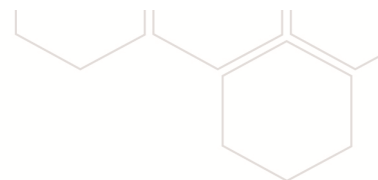


## NanoXplore Inc.

### UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six-month periods ended  
December 31, 2023 and 2022





## Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)	As at December 31, 2023 \$	As at June 30, 2023 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	27,558,073	36,210,495
Accounts receivable and contract asset	20,085,632	20,605,741
Inventory	15,877,777	17,280,115
Prepaid expenses and other assets	1,148,388	1,333,035
	<b>64,669,870</b>	<b>75,429,386</b>
<b>Non-current assets</b>		
Lease deposits	246,150	246,285
Equipment deposits	1,725,661	799,989
Right-of-use assets [Note 4a]	8,196,712	8,997,822
Property, plant and equipment [Note 4b]	61,908,490	61,824,268
Intangible assets [Note 5]	13,863,839	14,522,038
Goodwill	1,919,673	1,919,673
Deferred tax assets	1,858,874	1,506,342
<b>Total assets</b>	<b>154,389,269</b>	<b>165,245,803</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Operating loans [Note 6]	1,575,800	1,478,300
Accounts payable and accrued liabilities	14,092,376	19,868,734
Contract liability	3,089,424	1,016,019
Current portion of lease liability [Note 6]	3,916,245	2,805,990
Current portion of long-term debt [Note 6]	4,492,226	4,558,624
	<b>27,166,071</b>	<b>29,727,667</b>
<b>Non-current liabilities</b>		
Defined benefit liabilities	837,404	572,463
Lease liability [Note 6]	10,023,544	12,412,813
Long-term debt [Note 6]	2,580,072	3,317,264
Deferred tax liabilities	2,944,347	2,939,526
<b>Total liabilities</b>	<b>43,551,438</b>	<b>48,969,733</b>
<b>Shareholders' equity</b>		
Share capital	180,741,203	180,308,703
Reserve	5,399,640	4,999,662
Foreign currency translation reserve	140,905	34,552
Deficit	(75,443,917)	(69,066,847)
<b>Total shareholders' equity</b>	<b>110,837,831</b>	<b>116,276,070</b>
<b>Total liabilities and shareholders' equity</b>	<b>154,389,269</b>	<b>165,245,803</b>

See accompanying notes to unaudited condensed interim consolidated financial statements

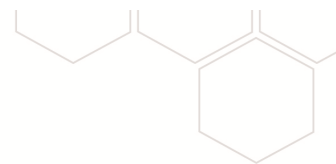
Approved on behalf of the Board of Directors

**Soroush Nazarpour**

Soroush Nazarpour

**Joseph G. Peter**

Joseph G. Peter

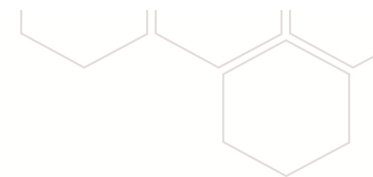


### Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian dollars)	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Revenues</b>				
Revenues from customers	28,559,390	31,417,369	57,266,142	58,564,536
Other income	503,634	307,753	732,913	393,111
	<b>29,063,024</b>	31,725,122	<b>57,999,055</b>	58,957,647
<b>Cost of sales and expenses</b>				
Cost of sales	23,031,357	25,836,971	46,078,811	49,823,935
Research and development expenses	1,036,648	743,018	2,317,701	1,464,123
Selling, general and administrative expenses	5,127,825	5,079,833	10,223,681	9,581,321
Share-based compensation expenses	225,416	374,892	527,478	597,724
Depreciation (production)	1,563,699	1,408,333	3,080,846	2,863,945
Depreciation (other)	692,528	445,630	1,360,372	705,504
Amortization	467,619	270,112	920,318	515,322
Foreign exchange	(518,778)	(683,939)	53,818	930,101
	<b>31,626,314</b>	33,474,850	<b>64,563,025</b>	66,481,975
<b>Operating loss</b>	<b>(2,563,290)</b>	(1,749,728)	<b>(6,563,970)</b>	(7,524,328)
Gain on disposal of property, plant and equipment	—	—	18,260	—
Interest on operating loans and long-term debt	(126,513)	(240,907)	(293,913)	(450,966)
Interest accretion on lease liability	(152,785)	(152,087)	(311,852)	(304,128)
Interest revenue	297,330	451,208	653,710	757,655
Share of loss of a joint venture	—	(334,066)	—	(645,496)
<b>Loss before income taxes</b>	<b>(2,545,258)</b>	(2,025,580)	<b>(6,497,765)</b>	(8,167,263)
Current income tax expense	(136,310)	(40,161)	(6,004)	(86,569)
Deferred income tax recovery (expense)	253,180	(357,208)	349,303	(93,189)
	<b>116,870</b>	(397,369)	<b>343,299</b>	(179,758)
<b>Loss</b>	<b>(2,428,388)</b>	(2,422,949)	<b>(6,154,466)</b>	(8,347,021)
<b>Other comprehensive loss</b>				
<i>Items that may be subsequently reclassified to profit and loss:</i>				
Exchange differences on translation of foreign subsidiaries	200,988	63,089	106,353	(99,712)
<i>Items that will not be reclassified to profit and loss:</i>				
Retirement benefits – Net actuarial losses	(253,907)	(113,090)	(222,604)	(157,334)
<b>Total comprehensive loss</b>	<b>(2,481,307)</b>	(2,472,950)	<b>(6,270,717)</b>	(8,604,067)
<b>Loss per share</b>				
Basic and diluted	(0.01)	(0.01)	(0.04)	(0.05)
Weighted average number of common shares outstanding (basic and diluted)	169,433,866	165,590,199	169,406,148	165,516,405

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.

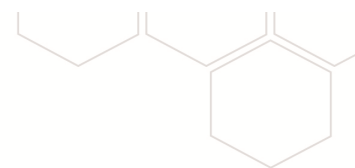
See accompanying notes to unaudited condensed interim consolidated financial statements



### Consolidated Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian dollars)	Number of common shares	Share capital \$	Reserve \$	Foreign currency translation reserve \$	Deficit \$	Shareholders' equity \$
<b>Balance as at June 30, 2022</b>	165,223,525	169,354,272	4,185,185	12,070	(56,020,132)	117,531,395
Loss	—	—	—	—	(5,924,072)	(5,924,072)
Other comprehensive income	—	—	—	(162,801)	(44,244)	(207,045)
Comprehensive loss	—	—	—	(162,801)	(5,968,316)	(6,131,117)
Exercise of stock options	352,000	232,320	(73,920)	—	—	158,400
Share-based compensation	—	—	222,832	—	—	222,832
<b>Balance as at December 31, 2022</b>	165,575,525	169,586,592	4,334,097	(150,731)	(61,988,448)	111,781,510
Loss	—	—	—	—	(6,874,102)	(6,874,102)
Other comprehensive income	—	—	—	185,283	(204,297)	(19,014)
Comprehensive loss	—	—	—	185,283	(7,078,399)	(6,893,116)
Issuance of common shares (net of issuing costs of \$24,650)	3,420,406	9,962,936	—	—	—	9,962,936
Exercise of stock options	382,500	759,175	(230,375)	—	—	528,800
Share-based compensation	—	—	895,940	—	—	895,940
<b>Balance as at June 30, 2023</b>	169,378,431	180,308,703	4,999,662	34,552	(69,066,847)	116,276,070
Loss	—	—	—	—	(6,154,466)	(6,154,466)
Other comprehensive loss	—	—	—	106,353	(222,604)	(116,251)
Comprehensive loss	—	—	—	106,353	(6,377,070)	(6,270,717)
Exercise of stock options	250,000	432,500	(127,500)	—	—	305,000
Share-based compensation	—	—	527,478	—	—	527,478
<b>Balance as at December 31, 2023</b>	169,628,431	180,741,203	5,399,640	140,905	(75,443,917)	110,837,831

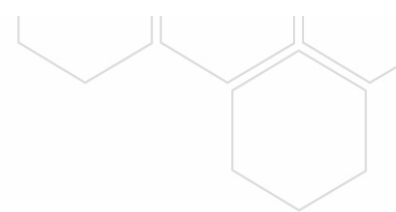
See accompanying notes to unaudited condensed interim consolidated financial statements



## Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian dollars)	Six-month periods ended December 31,	
	2023	2022
	\$	\$
<b>Cash flows from operating activities</b>		
Loss	(6,154,466)	(8,347,021)
Items not affecting cash:		
Depreciation and amortization	5,361,536	4,084,771
Share-based compensation expenses	527,478	597,724
Share of loss of a joint venture	—	645,496
Interest accretion on lease liability	311,852	304,128
Interest accretion on long-term debt	48,821	58,682
Other financial expenses	24,176	23,468
Deferred income tax expense (recovery)	(349,303)	93,189
Gain on disposal of property, plant and equipment	(18,260)	—
Difference between amounts paid for employee benefits and current period expenses	4,441	1,977
Net change in fair value of foreign exchange derivatives	(367,450)	1,207,005
Unrealized foreign exchange	90,792	(503,312)
Changes in non-cash operating working capital items:		
Accounts receivable and contract asset	520,109	2,164,224
Inventory	1,495,912	(46,599)
Prepaid expenses and other assets	199,279	210,384
Accounts payable and accrued liabilities	(4,206,160)	(1,783,538)
Contract liability	2,069,385	447,775
	<b>(441,858)</b>	<b>(841,647)</b>
<b>Cash flows from financing activities</b>		
Exercise of stock options	305,000	341,399
Variation of operating loans	—	(3,300,000)
Repayment of lease liability	(1,737,395)	(1,593,313)
Repayment of long-term debt	(900,418)	(944,599)
	<b>(2,332,813)</b>	<b>(5,496,513)</b>
<b>Cash flows from investing activities</b>		
Variation of lease deposits	—	1,578
Repayment of balance of purchase price of business acquisition	(1,000,000)	(1,000,000)
Additions to intangible assets	(251,797)	(1,217,462)
Additions to property, plant and equipment	(3,788,067)	(4,069,234)
Variation of equipment deposits	(926,088)	(55,399)
Disposal of property, plant and equipment	45,600	—
	<b>(5,920,352)</b>	<b>(6,340,517)</b>
<b>Change in cash and cash equivalents</b>	<b>(8,695,023)</b>	<b>(12,678,677)</b>
<b>Net effect of currency exchange rate on cash</b>	<b>42,601</b>	<b>30,300</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>36,210,495</b>	<b>51,232,068</b>
<b>Cash and cash equivalents, end of period</b>	<b>27,558,073</b>	<b>38,583,691</b>
Interest on operating loans, long-term debt and lease liability paid	543,683	770,373
Additions to property, plant and equipment included in accounts payable and accrued liabilities	38,542	—
Amount included in cash and cash equivalents consisting of guaranteed investment certificates bearing interest at a rate 4.92% and having terms of 90 days	—	25,000,000

See accompanying notes to unaudited condensed interim consolidated financial statements



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

## 1. NATURE OF OPERATIONS

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NanoXplore Inc., and its subsidiaries (together “NanoXplore” or the “Corporation”), is a graphene company, a manufacturer and supplier of high-volume graphene powder for use in industrial markets. Also, the Corporation provides standard and custom graphene-enhanced plastic and composite products to various customers in transportation, packaging, electronics, and other industrial sectors. The Corporation is also a silicon-graphene-enhanced Li-ion battery manufacturer for the Electric Vehicle and grid storage markets. The Corporation 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.

NanoXplore is listed on the Toronto Stock Exchange (“TSX”) and traded under “GRA” and is also listed on the OTCQX and traded under “NNXPF”.

The Corporation has two reportable segments based on products: Advanced materials, plastics and composite products and Battery cells [Note 9].

The unaudited condensed interim consolidated financial statements of the Corporation for the three and six-month periods ended December 31, 2023 and 2022 were reviewed, approved and authorized for issue by the Corporation’s Board of Directors on February 13, 2024.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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### BASIS OF PRESENTATION

The unaudited condensed interim consolidated financial statements of the Corporation and its subsidiaries for the three and six-month periods ended December 31, 2023 and 2022 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.

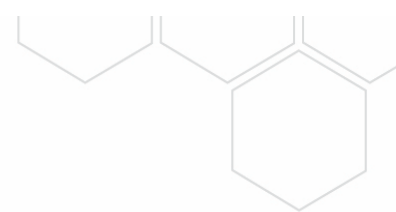
These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, the Corporation’s functional currency, except where otherwise indicated. Each entity of the Corporation determines its own functional currency and items included in the financial statements of each 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, 2023.

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 Corporation 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.



The Corporation has the following subsidiaries:

Subsidiaries	Reporting segment
NanoXplore Switzerland Holding SA (“NanoXplore Switzerland”), based in Switzerland, with an equity interest of 100% [2022 – 100%]. NanoXplore Switzerland holds 100% of CEBO Injections SA (“CEBO”)	Advanced materials, plastics and composite
NanoXplore Holdings USA, Inc. (“NanoXplore Holdings USA”), based in the United States, with an equity interest of 100% [2022 – 100%]. NanoXplore Holdings USA holds 100% of NanoXplore USA, Inc. [2022 – 100%] and RMC Advanced Technologies Inc. [2022 – nil].	Advanced materials, plastics and composite
Sigma Industries Inc. (“Sigma”), based in Canada, with an equity interest of 100% [2022 – 100%]. Sigma has two active wholly owned subsidiaries; Faroex Ltd., based in Manitoba, and Rene Composite Materials Ltd., based in Quebec. Rene Composite Materials Ltd. owns no subsidiary [2022 – one active wholly owned subsidiary; RMC Advanced Technologies Inc., based in the United States, that is now owned by NanoXplore Holdings USA, Inc.]	Advanced materials, plastics and composite
Canuck Compounders Inc. (“Canuck”), based in Canada, with an equity interest of 100% [2022 – 100%]	Advanced materials, plastics and composite
VoltaXplore Inc. (“VoltaXplore”), based in Canada, with an equity interest of 100% [2022 – 50%]	Battery cells

#### 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, 2023, except for the amendments to certain accounting standards which are relevant to the Company and were adopted by the Corporation as of July 1, 2023 as described below:

##### Amendment to IAS 1 – Presentation of Financial Statements

On January 23, 2020, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, to clarify the requirements for classifying liabilities as current or non-current. More specifically, the amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. Management expectations about events after the consolidated statement of financial position date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant; and the amendments clarify the situations that are considered settlement of a liability.

On February 12, 2021, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, to add a requirement to disclose the material accounting policy information, instead of significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements.

There has been no impact of the adoption of this amendment as at July 1<sup>st</sup>, 2023.

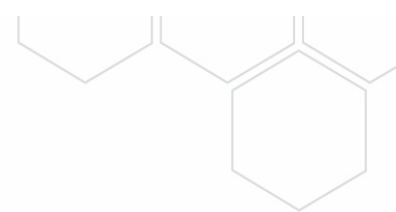
##### Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors

The amendments to IAS 8 introduce a definition of accounting estimates and provide clarifications to distinguish accounting policies from accounting estimates. There has been no impact of the adoption of this amendment as at July 1<sup>st</sup>, 2023.

#### THE FOLLOWING STANDARDS AND AMENDMENTS TO EXISTING STANDARDS HAVE BEEN PUBLISHED, AND THEIR ADOPTION IS MANDATORY FOR FUTURE ACCOUNTING PERIODS

##### Amendments to IAS 7 – Statement of Cash Flows and to IFRS 7 – Financial Instruments: Disclosures

On May 25, 2023, the IASB issued the final amendments to IAS 7 and IFRS 7 which address the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The new guidance will be effective for annual periods starting on or after January 1, 2024. Management has not yet determined the impact, if any, on the Corporation.



### 3. ASSETS ACQUISITION

#### a) VOLTAXPLORE

On April 14, 2021, NanoXplore and Martinrea Innovation Developments Inc., a wholly-owned subsidiary of Martinrea International Inc. ("Martinrea"), formed a joint venture through VoltaXplore, a battery-based initiative to service the electric transportation and grid storage market.

On March 24, 2023, NanoXplore Inc. purchased Martinrea Innovation Developments Inc.'s 50% equity stake in VoltaXplore for an aggregate equity consideration of \$9,987,586. NanoXplore now owns 100% of VoltaXplore.

The VoltaXplore acquisition has been recorded as an acquisition of assets as VoltaXplore does not meet the definition of a business under IFRS 3, *Business Combinations*. The assets acquired and liabilities assumed were initially recognized applying a cost accumulation approach.

The consideration paid and the allocation to the net assets acquired are summarized as follow:

	\$
<b>Net identifiable assets acquired:</b>	
Cash	329,823
Accounts receivable and contract asset	37,127
Prepaid expenses and other assets	57,185
Lease deposits	60,066
Equipment deposits	236,291
Right-of-use assets	1,183,379
Property, plant and equipment	7,264,853
Intangible assets	6,717,680
	<u>15,886,404</u>
Accounts payable and accrued liabilities	(328,054)
Lease liability	(1,391,870)
Advance from NanoXplore Inc.	(1,000,000)
	<u>(2,719,924)</u>
<b>Net assets acquired</b>	<u><b>13,166,480</b></u>
	\$
<b>Consideration paid</b>	
Common shares issuance	9,987,586
50% equity stake previously owned	3,178,894
<b>Total consideration paid</b>	<u><b>13,166,480</b></u>

#### b) XG SCIENCES INC.

On August 24, 2022, the Corporation purchased a significant portion of the assets of XG Sciences Inc. ("XG") for an amount of \$3,894,900 [US\$3,000,000] in a sale conducted by XG's senior secured creditor pursuant to Article 9 of Michigan's enactment of the Uniform Commercial Code. The Corporation and the senior creditor have entered into an asset purchase agreement pursuant to which NanoXplore is acquiring XG's mechanical milling platform, research and development lab and all issued and pending patents and trademarks, among other items. To account for the transaction, the Corporation has estimated the value of the assets acquired and recorded such value in the inventory, property, plant and equipment and intangible assets based on this estimate.



#### 4. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

##### a) RIGHT-OF-USE ASSETS

	Six-month period ended December 31, 2023 \$	Year ended June 30, 2023 \$
<b>Balance at the beginning</b>	<b>8,997,822</b>	8,381,031
Additions [Note 3a]	56,260	2,116,908
Depreciation	(923,892)	(1,639,144)
Effect of foreign exchange differences	66,522	139,027
<b>Balance at the end</b>	<b>8,196,712</b>	8,997,822
<b>Balance at the end</b>		
Cost	14,979,807	14,857,025
Accumulated amortization	(6,783,095)	(5,859,203)
<b>Net book value</b>	<b>8,196,712</b>	8,997,822

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

##### b) PROPERTY, PLANT AND EQUIPMENT

	Land & Building \$	Production equipment \$	Leasehold improvements \$	Laboratory, computer, office equipment and rolling stock \$	Total \$
<b>Balance as at July 1, 2022</b>	9,451,109	41,499,039	2,863,112	515,935	54,329,195
Additions [Note 3a, 3b]	531,848	1,426,323	437,987	10,890,228	13,286,386
Disposals	–	(129,578)	–	(2,396)	(131,974)
Depreciation	(466,635)	(4,322,877)	(358,044)	(872,059)	(6,019,615)
Effect of foreign exchange differences	–	301,582	38,685	20,009	360,276
<b>Balance as at June 30, 2023</b>	<b>9,516,322</b>	<b>38,774,489</b>	<b>2,981,740</b>	<b>10,551,717</b>	<b>61,824,268</b>
Additions	25,001	2,844,816	3,140	697,452	3,570,409
Disposals	(10,340)	–	–	(16,807)	(27,147)
Depreciation	(185,082)	(2,306,649)	(228,256)	(797,339)	(3,517,326)
Effect of foreign exchange differences	–	49,101	(1,651)	10,836	58,286
<b>Balance as at December 31, 2023</b>	<b>9,345,901</b>	<b>39,361,757</b>	<b>2,754,973</b>	<b>10,445,859</b>	<b>61,908,490</b>
<b>As at June 30, 2023</b>					
Cost	11,092,695	52,596,473	4,000,950	12,831,919	80,522,037
Accumulated depreciation	(1,576,373)	(13,821,984)	(1,019,210)	(2,280,202)	(18,697,769)
<b>Net book value</b>	<b>9,516,322</b>	<b>38,774,489</b>	<b>2,981,740</b>	<b>10,551,717</b>	<b>61,824,268</b>
<b>As at December 31, 2023</b>					
Cost	11,107,356	55,475,660	4,002,934	13,520,149	84,106,099
Accumulated depreciation	(1,761,455)	(16,113,903)	(1,247,961)	(3,074,290)	(22,197,609)
<b>Net book value</b>	<b>9,345,901</b>	<b>39,361,757</b>	<b>2,754,973</b>	<b>10,445,859</b>	<b>61,908,490</b>

The majority of property, plant and equipment is pledged as security for the credit facilities (Note 6).

There was no addition of production equipment under lease during the six-month period ended December 31, 2023 and the year ended June 30, 2023.

As at December 31, 2023, there are \$411,396 and \$218,467 of production equipment and laboratory equipment and computer, respectively, that are not yet available for use and for which depreciation has not started [As at June 30, 2023 – \$127,757 and \$177,015].

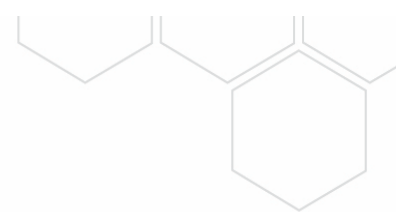
## 5. INTANGIBLE ASSETS

	Customer relationship \$	Technology \$	Patents, licenses and software \$	Total \$
<b>Balance as at July 1, 2022</b>	6,408,108	–	848,232	7,256,340
Additions [Note 3a, 3b]	–	6,688,953	1,790,423	8,479,376
Amortization	(832,559)	(167,224)	(231,890)	(1,231,673)
Effect of foreign exchange differences	860	–	17,135	17,995
<b>Balance as at June 30, 2023</b>	<b>5,576,409</b>	<b>6,521,729</b>	<b>2,423,900</b>	<b>14,522,038</b>
Additions	–	–	<b>251,797</b>	<b>251,797</b>
Amortization	<b>(417,518)</b>	<b>(334,448)</b>	<b>(168,352)</b>	<b>(920,318)</b>
Effect of foreign exchange differences	<b>10,274</b>	–	<b>48</b>	<b>10,322</b>
<b>Balance as at December 31, 2023</b>	<b>5,169,165</b>	<b>6,187,281</b>	<b>2,507,393</b>	<b>13,863,839</b>
<b>As at June 30, 2023</b>				
Cost	8,573,755	6,688,953	2,938,875	18,201,583
Accumulated depreciation	(2,997,346)	(167,224)	(514,975)	(3,679,545)
<b>Net book value</b>	<b>5,576,409</b>	<b>6,521,729</b>	<b>2,423,900</b>	<b>14,522,038</b>
<b>As at December 31, 2023</b>				
Cost	<b>8,584,029</b>	<b>6,688,953</b>	<b>3,190,720</b>	<b>18,463,702</b>
Accumulated depreciation	<b>(3,414,864)</b>	<b>(501,672)</b>	<b>(683,327)</b>	<b>(4,599,863)</b>
<b>Net book value</b>	<b>5,169,165</b>	<b>6,187,281</b>	<b>2,507,393</b>	<b>13,863,839</b>

As at December 31, 2023, there are \$145,125 of software that are not yet available for use and for which amortization has not started [As at June 30, 2023 – \$368,484].

## 6. CREDIT FACILITIES

	Maturity	Effective interest rate %	As at December 31, 2023 \$	As at June 30, 2023 \$
<b>Operating loans, fixed and variable rates</b>	<b>2024</b>	<b>6.0% to 9.3%</b>	<b>1,575,800</b>	1,478,300
– Authorized amount of \$11,898,400				
<b>Lease liability</b>	<b>2024 to 2032</b>	<b>2.2% to 8.2%</b>	<b>13,939,789</b>	15,218,803
<b>Long-term debt, fixed and variable rates</b>	<b>2024 to 2030</b>	<b>5.0% to 8.2%</b>	<b>7,072,298</b>	7,875,888
			<b>22,587,887</b>	24,572,991
Less: current portion of operating loans			<b>1,575,800</b>	1,478,300
Less: current portion of lease liability			<b>3,916,245</b>	2,805,990
Less: current portion of long-term debt			<b>4,492,226</b>	4,558,624
			<b>12,603,616</b>	15,730,077



Under these agreements, the Corporation has agreed to respect certain conditions and financial ratios. As at December 31, 2023, all conditions and financial ratios were met. Several movable hypothecs on specific assets of the Corporation and its subsidiaries and on the universality of the Corporation's present and future, tangible and intangible assets have been given as security for these long-term debt and credit facilities.

## 7. RELATED PARTY TRANSACTIONS

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Martinrea is a shareholder of the Corporation with significant influence. Subsidiaries of Martinrea purchased graphene-enhanced products and tooling products from the Corporation during the three and six-month periods ended December 31, 2023 for an amount of \$533,066 and \$1,188,856, respectively [2022 – \$182,735 and \$395,408]. As at December 31, 2023, an amount of \$367,341 due by Martinrea is included in Accounts receivable and contract assets [As at June 30, 2023 – \$574,373].

Since March 24, 2023, VoltaXplore is a wholly-owned subsidiary of the Corporation and its assets and liabilities are included in the consolidated statements of financial position and operating results are reflected in the consolidated statements of loss and comprehensive loss of the Corporation. [2022 – the Corporation has rendered services for an amount of \$7,021 and \$12,913, respectively, for the three and six-month periods].

## 8. COMMITMENTS

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As at December 31, 2023, the Corporation held forward exchange contracts to sell for a minimum of US\$27.4 million and a maximum of US\$41.1 million depending on the exchange rate of such derivative contracts. Rates vary from 1.2800 to up to 1.3860. The contracts are valid until October 2025. As at December 31, 2023, the carrying value of the derivative foreign currency forward exchange contracts of \$367,111 is included in Accounts receivable and contract asset [As at June 30, 2023 – \$238 included in Accounts payable and accrued liabilities].

## 9. SEGMENTED DISCLOSURE

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The Corporation's Chief Operating Decision Maker analyzes the information for the Corporation on two reporting segments, based on products:

- **Advanced materials, plastics and composite products:**  
Provides standard and custom graphene-enhanced plastic and composite products to various customers in transportation, packaging, electronics, and other industrial sectors
- **Battery cells:**  
Provides silicon-graphene-enhanced Li-ion battery for the Electric Vehicle and grid storage markets

The accounting policies of the segments are the same as the accounting policies of the Corporation.

## REVENUES AND EXPENSES BY OPERATING SEGMENTS

For the three-month periods ended December 31, 2023 and 2022:

	2023			2022		
	Advanced materials, plastics and composite products	Battery cells	Total	Advanced materials, plastics and composite products	Battery cells	Total
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Revenues from customers	28,559,390	—	28,559,390	31,417,369	—	31,417,369
Other income	499,406	4,228	503,634	307,753	—	307,753
	29,058,796	4,228	29,063,024	31,725,122	—	31,725,122
<b>Cost of sales and expenses</b>						
Cost of sales	23,031,357	—	23,031,357	25,836,971	—	25,836,971
Research and development expenses and Selling, general and administrative expenses	5,651,439	513,034	6,164,473	5,822,851	—	5,822,851
Share-based compensation expenses	225,416	—	225,416	374,892	—	374,892
Depreciation and amortization	2,282,378	441,468	2,723,846	2,124,075	—	2,124,075
Foreign exchange	(517,206)	(1,572)	(518,778)	(683,939)	—	(683,939)
	30,673,384	952,930	31,626,314	33,474,850	—	33,474,850
<b>Operating loss</b>	(1,614,588)	(948,702)	(2,563,290)	(1,749,728)	—	(1,749,728)
Net interest revenues (expenses)	33,148	(15,116)	18,032	58,214	—	58,214
Share of loss of a joint venture	—	—	—	(334,066)	—	(334,066)
<b>Loss before income taxes</b>	<b>(1,581,440)</b>	<b>(963,818)</b>	<b>(2,545,258)</b>	<b>(2,025,580)</b>	—	<b>(2,025,580)</b>

For the six-month periods ended December 31, 2023 and 2022:

	2023			2022		
	Advanced materials, plastics and composite products	Battery cells	Total	Advanced materials, plastics and composite products	Battery cells	Total
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Revenues from customers	57,266,142	—	57,266,142	58,564,536	—	58,564,536
Other income	706,755	26,158	732,913	393,111	—	393,111
	57,972,897	26,158	57,999,055	58,957,647	—	58,957,647
<b>Cost of sales and expenses</b>						
Cost of sales	46,078,811	—	46,078,811	49,823,935	—	49,823,935
Research and development expenses and Selling, general and administrative expenses	11,387,432	1,153,950	12,541,382	11,045,444	—	11,045,444
Share-based compensation expenses	527,478	—	527,478	597,724	—	597,724
Depreciation and amortization	4,488,214	873,322	5,361,536	4,084,771	—	4,084,771
Foreign exchange	55,127	(1,309)	53,818	930,101	—	930,101
	62,537,062	2,025,963	64,563,025	66,481,975	—	66,481,975
<b>Operating loss</b>	(4,564,165)	(1,999,805)	(6,563,970)	(7,524,328)	—	(7,524,328)
Loss on disposal of property, plant and equipment	18,260	—	18,260	—	—	—
Net interest revenues (expenses)	78,576	(30,631)	47,945	2,561	—	2,561
Share of loss of a joint venture	—	—	—	(645,496)	—	(645,496)
<b>Loss before income taxes</b>	<b>(4,467,329)</b>	<b>(2,030,436)</b>	<b>(6,497,765)</b>	<b>(8,167,263)</b>	—	<b>(8,167,263)</b>

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# NanoXPLORE

Performance Through Carbon Chemistry

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