease liability	(105,635)	(84,193)
Interest revenue	68,703	117,022
Loss before income taxes	(1,243,857)	(2,494,317)
Current income tax expense	(34,407)	(43,981)
Deferred income tax recovery	59,556	207,863
	25,149	163,882
Loss for the period	(1,218,708)	(2,330,435)
Other comprehensive loss		
<i>Items that may be subsequently reclassified to profit and loss:</i>		
Exchange differences on translation of foreign subsidiaries	(5,316)	(19,836)
<i>Items that will not be reclassified to profit and loss:</i>		
Retirement benefits – Net actuarial losses	(272,980)	(157,515)
Total comprehensive loss	(1,497,004)	(2,507,786)
Loss per share		
Basic and diluted	(0.01)	(0.02)
Weighted average number of common shares outstanding (basic and diluted)	140,281,219	117,881,802

In light of the loss recognized for the periods, all outstanding conversion options, and stock options were excluded from the calculation of diluted loss per share due to their anti-dilutive effect.

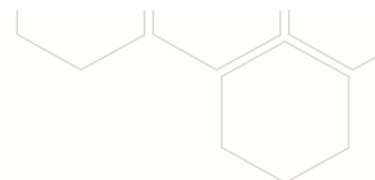
See accompanying notes to unaudited condensed interim consolidated financial statements



Consolidated Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian dollars)	Number of common shares	Share capital \$	Reserve \$	Convertible debentures - Options \$	Foreign currency translation reserve \$	Deficit \$	Shareholders' equity \$
Balance as at June 30, 2019	111,630,159	53,445,389	3,604,511	2,240,000	12,927	(21,207,102)	38,095,725
Loss for the period	—	—	—	—	—	(2,330,435)	(2,330,435)
Other comprehensive loss	—	—	—	—	(19,836)	(157,515)	(177,351)
Comprehensive loss for the period	—	—	—	—	(19,836)	(2,487,950)	(2,507,786)
Issuance of warrants and Broker Warrants	—	—	—	—	—	—	—
Exercise of stock options	—	—	—	—	—	—	—
Exercise of warrants and Broker Warrants	9,365,651	7,091,727	(649,686)	—	—	—	6,442,041
Share-based compensation	—	—	216,171	—	—	—	216,171
Balance as at September 30, 2019	120,995,810	60,537,116	3,170,996	2,240,000	(6,909)	(23,695,052)	42,246,151
Loss for the period	—	—	—	—	—	(5,942,365)	(5,942,365)
Other comprehensive loss	—	—	—	—	65,414	(119,186)	(53,772)
Comprehensive loss for the period	—	—	—	—	65,414	(6,061,551)	(5,996,137)
Private placement (net of issuing costs of \$621,240)	19,230,800	24,300,029	—	—	—	—	24,300,029
Share-based compensation	—	—	417,219	—	—	—	417,219
Balance as at June 30, 2020	140,226,610	84,837,145	3,588,215	2,240,000	58,505	(29,756,603)	60,967,262
Loss for the period	—	—	—	—	—	(1,218,708)	(1,218,708)
Other comprehensive loss	—	—	—	—	(5,316)	(272,980)	(278,296)
Comprehensive loss for the period	—	—	—	—	(5,316)	(1,491,688)	(1,497,004)
Exercise of stock options	92,000	60,720	(19,320)	—	—	—	41,400
Share-based compensation	—	—	77,598	—	—	—	77,598
Balance as at September 30, 2020	140,318,610	84,897,865	3,646,493	2,240,000	53,189	(31,248,291)	59,589,256

See accompanying notes to unaudited condensed interim consolidated financial statements



Consolidated Statements of Cash Flows

	Three-month periods ended September 30,	
	2020	2019
	\$	\$
<i>(Unaudited - Expressed in Canadian dollars)</i>		
Cash flows from operating activities		
Loss for the period	(1,218,708)	(2,330,435)
Items not affecting cash:		
Depreciation and amortization	1,615,427	1,110,051
Share-based compensation expenses	77,598	216,171
Interest accretion on lease liability	105,635	84,193
Interest accretion on long-term debt and convertible debentures	125,774	113,542
Other financial expenses	29,894	217,194
Deferred income tax expense	(59,556)	(207,863)
Difference between amounts paid for employee benefits and current period expenses	27,435	108,468
Net change in fair value of foreign exchange derivatives	(260,941)	22,796
Unrealized foreign exchange	124,469	(24,647)
Changes in non-cash operating working capital items:		
Accounts receivable	(289,095)	1,968,606
Inventory	66,514	289,872
Prepaid expenses	(651,982)	(15,827)
Accounts payable and accrued liabilities	(999,059)	(1,498,180)
Income taxes payable	(18,065)	(18,080)
Deferred grant	(140,460)	(187,775)
Contract liability	112,102	(2,068,980)
Cash used in operating activities	(1,353,018)	(2,220,894)
Cash flows from financing activities		
Exercise of stock options, warrants and broker warrants	41,400	6,442,041
Variation of operating loans	(891,745)	1,200,000
Repayment of lease liability	(518,409)	(503,362)
Repayment of term loans	(86,437)	(600,630)
Cash from financing activities	(1,455,191)	6,538,049
Cash flows from investing activities		
Variation of equipment deposits	(1,675,911)	(2,263,805)
Business acquisition, net of cash acquired [Note 3]	(4,606,900)	—
Balance of purchase price	2,303,450	—
Additions to intangible assets	(56,032)	—
Additions to property, plant and equipment	(708,828)	(2,231,041)
Cash used in investing activities	(4,744,221)	(4,494,846)
Change in cash and cash equivalents	(7,552,430)	(177,691)
Net effect of currency exchange rate on cash	8,495	(1,100)
Cash and cash equivalents, beginning of period	33,796,686	27,819,140
Cash and cash equivalents, end of period	26,252,751	27,640,349
Interest paid	197,368	356,682
Additions to property, plant and equipment included in accounts payable and accrued liabilities	537,826	—

See accompanying notes to unaudited condensed interim consolidated financial statements

[Unaudited and not reviewed – Unless specified otherwise, amounts are expressed in Canadian dollars]

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

NanoXplore Inc., and its subsidiaries (together “NanoXplore” or the “Company”), is a graphene company, a manufacturer and supplier of high-volume graphene powder for use in industrial markets. Also, the Company provides standard and custom graphene-enhanced plastic and composite products to various customers in transportation, packaging, electronics, and other industrial sectors. The address of the Company’s corporate office is 4500, Thimens Blvd, Montreal, QC, Canada.

NanoXplore Inc. is listed on the TSX Venture Exchange and has traded under “GRA” and is also listed on the OTCQX and has traded under “NNXPF”.

On September 11, 2020, through its wholly-owned indirect subsidiary RMC Advanced Technologies Inc., the Company acquired substantially all of the assets of CSP Composites, LLC, Continental Structural Plastics, Inc. and Continental Structural Plastics of North Carolina, Inc. (collectively, “CSP”) used in connection with its lightweight composite solutions and material business as conducted at 1400 Burris Road, Newton, North Carolina.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and recommended various containment and mitigation measures. Since then, extraordinary actions have been taken by public health and governmental authorities across the globe to contain the spread of COVID-19, including travel bans, social distancing, quarantines, stay-at-home orders and similar mandates for many businesses to reduce or cease normal operations.

Even though our manufacturing operation resumed during the month of May, the COVID-19 global pandemic had and continue to have a significant negative impact on our customer’s business activities. This slowdown of manufacturing operations and dissipation of customer demand had a negative impact on the Company’s financial results since the second half of March 2020.

The COVID-19 pandemic is expected to have an adverse effect on our business, results of operations, cash flows and financial position however, the full impact cannot be determined at this time. The extent of the impact will depend on various factors, including the possibility of future shutdowns, impact on customers and suppliers, the rate at which economic conditions, operations return to pre-COVID levels, any continued or future governmental orders or lock-downs due to this wave of COVID-19, or any future wave, and the potential for a recession in key markets due to the effect of the pandemic.

Liquidity risk

Management believes that the Company has sufficient funds to meet its obligations, operating expenses and some development expenditures for the ensuing 12 months as they fall due. The Company’s ability to continue its development activities is dependent on the impact of Covid-19 and the beginning of commercial operation of the graphene products. The graphene commercial activity is in the development stage, and as a result, the Company has minimal sources of operating revenue from those operations and could be dependent on external financing to fund its continued development program, if the beginning of the commercial operation of the graphene activity is delayed. The Company’s main sources of funding have been the issuance of equity securities for cash, debt, and funds from the government of Quebec with respect to R&D tax credits, from Sustainable Development Technology Canada (“SDTC”) and from the Canada emergency wage subsidies program.

The unaudited condensed interim consolidated financial statements of NanoXplore for the three-month periods ended September 30, 2020 and 2019 were reviewed, approved and authorized for issue by the Company’s Board of Directors on November 25, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The unaudited condensed interim consolidated financial statements of the Company and its subsidiaries for the three-month periods ended September 30, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards ["IFRS"], as issued by the International Accounting Standards Board ["IASB"] and as adopted by the Accounting Standards Board of Canada. These unaudited condensed interim consolidated financial statements were prepared in accordance with IAS 34, Interim Financial Reporting.

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, the Company's functional currency, except where otherwise indicated. Each entity of the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The significant accounting judgments, estimates and assumptions used in these unaudited condensed interim consolidated financial statements are consistent with those disclosed in the most recent audited annual consolidated financial statements for the year ended June 30, 2020.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, at historical cost, except for financial assets and liabilities classified as financial assets/liabilities at fair value through profit or loss and measured at fair value. Management considers that the fair value of financial assets and liabilities recorded in the financial statements approximates the carrying amount.

Basis of consolidation

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. The subsidiaries are using consistent accounting policies and the same reporting period as the parent company. All intercompany transactions, balances and unrealized gains or losses have been eliminated.

Standards, interpretations and amendments to published standards adopted with an effect on the unaudited condensed interim consolidated financial statements

The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements. The unaudited condensed interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and notes for the year ended June 30, 2020.

3. BUSINESS COMBINATIONS

On September 11, 2020, through its wholly-owned indirect subsidiary RMC Advanced Technologies Inc., the Company acquired substantially all of the assets of CSP Composites, LLC, Continental Structural Plastics, Inc. and Continental Structural Plastics of North Carolina, Inc. (collectively, "CSP") used in connection with its lightweight composite solutions and material business as conducted at 1400 Burris Road, Newton, North Carolina, for a total purchase price of US\$3,500,000. This acquisition was concluded in order to expand the Company's business in the United States.

CSP employs nearly thirty people and operates mainly in the markets of composite products for heavy trucks and machinery. It sells its products to original equipment manufacturers and distributors in the United States, Canada and South America.

This transaction was financed using the Company's available cash. The purchase price of US\$3,500,000 [4,606,900] is payable in two installments:

- (i) US\$1,750,000 at the closing date; and
- (ii) US\$1,750,000 12 months after the closing date (plus or minus any upward or downward inventory adjustment, as applicable) and is recorded under Accounts payable and accrued liabilities in the consolidated statements of financial position.

This transaction qualifies as a business combination and was accounted for using the acquisition method of accounting under IFRS 3, Business Combination. To account for the transaction, the Company has performed a preliminary business valuation of CSP at the date of acquisition and a preliminary purchase price allocation. At the time of issuance of these consolidated financial statements, certain aspects of the valuation and purchase price allocation are not finalized due to the unavailability of some information. The work will be completed within 12 months of the acquisition date, at the latest.

	\$
Net identifiable assets acquired:	
Inventory	1,076,239
Property, plant and equipment	3,530,661
Total consideration	4,606,900
The cash outflow on acquisition is as follows:	
Consideration paid or to be paid in cash	4,606,900
Net cash flow for the acquisition	4,606,900

Since September 11, 2020, the assets acquired are included in the consolidated statement of financial position and the operating results are reflected in the Company's consolidated statement of loss.

4. PROPERTY, PLANT AND EQUIPMENT

	Land & Building \$	Production equipment \$	Leasehold improvements \$	Laboratory, computer, office equipment and rolling stock \$	Total \$
Balance as at June 30, 2019	13,051,792	16,891,365	24,153	608,022	30,575,332
Additions	490,340	18,521,113	2,004,565	914,003	21,930,021
Disposals	-	(12,377)	-	-	(12,377)
Depreciation	(546,577)	(2,178,927)	(79,334)	(252,682)	(3,057,520)
Effect of foreign exchange differences	110,627	126,025	-	8,467	245,119
Balance as at June 30, 2020	13,106,182	33,347,199	1,949,384	1,277,810	49,680,575
Additions	115,049	456,337	-	139,938	711,324
Acquired in a business combination	1,351,375	2,162,199	-	17,087	3,530,661
Disposals	-	-	-	(28,860)	(28,860)
Depreciation	(129,796)	(801,091)	(58,481)	(185,696)	(1,175,064)
Effect of foreign exchange differences	(40,586)	73,750	-	6,036	39,200
Balance as at September 30, 2020	14,402,224	35,238,394	1,890,903	1,226,315	52,757,836
As at June 30, 2020					
Cost	13,773,000	37,773,362	2,085,634	1,869,645	55,501,641
Accumulated depreciation	(666,818)	(4,426,163)	(136,250)	(591,835)	(5,821,066)
Net book value	13,106,182	33,347,199	1,949,384	1,277,810	49,680,575
As at September 30, 2020					
Cost	15,198,838	40,475,015	2,085,634	2,004,145	59,763,632
Accumulated depreciation	(796,614)	(5,236,621)	(194,731)	(777,830)	(7,005,796)
Net book value	14,402,224	35,238,394	1,890,903	1,226,315	52,757,836

The majority of property, plant and equipment is pledged as security for the credit facilities (Note 5).

Additions of production equipment under lease during the period ended amounted to nil [As at June 30, 2020 – \$2,746,297]. Leased assets are pledged as security for the related lease liability.

As at September 30, 2020, there are \$138,895 and \$459,974 of building and production equipment, respectively, that are not yet available for use and for which depreciation has not started [As at June 30, 2020 – \$2,219,215, \$18,963,271 and \$335,815 of building, production equipment and computer].

5. CREDIT FACILITIES

	Maturity	Effective interest rate %	As at September 30, 2020 \$	As at June 30, 2020 \$
Operating loans, fixed and variable rate				
– Authorized amount of \$9,845,470	2020	3.0% to 4.3%	1,269,167	2,152,568
Convertible debentures	December 2023	13.1%	8,279,307	8,156,305
Long-term debt				
Term loans, fixed and variable rates	2021 to 2028	4.0% to 10.0%	15,504,029	15,544,822
Lease liability	2020 to 2030	0.6% to 5.5%	10,759,193	11,135,875
			35,811,696	36,989,570
Less: current portion of operating loans			1,269,167	2,152,568
Less: current portion of long-term debt			5,782,666	4,552,977
			28,759,863	30,284,025

Under these agreements, the Company has agreed to respect certain conditions and financial ratios. As at September 30, 2020, all conditions and financial ratios were met. Several movable hypothecs on specific assets of the Company and its subsidiaries and on the universality of the Company's present and future, tangible and intangible assets have been given as security for these loans and credit facilities.

Given the impact of COVID-19, financial institutions have granted us moratoriums ranging from periods of three to six months starting in March and April 2020 for principal installments, and in certain cases for interest.

6. RELATED PARTY TRANSACTIONS

During the three-month period ended September 30, 2020, no related party transactions have occurred with Martinrea International Inc., a shareholder of the Company with significant influence [2019 – Exercise of 2,750,000 warrants for an amount of \$1,925,000].

7. SEGMENTED DISCLOSURE

Our Chief Operating Decision Maker analyzes the information for the Company as a whole on a consolidated basis only and, as such, the Company determined it has only one operating segment. Revenues are generated from our activities in Canada, in the United States and in Switzerland and all sales of products come from enhanced plastics and composite products.

	Three-month periods ended September 30	
	2020	2019
	\$	\$
Revenues *		
United States	6,075,148	9,589,365
Canada	7,584,627	8,256,064
France	866,639	1,300,560
Switzerland	639,679	461,175
Other	410,574	375,925
Total	15,576,667	19,983,089

* Revenues are attributed to countries based on the location of customers.

	As at September	As at June 30,
	30, 2020	2020
	\$	\$
Long-lived assets		
Canada	56,255,316	55,116,820
Switzerland	6,086,637	2,618,375
United States	2,959,134	3,182,088
Total	65,301,087	60,917,283

8. COMMITMENTS

The Company has committed to purchase raw materials to certain suppliers within two years.

As at September 30, 2020, the Company held options for a minimum of US\$7.5 million and a maximum of US\$10.8 million depending on the exchange rate of such derivative contracts. Minimum rates vary from 1.3000 to up to 1.3755. The contracts are valid until August 2022. The carrying value of the derivative foreign currency forward exchange contracts amounted to \$49,568 as at September 30, 2020 and was included in Accounts receivable and Contract asset [June 30, 2020 – \$211,373 included in Accounts payable and accrued liabilities].