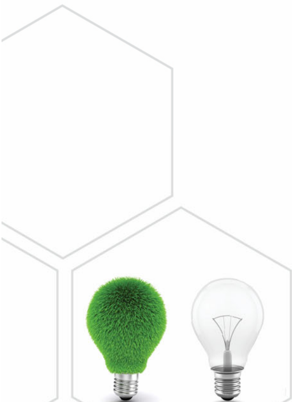
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine-month periods ended March 31, 2022 and 2021



Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)	As at March 31, 2022 $	As at June 30, 2021 $
Assets		
Current assets		
Cash and cash equivalents	**56,055,408**	50,524,583
Accounts receivable and contract asset	**19,425,835**	12,733,190
Inventory	**15,440,089**	11,036,407
Prepaid expenses and other assets	**1,366,527**	616,964
	92,287,859	74,911,144
Property held for sale *[Note 4c]*	**—**	2,424,351
	92,287,859	77,335,495
Non-current assets		
Lease deposits	**180,546**	58,044
Defined benefit assets *[Note 6]*	**666,153**	—
Equipment deposits	**—**	291,077
Investment in a joint venture	**4,579,777**	3,983,059
Right-of-use assets *[Note 4a]*	**8,726,237**	4,885,169
Property, plant and equipment *[Note 4b]*	**53,156,472**	54,934,470
Intangible assets	**3,719,554**	3,354,446
Goodwill *[Note 3a]*	**6,189,704**	460,164
Total assets	**169,506,302**	145,301,924
Liabilities and Shareholders' Equity		
Current liabilities		
Operating loans *[Note 5]*	**3,458,675**	1,343,300
Accounts payable and accrued liabilities	**17,270,894**	15,229,027
Contract liability	**934,436**	1,740,789
Current portion of lease liability *[Note 5]*	**2,484,573**	1,625,541
Current portion of long-term debt *[Note 5]*	**2,603,183**	3,497,174
	26,751,761	23,435,831
Long-term debt directly associated with property held for sale *[Note 4c]*	**—**	1,035,431
	26,751,761	24,471,262
Non-current liabilities		
Balance of purchase price of business acquisition *[Note 3a]*	**948,820**	—
Defined benefit liabilities *[Note 6]*	**—**	811,316
Lease liability *[Note 5]*	**13,235,438**	7,949,206
Long-term debt *[Note 5]*	**7,097,410**	8,155,266
Deferred tax liabilities	**504,606**	927,952
Total liabilities	**48,538,035**	42,315,002
Shareholders' equity		
Share capital *[Note 7]*	**169,283,413**	140,067,376
Reserve	**4,035,969**	3,880,555
Foreign currency translation reserve	**13,337**	88,173
Deficit	**(52,364,452)**	(41,049,182)
Total shareholders' equity	**120,968,267**	102,986,922
Total liabilities and shareholders' equity	**169,506,302**	145,301,924

See accompanying notes to unaudited condensed interim consolidated financial statements

Approved on behalf of the Board of Directors

Soroush Nazarpour

Soroush Nazarpour

Benoit Gascon

Benoit Gascon

NanoXplore
Performance Through Carbon Chemistry

Consolidated Statements of Loss and Comprehensive loss

(Unaudited - Expressed in Canadian dollars)	Three-month periods ended March 31, 2022 $	Three-month periods ended March 31, 2021 $	Nine-month periods ended March 31, 2022 $	Nine-month periods ended March 31, 2021 $
Revenues				
Revenues from customers	**27,997,816**	17,619,603	**64,253,741**	47,045,864
Other income	**408,934**	802,133	**1,772,942**	4,416,370
	28,406,750	18,421,736	**66,026,683**	51,462,234
Cost of Sales and Expenses				
Cost of sales	**25,280,807**	16,193,459	**59,584,004**	41,465,413
Research and development expenses	**903,615**	969,435	**2,764,431**	2,586,803
Selling, general and administrative expenses	**4,589,141**	3,074,499	**12,416,670**	9,672,442
Share-based compensation expenses	**175,592**	187,270	**527,470**	449,351
Depreciation (production)	**1,385,833**	1,109,720	**3,718,736**	3,179,045
Depreciation (other)	**339,188**	344,277	**1,001,416**	1,097,805
Amortization	**125,727**	134,492	**385,318**	418,327
Foreign exchange	**(189,108)**	13,320	**(132,474)**	31,782
	32,610,795	22,026,472	**80,265,571**	58,900,968
Operating loss	**(4,204,045)**	(3,604,736)	**(14,238,888)**	(7,438,734)
Gain on disposal of property, plant and equipment	**—**	—	**1,923,352**	—
Gain on a bargain purchase *[Note 3b]*	**—**	—	**—**	1,125,450
Interest on operating loans, long-term debt and convertible debentures	**(157,704)**	(234,732)	**(476,892)**	(1,215,145)
Interest accretion on lease liability	**(161,868)**	(140,382)	**(426,035)**	(371,239)
Interest revenue	**45,013**	41,817	**233,676**	144,559
Share of loss of a joint venture	**(171,807)**	—	**(403,282)**	—
Loss before income taxes	**(4,650,411)**	(3,938,033)	**(13,388,069)**	(7,755,109)
Current income tax recovery	**4,529**	6,618	**1,584**	12,688
Deferred income tax recovery	**129,774**	57,634	**554,566**	371,801
	134,303	64,252	**556,150**	384,489
Loss	**(4,516,108)**	(3,873,781)	**(12,831,919)**	(7,370,620)
Other comprehensive loss				
Items that may be subsequently reclassified to profit and loss:				
Exchange differences on translation of foreign subsidiaries	**(17,844)**	36,373	**(74,836)**	9,202
Items that will not be reclassified to profit and loss:				
Retirement benefits – Net actuarial gains *[Note 6]*	**1,459,365**	264,254	**1,516,649**	48,489
Total comprehensive loss	**(3,074,587)**	(3,573,154)	**(11,390,106)**	(7,312,929)
Loss per share				
Basic and diluted	**(0.03)**	(0.03)	**(0.08)**	(0.05)
Weighted average number of common shares outstanding (basic and diluted)	**160,977,348**	152,264,615	**159,025,391**	144,786,869

In light of the loss recognized for the periods, 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, 2020	140,226,610	84,837,145	3,588,215	2,240,000	58,505	(29,756,603)	60,967,262
Loss	—	—	—	—	—	(7,370,620)	(7,370,620)
Other comprehensive loss	—	—	—	—	9,202	48,489	57,691
Comprehensive loss	—	—	—	—	9,202	(7,322,131)	(7,312,929)
Issuance of common shares (net of issuing costs of $2,617,433)	11,500,000	43,382,567	—	—	—	—	43,382,567
Exercise of stock options	653,667	1,112,221	(340,070)	—	—	—	772,151
Conversion of the convertible debentures	5,434,782	10,601,688	—	(2,240,000)	—	—	8,361,688
Share-based compensation	—	—	449,351	—	—	—	449,351
Balance as at March 31, 2021	157,815,059	139,933,621	3,697,496	—	67,707	(37,078,734)	106,620,090
Loss	—	—	—	—	—	(4,437,041)	(4,437,041)
Other comprehensive loss	—	—	—	—	20,466	466,593	487,059
Comprehensive loss	—	—	—	—	20,466	(3,970,448)	(3,949,982)
Exercise of stock options	115,000	133,755	(41,005)	—	—	—	92,750
Share-based compensation	—	—	224,064	—	—	—	224,064
Balance as at June 30, 2021	157,930,059	140,067,376	3,880,555	—	88,173	(41,049,182)	102,986,922
Loss	**—**	**—**	**—**	**—**	**—**	**(12,831,919)**	**(12,831,919)**
Other comprehensive loss	**—**	**—**	**—**	**—**	**(74,836)**	**1,516,649**	**1,441,813**
Comprehensive loss	**—**	**—**	**—**	**—**	**(74,836)**	**(11,315,270)**	**(11,390,106)**
Issuance of common shares (net of issuing costs of $2,004,968) *[Note 7]*	**6,522,000**	**27,996,232**	**—**	**—**	**—**	**—**	**27,996,232**
Exercise of stock options	**663,333**	**1,219,805**	**(372,056)**	**—**	**—**	**—**	**847,749**
Share-based compensation	**—**	**—**	**527,470**	**—**	**—**	**—**	**527,470**
Balance as at March 31, 2022	**165,115,392**	**169,283,413**	**4,035,969**	**—**	**13,337**	**(52,364,452)**	**120,968,267**

See accompanying notes to unaudited condensed interim consolidated financial statements

Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian dollars)	Nine-month periods ended March 31, 2022 $	2021 $
Cash flows from operating activities		
Loss	**(12,831,919)**	(7,370,620)
Items not affecting cash:		
Depreciation and amortization	**5,105,470**	4,695,177
Share-based compensation expenses	**527,470**	449,351
Share of loss of a joint venture	**403,282**	—
Interest accretion on lease liability	**426,035**	371,239
Interest accretion on long-term debt and convertible debentures	**194,213**	234,106
Other financial expenses	**27,462**	200,927
Deferred income tax recovery	**(554,566)**	(371,801)
Gain on a bargain purchase *[Note 3b]*	**—**	(1,125,450)
Gain on disposal of property, plant and equipment	**(1,923,352)**	—
Difference between amounts paid for employee benefits and current period expenses	**40,524**	76,207
Net change in fair value of foreign exchange derivatives	**(106,310)**	(675,182)
Unrealized foreign exchange	**(202,851)**	169,524
Changes in non-cash operating working capital items:		
Accounts receivable and contract asset	**(2,425,028)**	791,335
Inventory	**(2,047,172)**	(1,349,281)
Prepaid expenses and other assets	**(677,769)**	(444,947)
Accounts payable and accrued liabilities	**(1,107,681)**	(364,052)
Income taxes payable	**(461,315)**	(326,374)
Deferred grant	**—**	(276,342)
Contract liability	**(806,347)**	496,289
	(16,419,854)	(4,819,894)
Cash flows from financing activities		
Issuance of common shares	**30,001,200**	46,000,000
Issuing costs	**(2,004,968)**	(2,617,433)
Exercise of stock options	**847,749**	772,151
Variation of operating loans	**1,771,175**	67,890
Issuance of long-term debt	**1,539,094**	—
Lease incentive received	**1,253,921**	—
Repayment of lease liability	**(2,111,416)**	(1,815,743)
Repayment of long-term debt	**(4,926,462)**	(2,446,298)
	26,370,293	39,960,567
Cash flows from investing activities		
Variation of lease deposits	**(122,502)**	—
Business acquisition, net of cash acquired *[Note 3a]*	**(6,369,094)**	(2,303,450)
Repayment of balance of purchase price of business acquisition *[Note 3b]*	**(2,051,304)**	—
Investment in a joint venture	**(1,000,000)**	—
Additions to intangible assets	**(749,797)**	(98,712)
Additions to property, plant and equipment	**(2,463,317)**	(5,705,428)
Variation of equipment deposits	**—**	(564,042)
Disposal of property, plant and equipment	**8,325,052**	—
	(4,430,962)	(8,671,632)
Change in cash and cash equivalents	**5,519,477**	26,469,041
Net effect of currency exchange rate on cash	**11,348**	(82,475)
Cash and cash equivalents, beginning of period	**50,524,583**	33,796,686
Cash and cash equivalents, end of period	**56,055,408**	60,183,252
Interest on operating loans, long-term debt and lease liability paid	**729,687**	1,375,875
Income tax paid	**143,448**	178,153
Additions to property, plant and equipment included in accounts payable and accrued liabilities	**332,172**	581,908
Additions to property, plant and equipment paid with equipment deposits	**291,077**	—
Investment tax credit recorded against the property, plant and equipment and included in accounts receivable and contract asset	**—**	1,000,000
Amount included in cash and cash equivalents consisting of guaranteed investment certificates bearing interest at a rate of 0.89% and being redeemable on demand	**10,000,000**	—

See accompanying notes to unaudited condensed interim consolidated financial statements

[Unaudited – Unless specified otherwise, amounts are expressed in Canadian dollars]

1. NATURE OF OPERATIONS

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 Company was formed by amalgamation under the Canada Business Corporations Act by certificate of amalgamation dated September 21, 2017 and is headquartered at 4500 Thimens Blvd, Montreal, QC, Canada.

On July 15, 2021, NanoXplore Inc. graduated from the Toronto Stock Exchange ("TSX") Venture Exchange to the TSX. NanoXplore is traded under "GRA" on the TSX and is also listed on the OTCQX and traded under "NNXPF".

On December 15, 2021, the Company acquired all of the issued and outstanding shares of Canuck Compounders Inc. ("Canuck") *(Note 3a)*.

The unaudited condensed interim consolidated financial statements of NanoXplore for the three and nine-month periods ended March 31, 2022 and 2021 were reviewed, approved and authorized for issue by the Company's Board of Directors on May 16, 2022.

COVID-19 Pandemic and supply chain issues

The COVID-19 pandemic and its negative collateral effects on the supply of materials and the availability of labour continued 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 and 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.

The discovery of several effective vaccines and their deployment allows us to hope for an end to the crisis. Until the situation is stable, the Company will continue to respond in a measured, prudent and decisive manner with continued emphasis on health and safety, cash conservation and the maintenance of its liquidity position.

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 and nine-month periods ended March 31, 2022 and 2021 have been prepared in accordance with International Financial Reporting Standards ["IFRS"], as issued by the International Accounting Standards Board ["IASB"], and applicable to the preparation of interim financial statements including 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, 2021.

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.

[EXPRESSED IN CANADIAN DOLLARS]

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 and the new accounting standards issued but not yet in effect remain unchanged 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, 2021.

3. BUSINESS COMBINATIONS

a) Canuck

On December 15, 2021, the Company acquired all of the issued and outstanding shares of Canuck for a total consideration of $9,158,408. This amount represents $9,300,000 plus cash on hand, less debt and a working capital adjustment, and a discount on the balance of purchase price due in 24 months. This transaction was financed using the Company's available cash. This acquisition was concluded to expand the Company's downstream, value-added product offering through enhanced masterbatch and compounds.

Canuck employs approximately 40 people and provides sustainable and engineered recycled plastic compounds for use in transportation, building and construction, agriculture and packaging markets. Canuck's manufacturing facility is based in Cambridge, Ontario.

The fair value of the total consideration at the date of the transaction is presented in the table below:

	$
Paid in cash at closing date	6,762,121
Post-closing adjustments	454,452
Balance of purchase price due in 12 months	1,000,000
Balance of purchase price due in 24 months *($1,000,000 discounted at a rate of 3%)*	941,835
Total consideration	**9,158,408**

This transaction qualifies as a business combination and was accounted for using the acquisition method of accounting under IFRS 3, *Business Combinations*. To account for the transaction, the Company has performed a preliminary valuation of the net asset acquired. At the time of issuance of these condensed interim consolidated financial statements, certain aspects of the valuation of the net assets acquired are not finalized due to the unavailability of some information. Consequently, part of the fair value adjustments, mainly relating to intangible assets and deferred income taxes, is included in Goodwill. The work will be completed within 12 months of the acquisition date.

[EXPRESSED IN CANADIAN DOLLARS]

	$
Net identifiable assets acquired:	
Cash	**386,039**
Accounts receivable and contract asset	**5,209,753**
Inventory	**2,317,473**
Prepaid expenses and other assets	**71,208**
Right-of-use assets	**1,550,072**
Property, plant and equipment	**911,154**
	10,445,699
Operating loans	**(345,000)**
Accounts payable and accrued liabilities	**(4,008,005)**
Income taxes payable	**(461,315)**
Lease liability	**(1,581,650)**
Long-term debt	**(491,861)**
Deferred tax liabilities	**(129,000)**
	(7,016,831)
Total identifiable net assets	**3,428,868**
Goodwill	**5,729,540**
Total consideration paid or to be paid in cash	**9,158,408**

Since December 15, 2021, the assets and liabilities of Canuck are included in the consolidated statement of financial position and the operating results are reflected in the Company's consolidated statement of loss and comprehensive loss.

The Company has given a general and continuing security interest in all Canuck's movable, tangible and intangible assets to secure the balance of purchase price payable.

b) CSP Newton Plant

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 Newton Plant") used in connection with its lightweight composite solutions and material business as conducted at 1400 Burris Road, Newton, North Carolina, for an unadjusted purchase price of US$3,500,000. The purchase price was reduced by an inventory adjustment of US$128,929. This acquisition was concluded to expand the Company's business in the United States.

CSP Newton Plant employed nearly thirty people and operated mainly in the markets of composite products for heavy trucks and machinery. It sold 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 adjusted purchase price of US$3,371,071 [$4,437,197] was payable in two installments:

(i) US$1,750,000 at the closing date; and
(ii) US$1,621,071 12 months after the closing date and was 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 Combinations*. The total purchase price was allocated to the assets acquired and liabilities assumed based on the fair value of the total consideration at the closing date of the transaction.

[EXPRESSED IN CANADIAN DOLLARS]

	$
Net identifiable assets acquired:	
Inventory	**1,014,930**
Property, plant and equipment [(1)]	**4,824,131**
	5,839,061
Deferred tax liabilities	**(276,414)**
	(276,414)
Total identifiable net assets	**5,562,647**
Gain on a bargain purchase [(1)]	**(1,125,450)**
Total consideration paid or to be paid in cash	**4,437,197**

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 and comprehensive loss.

[(1)] Since the initial net assets acquired were estimated and the valuation was completed during Q4-2021, the fair value of the property, plant and equipment has been increased by $1,125,450 and this adjustment has been reflected retrospectively to the acquisition date as a gain on a bargain purchase in conformity with IFRS 3, *Business Combinations*.

4. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND PROPERTY HELD FOR SALE

a) Right-of-use assets

	Nine-month period ended March 31, 2022 $	Year ended June 30, 2021 $
Balance at the beginning	**4,885,169**	5,878,706
Additions [(1)]	**3,303,884**	126,017
Acquired in a business combination	**1,550,072**	–
Depreciation	**(986,780)**	(1,102,914)
Effect of foreign exchange differences	**(26,108)**	(16,640)
Balance at the end	**8,726,237**	4,885,169

	As at March 31, 2022 $	As at June 30, 2021 $
Balance at the end		
Cost	**12,550,945**	7,723,097
Accumulated depreciation	**(3,824,708)**	(2,837,928)
New book value	**8,726,237**	4,885,169

[(1)] Following the disposal of the land and building *(Note 4b)*, the Company signed a leaseback for the property and a portion of the gain on disposal amounting to $1,453,471 was accounted against the additions of right-of-use assets and will be recognized over the duration of the lease.

The majority of right-of-use assets are leases of land and building.

[EXPRESSED IN CANADIAN DOLLARS]

b) Property, plant and equipment

	Land & Building $	Production equipment $	Leasehold improvements $	Laboratory, computer, office equipment and rolling stock $	Total $
Balance as at June 30, 2020	13,106,182	33,347,199	1,949,384	1,277,810	49,680,575
Additions	1,322,272	7,498,798	50,625	356,412	9,228,107
Acquired in a business combination	2,487,731	2,336,400	–	–	4,824,131
Transfer to assets held for sales	(3,159,345)	–	–	–	(3,159,345)
Disposals	(368,648)	(11,343)	–	(20,299)	(400,290)
Depreciation	(602,108)	(3,071,456)	(240,002)	(641,026)	(4,554,592)
Effect of foreign exchange differences	(357,886)	(295,948)	–	(30,282)	(684,116)
Balance as at June 30, 2021	12,428,198	39,803,650	1,760,007	942,615	54,934,470
Additions	**444,372**	**2,050,660**	**565,087**	**214,697**	**3,274,816**
Acquired in a business combination	**–**	**864,434**	**6,660**	**40,060**	**911,154**
Transfer to leasehold improvements	**(872,155)**	**–**	**872,155**	**–**	**–**
Disposals	**(2,358,015)**	**–**	**–**	**–**	**(2,358,015)**
Depreciation	**(304,483)**	**(2,667,595)**	**(279,432)**	**(481,862)**	**(3,733,372)**
Effect of foreign exchange differences	**54,902**	**53,206**	**15,379**	**3,932**	**127,419**
Balance as at March 31, 2022	**9,392,819**	**40,104,355**	**2,939,856**	**719,442**	**53,156,472**
As at June 30, 2021					
Cost	13,208,847	45,705,902	2,058,489	1,662,561	62,635,799
Accumulated depreciation	(780,649)	(5,902,252)	(298,482)	(719,946)	(7,701,329)
Net book value	12,428,198	39,803,650	1,760,007	942,615	54,934,470
As at March 31, 2022					
Cost	**10,411,139**	**48,658,240**	**3,513,156**	**1,920,070**	**64,502,605**
Accumulated depreciation	**(1,018,320)**	**(8,553,885)**	**(573,300)**	**(1,200,628)**	**(11,346,133)**
Net book value	**9,392,819**	**40,104,355**	**2,939,856**	**719,442**	**53,156,472**

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 nine-month period ended March 31, 2022 amounted to $253,360 [Year ended June 30, 2021 – $384,405]. Leased assets are pledged as security for the related lease liability.

As at March 31, 2022, there are $485,734, $540,042 and $36,329 of building, production equipment and computer respectively, that are not yet available for use and for which depreciation has not started [As at June 30, 2021 – $8,104,470 and $46,155 of production equipment and computer].

c) Property held for sale

As at March 31, 2022, the property held for sale amounted to $ nil [As at June 30, 2021 – $2,424,351].

The Company sold the property located in Tennessee (United States) on August 24, 2021 for an amount of US$950,000.

The Company sold the property located in Quebec on October 8, 2021 for an amount of $3,000,000. A gain on disposal has been accounted for an amount of $1,599,184 and the related long-term debt has been reimbursed. [As at June 30, 2021, the long-term debt directly associated with this property held for sale amounted to $1,035,431].

[EXPRESSED IN CANADIAN DOLLARS]

5. CREDIT FACILITIES

	Maturity	Effective interest rate %	As at March 31, 2022 $	As at June 30, 2021 $
Operating loans, fixed and variable rates – Authorized amount of $10,258,275	**2022**	**3.5% to 4.3%**	**3,458,675**	1,343,300
Lease liability	**2022 to 2031**	**2.1% to 10.0%**	**15,720,011**	9,574,747
Long-term debt, fixed and variable rates	**2022 to 2030**	**3.8% to 5.7%**	**9,700,593**	11,652,440
			28,879,279	22,570,487
Less: current portion of operating loans			**3,458,675**	1,343,300
Less: current portion of lease liability			**2,484,573**	1,625,541
Less: current portion of long-term debt			**2,603,183**	3,497,174
			20,332,848	16,104,472

Under these agreements, the Company has agreed to respect certain conditions and financial ratios. As at March 31, 2022, 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 long-term debt and credit facilities.

6. EMPLOYEE BENEFITS OBLIGATION

Defined Benefit Pension Plan

The Company offers a defined benefit pension plan to all Swiss employees.

Employees are eligible for this plan if they meet certain conditions. Depending on the age, salary and the applicable pension fund, ordinary contributions are directly deducted as a percentage from the salary. The Company contributes between 50% and 60% of the ordinary contributions for the employees. If the fund is in deficit as per the Swiss law, the collective foundation, responsible for the management of the fund, could potentially ask for an equal contribution from the employer, employee and pensioners, which creates an actuarial obligation under IAS 19 even if the outflow of economic resources is not probable.

The funded status of the benefits and the amounts recorded in the consolidated statements of financial position were as follows:

	As at March 31, 2022 $	As at June 30, 2021 $
Plan assets at fair value	**4,220,611**	4,376,526
Defined benefit liabilities	**(3,554,458)**	(5,187,842)
Net defined benefit assets (liabilities)	**666,153**	(811,316)

[EXPRESSED IN CANADIAN DOLLARS]

The changes in fair value of the plan assets were as follows:

	As at March 31, 2022 $	As at June 30, 2021 $
Balance at the beginning	**4,376,526**	4,959,461
Employer contribution	**155,565**	197,826
Participant contribution	**146,818**	182,478
Benefits paid	**(440,897)**	(759,353)
Item in net loss		
Interest income on plan assets	**12,911**	17,736
Items in comprehensive loss		
Return on plan assets	**(27,705)**	113,700
Foreign currency translation	**(2,607)**	(335,322)
	(30,312)	(221,622)
Plan assets at fair value	**4,220,611**	4,376,526

The changes in fair value of the defined benefit liabilities were as follows:

	As at March 31, 2022 $	As at June 30, 2021 $
Balance at the beginning	**5,187,842**	6,269,925
Participant contribution	**146,818**	182,478
Benefits paid	**(440,897)**	(759,353)
Items in net loss		
Current service cost	**190,798**	294,360
Interest cost	**15,398**	22,816
Administration cost	**1,944**	2,923
	208,140	320,099
Items in comprehensive loss		
Actuarial gain	**(1,544,354)**	(401,382)
Foreign currency translation	**(3,091)**	(423,925)
	(1,547,445)	(825,307)
Defined benefit liabilities	**3,554,458**	5,187,842

The discount rate is 1.2% [As at June 30, 2021 – 0.4%].

7. EQUITY

On February 24, 2022, the Company completed a financing by way of a prospectus supplement dated February 17, 2022 to the Company's short form base shelf prospectus dated January 24, 2022 of 6,522,000 common shares at a price of $4.60 per share for gross proceeds of $30,001,200. The aggregate issuance costs related to this issuance, including the commission, were $2,004,968 and were paid in cash.

8. RELATED PARTY TRANSACTIONS

Martinrea International Inc. ("Martinrea") is a shareholder of the Company with significant influence. Subsidiaries of Martinrea purchased graphene-enhanced products and tooling products from the Company during the three and nine-month periods ended March 31, 2022 for an amount of $165,544 and $1,057,837, respectively [2021 – $11,310 and $17,556, respectively]. As at March 31, 2022, an amount of $746,501 due by Martinrea is included in Accounts receivable and contract assets [As at June 30, 2021 – $125,171].

During the three and nine-month periods ended March 31, 2022, the Company has rendered services to the joint venture VoltaXplore Inc., for an amount of $5,232 and $9,939, respectively [2021 – nil and nil, respectively]. As at March 31, 2022, an amount of $7,353 due by VoltaXplore Inc. is included in Accounts receivable and contract assets [As at June 30, 2021 – $69,965].

In January 2022, the Company and Martinrea have provided $1,000,000 each in cash to VoltaXplore to continue to support the construction of a demonstration facility.

9. SEGMENTED DISCLOSURE

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

10. COMMITMENTS

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

As at March 31, 2022, the Company held forward exchange contracts for a minimum of US$20.5 million and a maximum of US$29.8 million depending on the exchange rate of such derivative contracts. Rates vary from 1.1838 to up to 1.3576. The contracts are valid until November 2023. The carrying value of the derivative foreign currency forward exchange contracts amounted to $374,813 as at March 31, 2022 and was included in Accounts receivable and contract asset [As at June 30, 2021 – $466,003 included in Accounts receivable and contract asset].

The Company and Martinrea have committed to provide up to an additional $6,000,000 each in development funding in VoltaXplore Inc. if, as and when required. On this amount, $1,000,000 was already provided *(Note 8)*.