

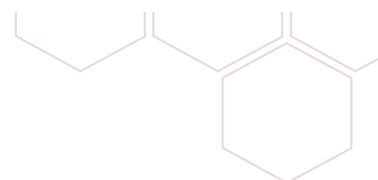


NanoXplore Inc.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine-month periods
ended March 31, 2024 and 2023





Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)	As at March 31, 2024	As at June 30, 2023
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	29,794,612	36,210,495
Accounts receivable and contract asset	20,673,778	20,605,741
Inventory	15,889,481	17,280,115
Prepaid expenses and other assets	1,858,875	1,333,035
	68,216,746	75,429,386
Non-current assets		
Lease deposits	249,287	246,285
Equipment deposits	1,937,739	799,989
Right-of-use assets [Note 4a]	7,725,214	8,997,822
Property, plant and equipment [Note 4b]	61,129,675	61,824,268
Intangible assets [Note 5]	13,413,270	14,522,038
Goodwill	1,919,673	1,919,673
Deferred tax assets	2,092,945	1,506,342
Total assets	156,684,549	165,245,803
Liabilities and Shareholders' Equity		
Current liabilities		
Operating loans [Note 6]	1,502,000	1,478,300
Accounts payable and accrued liabilities	18,129,249	19,868,734
Contract liability	4,882,247	1,016,019
Current portion of lease liability [Note 6]	4,887,917	2,805,990
Current portion of long-term debt [Note 6]	2,999,244	4,558,624
	32,400,657	29,727,667
Non-current liabilities		
Defined benefit liabilities	745,623	572,463
Lease liability [Note 6]	8,361,598	12,412,813
Long-term debt [Note 6]	2,515,961	3,317,264
Deferred tax liabilities	3,243,799	2,939,526
Total liabilities	47,267,638	48,969,733
Shareholders' equity		
Share capital	182,561,263	180,308,703
Reserve	5,393,582	4,999,662
Foreign currency translation reserve	(69,754)	34,552
Deficit	(78,468,180)	(69,066,847)
Total shareholders' equity	109,416,911	116,276,070
Total liabilities and shareholders' equity	156,684,549	165,245,803

See accompanying notes to unaudited condensed interim consolidated financial statements

Note 9 – Subsequent events

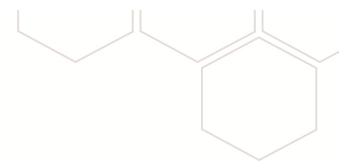
Approved on behalf of the Board of Directors

Soroush Nazarpour

Soroush Nazarpour

Joseph G. Peter

Joseph G. Peter

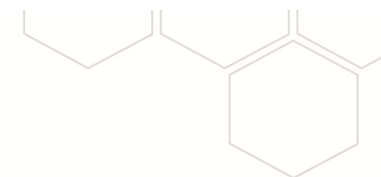


Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian dollars)	Three-month periods ended March 31,		Nine-month periods ended March 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenues				
Revenues from customers	33,617,106	31,125,291	90,883,248	89,689,827
Other income	250,641	455,269	983,554	848,380
	33,867,747	31,580,560	91,866,802	90,538,207
Cost of sales and expenses				
Cost of sales	26,595,763	25,435,816	72,674,574	75,259,751
Research and development expenses	1,149,884	862,958	3,467,585	2,327,081
Selling, general and administrative expenses	5,740,132	4,870,081	15,963,813	14,451,402
Share-based compensation expenses	531,292	247,138	1,058,770	844,862
Depreciation (production)	1,623,878	1,474,763	4,704,724	4,338,708
Depreciation (other)	708,927	398,678	2,069,299	1,104,182
Amortization	460,800	261,827	1,381,118	777,149
Foreign exchange	121,556	124,908	175,374	1,055,009
	36,932,232	33,676,169	101,495,257	100,158,144
Operating loss	(3,064,485)	(2,095,609)	(9,628,455)	(9,619,937)
Gain on disposal of property, plant and equipment	—	—	18,260	—
Interest on operating loans and long-term debt	(66,394)	(183,415)	(360,307)	(634,381)
Interest accretion on lease liability	(146,007)	(156,952)	(457,859)	(461,080)
Interest revenue	277,111	424,072	930,821	1,181,727
Share of loss of a joint venture	—	(414,384)	—	(1,059,880)
Loss before income taxes	(2,999,775)	(2,426,288)	(9,497,540)	(10,593,551)
Current income tax expense	12,588	5,668	6,584	(80,901)
Deferred income tax recovery (expense)	(102,243)	(26,984)	247,060	(120,173)
	(89,655)	(21,316)	253,644	(201,074)
Loss	(3,089,430)	(2,447,604)	(9,243,896)	(10,794,625)
Other comprehensive loss				
<i>Items that may be subsequently reclassified to profit and loss:</i>				
Exchange differences on translation of foreign subsidiaries	(210,659)	16,870	(104,306)	(82,842)
<i>Items that will not be reclassified to profit and loss:</i>				
Retirement benefits – Net actuarial losses	65,167	(49,422)	(157,437)	(206,756)
Total comprehensive loss	(3,234,922)	(2,480,156)	(9,505,639)	(11,084,223)
Loss per share				
Basic and diluted	(0.02)	(0.01)	(0.05)	(0.07)
Weighted average number of common shares outstanding (basic and diluted)	170,246,211	166,047,112	169,684,133	165,690,725

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.

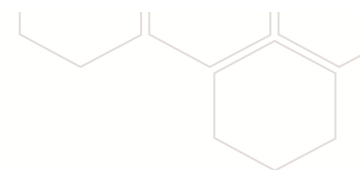
See accompanying notes to unaudited condensed interim consolidated financial statements



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 \$
Balance as at June 30, 2022	165,223,525	169,354,272	4,185,185	12,070	(56,020,132)	117,531,395
Loss	—	—	—	—	(10,794,625)	(10,794,625)
Other comprehensive income	—	—	—	(82,842)	(206,756)	(289,598)
Comprehensive loss	—	—	—	(82,842)	(11,001,381)	(11,084,223)
Issuance of common shares (net of issuing costs of \$24,650)	3,420,406	9,962,936	—	—	—	9,962,936
Exercise of stock options	609,500	690,995	(210,044)	—	—	480,951
Share-based compensation	—	—	844,862	—	—	844,862
Balance as at March 31, 2023	169,253,431	180,008,203	4,820,003	(70,772)	(67,021,513)	117,735,921
Loss	—	—	—	—	(2,003,549)	(2,003,549)
Other comprehensive income	—	—	—	105,324	(41,785)	63,539
Comprehensive loss	—	—	—	105,324	(2,045,334)	(1,940,010)
Exercise of stock options	125,000	300,500	(94,251)	—	—	206,249
Share-based compensation	—	—	273,910	—	—	273,910
Balance as at June 30, 2023	169,378,431	180,308,703	4,999,662	34,552	(69,066,847)	116,276,070
Loss	—	—	—	—	(9,243,896)	(9,243,896)
Other comprehensive loss	—	—	—	(104,306)	(157,437)	(261,743)
Comprehensive loss	—	—	—	(104,306)	(9,401,333)	(9,505,639)
Exercise of stock options	1,163,000	2,252,560	(664,850)	—	—	1,587,710
Share-based compensation	—	—	1,058,770	—	—	1,058,770
Balance as at March 31, 2024	170,541,431	182,561,263	5,393,582	(69,754)	(78,468,180)	109,416,911

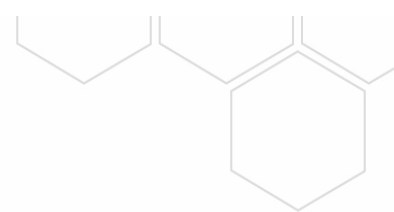
See accompanying notes to unaudited condensed interim consolidated financial statements



Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian dollars)	Nine-month periods ended March 31,	
	2024	2023
	\$	\$
Cash flows from operating activities		
Loss	(9,243,896)	(10,794,625)
Items not affecting cash:		
Depreciation and amortization	8,155,141	6,220,039
Share-based compensation expenses	1,058,770	844,862
Share of loss of a joint venture	—	1,059,880
Interest accretion on lease liability	457,859	461,080
Interest accretion on long-term debt	71,321	86,204
Other financial expenses	28,676	35,165
Deferred income tax expense (recovery)	(247,060)	120,173
Gain on disposal of property, plant and equipment	(18,260)	—
Difference between amounts paid for employee benefits and current period expenses	6,619	2,990
Net change in fair value of foreign exchange derivatives	271,455	1,021,578
Unrealized foreign exchange	(302,091)	(461,119)
Changes in non-cash operating working capital items:		
Accounts receivable and contract asset	(68,037)	(456,259)
Inventory	1,418,474	420,894
Prepaid expenses and other assets	(477,556)	(429,884)
Accounts payable and accrued liabilities	(812,955)	1,421,748
Contract liability	3,865,251	1,199,121
	4,163,711	751,847
Cash flows from financing activities		
Issuing costs	—	(24,650)
Exercise of stock options	1,587,710	480,951
Variation of operating loans	—	(3,300,000)
Repayment of lease liability	(2,610,593)	(2,401,614)
Repayment of long-term debt	(2,456,836)	(1,303,613)
	(3,479,719)	(6,548,926)
Cash flows from investing activities		
Variation of lease deposits	—	1,578
Cash acquired in an assets acquisition paid in common shares [Note 3a]	—	329,823
Repayment of balance of purchase price of business acquisition	(1,000,000)	(1,000,000)
Advance to a joint venture	—	(1,000,000)
Additions to intangible assets	(268,681)	(1,287,985)
Additions to property, plant and equipment	(4,760,070)	(4,993,779)
Variation of equipment deposits	(1,128,548)	(91,940)
Disposal of property, plant and equipment	45,600	—
	(7,111,699)	(8,042,303)
Change in cash and cash equivalents	(6,427,707)	(13,839,382)
Net effect of currency exchange rate on cash	11,824	29,770
Cash and cash equivalents, beginning of period	36,210,495	51,232,068
Cash and cash equivalents, end of period	29,794,612	37,422,456
Interest on operating loans, long-term debt and lease liability paid	719,367	1,109,541
Additions to property, plant and equipment included in accounts payable and accrued liabilities	43,305	—
Amount included in cash and cash equivalents consisting of guaranteed investment certificates bearing interest at a rate 5.33% and having terms of 60 days [2023 - Rate of 5.11% and having terms of 60 days]	15,000,000	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

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 nine-month periods ended March 31, 2024 and 2023 were reviewed, approved and authorized for issue by the Corporation’s Board of Directors on May 14, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The unaudited condensed interim consolidated financial statements of the Corporation and its subsidiaries for the three and nine-month periods ended March 31, 2024 and 2023 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.

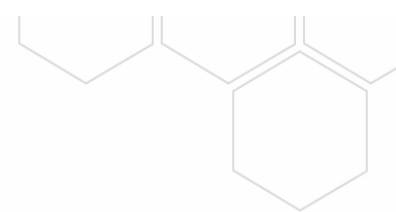
These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, the Corporation’s functional currency, except where otherwise indicated. Each entity of the Corporation determines its own functional currency and items included in the financial statements of each 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% [2023 – 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% [2023 – 100%]. NanoXplore Holdings USA holds 100% of NanoXplore USA, Inc. [2023 – 100%] and RMC Advanced Technologies Inc. [2023 – nil].	Advanced materials, plastics and composite
Sigma Industries Inc. (“Sigma”), based in Canada, with an equity interest of 100% [2023 – 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 [2023 – 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% [2023 – 100%]	Advanced materials, plastics and composite
VoltaXplore Inc. (“VoltaXplore”), based in Canada, with an equity interest of 100% [2023 – 100%]	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 1st, 2023.

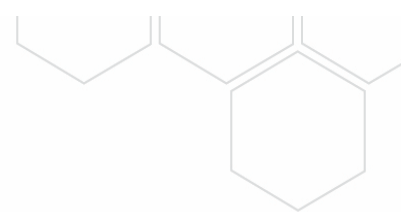
Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors

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 1st, 2023.

Amendments to IAS 18 – Presentation and Disclosure in Financial Statements

The IASB has issued new standards and amendments to existing standards which are applicable to the Company in future periods. On April 9, 2024 the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted.

The new Accounting Standard introduces significant changes to the structure of a company's income statement and new principles for aggregation and disaggregation of information. The main impacts of the new Accounting Standard include:



- introducing a newly defined "operating profit" subtotal and a requirement for all income and expenses to be allocated between three distinct categories based on the company's main business activities: Operating, investing and financing;
- Disclosure about management performance measures; and,
- Adding new principles for aggregation and disaggregation of information;
- Requiring the cash flow statement to start with operating profit; and remove the accounting policy for presentation of dividend and interest.

The impact of adoption of the amendments has not yet been determined.

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

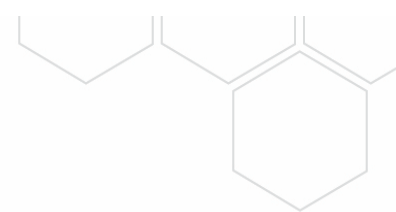
On April 14, 2021, NanoXplore and Martinrea Innovation Developments Inc., a wholly-owned subsidiary of Martinrea International Inc. ("Martinrea"), formed a joint venture through VoltaXplore, a battery-based initiative to service the electric transportation and grid storage market.

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:

	\$
Net identifiable assets acquired:	
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>
Net assets acquired	<u><u>13,166,480</u></u>



	\$
Consideration paid	
Common shares issuance	9,987,586
50% equity stake previously owned	3,178,894
Total consideration paid	13,166,480

b) XG SCIENCES INC.

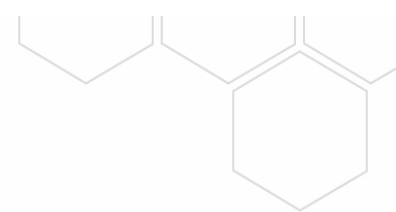
On August 24, 2022, the Corporation purchased a significant portion of the assets of XG Sciences Inc. ("XG") for an amount of \$3,894,900 [US\$3,000,000] in a sale conducted by XG's senior secured creditor pursuant to Article 9 of Michigan's enactment of the Uniform Commercial Code. The Corporation and 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

	Nine-month period ended March 31, 2024 \$	Year ended June 30, 2023 \$
Balance at the beginning	8,997,822	8,381,031
Additions [Note 3a]	56,260	2,116,908
Depreciation	(1,384,995)	(1,639,144)
Effect of foreign exchange differences	56,127	139,027
Balance at the end	7,725,214	8,997,822
Balance at the end		
Cost	14,969,412	14,857,025
Accumulated amortization	(7,244,198)	(5,859,203)
Net book value	7,725,214	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 \$
Balance as at July 1, 2022	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
Balance as at June 30, 2023	9,516,322	38,774,489	2,981,740	10,551,717	61,824,268
Additions	52,838	3,738,703	3,140	752,494	4,547,175
Disposals	(10,340)	–	–	(17,000)	(27,340)
Depreciation	(278,175)	(3,544,607)	(332,917)	(1,233,329)	(5,389,028)
Effect of foreign exchange differences	–	131,455	29,694	13,451	174,600
Balance as at March 31, 2024	9,280,645	39,100,040	2,681,657	10,067,333	61,129,675
As at June 30, 2023					
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)
Net book value	9,516,322	38,774,489	2,981,740	10,551,717	61,824,268
As at March 31, 2024					
Cost	11,135,193	56,427,195	4,024,876	13,576,887	85,164,151
Accumulated depreciation	(1,854,548)	(17,327,155)	(1,343,219)	(3,509,554)	(24,034,476)
Net book value	9,280,645	39,100,040	2,681,657	10,067,333	61,129,675

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 nine-month period ended March 31, 2024 and the year ended June 30, 2023.

As at March 31, 2024, there are \$201,403 and \$153,886 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 \$
Balance as at July 1, 2022	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
Balance as at June 30, 2023	5,576,409	6,521,729	2,423,900	14,522,038
Additions	–	–	268,681	268,681
Amortization	(626,331)	(501,671)	(253,116)	(1,381,118)
Effect of foreign exchange differences	3,161	–	508	3,669
Balance as at March 31, 2024	4,953,239	6,020,058	2,439,973	13,413,270
As at June 30, 2023				
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)
Net book value	5,576,409	6,521,729	2,423,900	14,522,038
As at March 31, 2024				
Cost	8,576,916	6,688,953	3,208,064	18,473,933
Accumulated depreciation	(3,623,677)	(668,895)	(768,091)	(5,060,663)
Net book value	4,953,239	6,020,058	2,439,973	13,413,270

As at March 31, 2024, there are \$100,509 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 March 31, 2024 \$	As at June 30, 2023 \$
Operating loans, fixed and variable rates	2024	6.0% to 9.3%	1,502,000	1,478,300
– Authorized amount of \$11,857,000				
Lease liability	2024 to 2032	2.2% to 8.2%	13,249,515	15,218,803
Long-term debt, fixed and variable rates	2024 to 2030	5.0% to 8.1%	5,515,205	7,875,888
			20,266,720	24,572,991
Less: current portion of operating loans			1,502,000	1,478,300
Less: current portion of lease liability			4,887,917	2,805,990
Less: current portion of long-term debt			2,999,244	4,558,624
			10,877,559	15,730,077

Under these agreements, the Corporation has agreed to respect certain conditions and financial ratios. As at March 31, 2024, 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 (Note 9 – Subsequent events).

7. RELATED PARTY TRANSACTIONS

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 nine-month periods ended March 31, 2024 for an

amount of \$553,350 and \$1,742,206, respectively [2023 – \$297,662 and \$693,069]. As at March 31, 2024, an amount of \$259,246 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. [2023 – the Corporation has rendered services for an amount of \$nil and \$12,913, respectively, for the three and nine-month periods].

8. COMMITMENTS

As at March 31, 2024, the Corporation held forward exchange contracts to sell for a minimum of US\$27.0 million and a maximum of US\$40.5 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 February 2026. As at March 31, 2024, the carrying value of the derivative foreign currency forward exchange contracts of \$271,693 is included in Accounts payable and accrued liabilities [As at June 30, 2023 – \$238 included in Accounts payable and accrued liabilities].

9. SUBSEQUENT EVENTS

On April 25, 2024, the Corporation entered into a new credit agreement which includes a revolving facility of \$10,000,000, a term facility of \$5,000,000, a leasing facility of \$30,000,000 (expandable to \$45,000,000 if covenants are met) and a legacy leasing facility of \$1,250,094 ("the "new facilities"). The new facilities can be use in either, Canadian dollar or in US dollar equivalent. The new credit agreement has a maturity date of April 25, 2026 with a possible extension of one year. The new facilities bear interest at a floating rate based on either, Canadian prime rate, US base rate, Secured Overnight Financing rate (SOFR) or Canadian Overnight Repo rate average (CORRA), based on the type of draw, plus a spread based on the covenants.

10. SEGMENTED DISCLOSURE

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 March 31, 2024 and 2023:

	2024			2023		
	Advanced materials, plastics and composite products	Battery cells	Total	Advanced materials, plastics and composite products	Battery cells	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Revenues from customers	33,617,106	—	33,617,006	31,125,291	—	31,125,291
Other income	249,056	1,585	250,641	455,269	—	455,269
	33,866,162	1,585	33,867,747	31,580,560	—	31,580,560
Cost of sales and expenses						
Cost of sales	26,578,992	16,771	26,595,763	25,435,816	—	25,435,816
Research and development expenses and Selling, general and administrative expenses	6,217,183	672,833	6,890,016	5,714,769	18,270	5,733,039
Share-based compensation expenses	531,292	—	531,292	247,138	—	247,138
Depreciation and amortization	2,346,570	447,035	2,793,605	2,135,268	—	2,135,268
Foreign exchange	120,625	931	121,556	124,908	—	124,908
	35,794,662	1,137,570	36,232,932	33,657,899	18,270	33,676,169
Operating loss	(1,928,500)	(1,135,985)	(3,064,485)	(2,077,339)	(18,270)	(2,095,609)
Net interest revenues (expenses)	79,260	(14,550)	64,710	83,705	—	83,705
Share of loss of a joint venture	—	—	—	(414,384)	—	(414,384)
Loss before income taxes	(1,849,240)	(1,150,535)	(2,999,775)	(2,408,018)	(18,270)	(2,426,288)

For the nine-month periods ended March 31, 2024 and 2023:

	2024			2023		
	Advanced materials, plastics and composite products	Battery cells	Total	Advanced materials, plastics and composite products	Battery cells	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Revenues from customers	90,883,248	-	90,883,248	89,689,827	—	89,689,827
Other income	955,811	27,743	983,554	848,380	—	848,380
	91,839,059	27,743	91,866,802	90,538,207	—	90,538,207
Cost of sales and expenses						
Cost of sales	72,657,803	16,771	72,674,574	75,259,751	—	75,259,751
Research and development expenses and Selling, general and administrative expenses	17,604,615	1,826,783	19,431,398	16,760,213	18,270	16,778,483
Share-based compensation expenses	1,058,770	-	1,058,770	844,862	—	844,862
Depreciation and amortization	6,834,784	1,320,357	8,155,141	6,220,039	—	6,220,039
Foreign exchange	175,752	(378)	175,374	1,055,009	—	1,055,009
	98,331,724	3,163,533	101,495,257	100,139,874	18,270	100,158,144
Operating loss	(6,492,665)	(3,135,790)	(9,628,455)	(9,601,667)	(18,270)	(9,619,937)
Loss on disposal of property, plant and equipment	18,260	-	18,260	—	—	—
Net interest revenues (expenses)	157,836	(45,181)	112,655	86,266	—	86,266
Share of loss of a joint venture	—	—	—	(1,059,880)	—	(1,059,880)
Loss before income taxes	(6,316,569)	(3,180,971)	(9,497,540)	(10,575,281)	(18,270)	(10,593,551)

Z

NanoXplore

Performance Through Carbon Chemistry

4500 Thimens Blvd, Montreal, QC H4R 2P2

www.nanoxplore.ca

TSX: GRA | OTCQX: NNXPF

Follow us

