

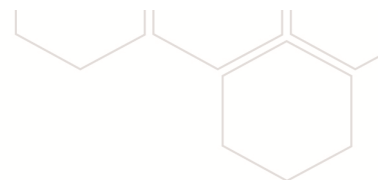
Nano Plore

NanoXplore Inc.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended
September 30, 2024 and 2023





Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)	As at September 30, 2024 \$	As at June 30, 2024 \$
Assets		
Current assets		
Cash and cash equivalents	21,342,215	26,504,880
Accounts receivable and contract asset	21,607,086	24,955,170
Inventory	17,187,952	17,034,659
Prepaid expenses and other assets	1,811,867	1,660,369
	61,949,120	70,155,078
Non-current assets		
Lease deposits	248,793	250,613
Equipment deposits	5,305,704	3,946,259
Right-of-use assets [Note 3a]	7,556,768	7,652,182
Property, plant and equipment [Note 3b]	59,433,100	60,203,892
Intangible assets [Note 4]	12,881,366	13,254,401
Goodwill	1,919,673	1,919,673
Deferred tax assets	2,628,765	2,310,900
Total assets	151,923,289	159,692,998
Liabilities and Shareholders' Equity		
Current liabilities		
Operating loans [Note 5]	1,286,040	1,522,700
Accounts payable and accrued liabilities	16,181,776	22,983,515
Contract liability	2,743,187	2,978,374
Current portion of lease liability [Note 5]	4,108,929	4,110,509
Current portion of long-term debt [Note 5]	2,071,462	2,075,563
	26,391,394	33,670,661
Non-current liabilities		
Defined benefit liabilities	645,409	539,598
Lease liability [Note 5]	10,586,192	8,856,864
Long-term debt [Note 5]	3,782,216	4,270,940
Deferred tax liabilities	5,021,190	4,705,063
Total liabilities	46,426,401	52,043,126
Shareholders' equity		
Share capital	182,683,203	182,683,203
Reserve	6,372,923	5,855,387
Foreign currency translation reserve	33,155	(162,900)
Deficit	(83,592,393)	(80,725,818)
Total shareholders' equity	105,496,888	107,649,872
Total liabilities and shareholders' equity	151,923,289	159,692,998

See accompanying notes to unaudited condensed interim consolidated financial statements

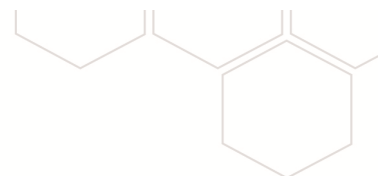
Approved on behalf of the Board of Directors

Soroush Nazarpour

Soroush Nazarpour

Joseph G. Peter

Joseph G. Peter

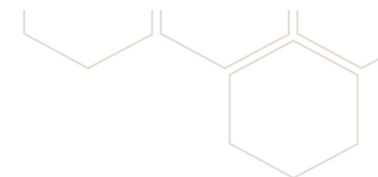


Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian dollars)	Three-month periods ended September 30,	
	2024	2023
	\$	\$
Revenues		
Revenues from customers	33,327,069	28,706,752
Other income	338,345	229,279
	33,665,414	28,936,031
Cost of sales and expenses		
Cost of sales	26,369,904	23,047,454
Research and development expenses	1,131,593	1,281,053
Selling, general and administrative expenses	5,079,618	5,095,856
Share-based compensation expenses	517,536	302,062
Depreciation (production)	1,620,181	1,517,147
Depreciation (other)	655,684	667,844
Amortization	466,372	452,699
Foreign exchange	30,082	572,596
	35,870,970	32,936,711
Operating loss	(2,205,556)	(4,000,680)
Gain (loss) on disposal of property, plant and equipment	—	18,260
Interest on operating loans and long-term debt	(44,385)	(167,400)
Interest accretion on lease liability	(243,762)	(159,067)
Interest revenue	249,305	356,380
Loss before income taxes	(2,244,398)	(3,952,507)
Current income tax recovery (expense)	(508,094)	130,306
Deferred income tax recovery	33,480	96,123
	(474,614)	226,429
Loss	(2,719,012)	(3,726,078)
Other comprehensive loss		
<i>Items that may be subsequently reclassified to profit and loss:</i>		
Exchange differences on translation of foreign subsidiaries	196,055	(94,635)
<i>Items that will not be reclassified to profit and loss:</i>		
Retirement benefits – Net actuarial losses	(147,563)	31,303
Total comprehensive loss	(2,670,520)	(3,789,410)
Loss per share		
Basic and diluted	(0.02)	(0.02)
Weighted average number of common shares outstanding (basic and diluted)	170,608,431	169,378,431

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.

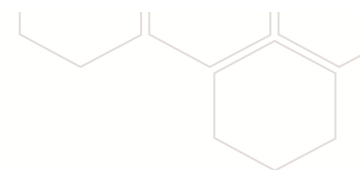
See accompanying notes to unaudited condensed interim consolidated financial statements



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, 2023	169,378,431	180,308,703	4,999,662	34,552	(69,066,847)	116,276,070
Loss	—	—	—	—	(11,665,006)	(11,665,006)
Other comprehensive income	—	—	—	(197,452)	6,035	(191,417)
Comprehensive loss	—	—	—	(197,452)	(11,658,971)	(11,856,423)
Exercise of stock options	1,230,000	2,374,500	(701,700)	—	—	1,672,800
Share-based compensation	—	—	1,557,425	—	—	1,557,425
Balance as at June 30, 2024	170,608,431	182,683,203	5,855,387	(162,900)	(80,725,818)	107,649,872
Loss	—	—	—	—	(2,719,012)	(2,719,012)
Other comprehensive loss	—	—	—	196,055	(147,563)	48,492
Comprehensive loss	—	—	—	196,055	(2,866,575)	(2,670,520)
Share-based compensation	—	—	517,536	—	—	517,536
Balance as at September 30, 2024	170,608,431	182,683,203	6,372,923	33,155	(83,592,393)	105,496,888

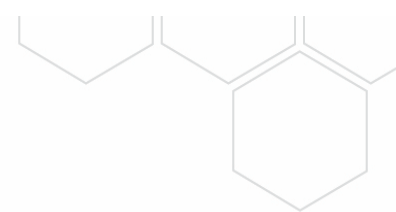
See accompanying notes to unaudited condensed interim consolidated financial statements



Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian dollars)	Three-month periods ended September 30,	
	2024	2023
	\$	\$
Cash flows from operating activities		
Loss	(2,719,012)	(3,726,078)
Items not affecting cash:		
Depreciation and amortization	2,742,237	2,637,690
Share-based compensation expenses	517,536	302,062
Interest accretion on lease liability	243,762	159,067
Interest accretion on long-term debt	18,495	25,042
Other financial expenses	—	12,234
Deferred income tax expense (recovery)	(33,480)	(96,123)
Loss (gain) on disposal of property, plant and equipment	—	(18,260)
Difference between amounts paid for employee benefits and current period expenses	1,961	2,154
Net change in fair value of foreign exchange derivatives	(566,426)	911,105
Unrealized foreign exchange	190,392	(313,237)
Changes in non-cash operating working capital items:		
Accounts receivable and contract asset	3,348,084	(633,930)
Inventory	(92,547)	732,454
Prepaid expenses and other assets	(144,291)	95,660
Accounts payable and accrued liabilities	(5,618,925)	(2,757,967)
Contract liability	(235,187)	(172,666)
	(2,347,401)	(2,840,793)
Cash flows from financing activities		
Variation of operating loans	(321,510)	(295,720)
Repayment of lease liability	(1,126,016)	(889,644)
Repayment of long-term debt	(538,797)	(407,089)
	(1,986,323)	(1,592,453)
Cash flows from investing activities		
Additions to intangible assets	(86,571)	(174,314)
Additions to property, plant and equipment	(1,658,650)	(1,068,999)
Variation of equipment deposits	(1,411,942)	(1,630,931)
Disposal of property, plant and equipment	2,285,764	28,600
	(871,399)	(2,845,644)
Change in cash and cash equivalents	(5,205,123)	(7,278,890)
Net effect of currency exchange rate on cash	42,458	2,065
Cash and cash equivalents, beginning of period	26,504,880	36,210,495
Cash and cash equivalents, end of period	21,342,215	28,933,670
Interest on operating loans, long-term debt and lease liability paid	211,038	301,986
Income tax paid (recovered)	518,190	26,261
Additions to property, plant and equipment included in accounts payable and accrued liabilities	242,314	149,295

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 8].

The unaudited condensed interim consolidated financial statements of the Corporation for the three-month periods ended September 30, 2024 and 2023 were reviewed, approved and authorized for issue by the Corporation’s Board of Directors on November 6, 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-month periods ended September 30, 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, 2024.

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 Products
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 Products
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 Products
Canuck Compounders Inc. ("Canuck"), based in Canada, with an equity interest of 100% [2023 – 100%]	Advanced Materials, Plastics and Composite Products
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, 2024, except for the amendments to certain accounting standards which are relevant to the Company and were adopted by the Corporation as of July 1, 2024 as described below:

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. There has been no impact of the adoption of this amendment as at July 1st, 2024.

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

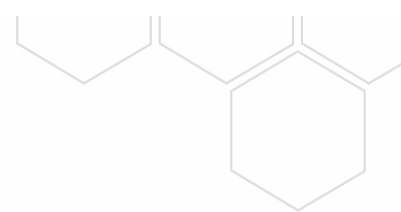
The IASB has issued new standards and amendments to existing standards which are applicable to the Corporation in future periods.

IFRS 18 Presentation and Disclosure in Financial Statements

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 corporation'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
- removal of the accounting policy choice for presentation of dividend and interest.

***Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures***

In May 2024, amendments to IFRS 9, “Financial Instruments” and IFRS 7, “Financial Instruments: Disclosures” were issued. The main impacts of the amendments include:

- clarification of the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. In addition to these clarifications, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if criteria are met;
- clarifications regarding the classification of financial assets, including those with features linked to environmental, social and corporate governance and contractual cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- additional disclosures are required for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets.

The impact of adoption of these standards and amendments has not yet been determined.

3. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

a) RIGHT-OF-USE ASSETS

	Three-month period ended September 30, 2024 \$	Year ended June 30, 2024 \$
Balance at the beginning	7,652,182	8,997,822
Additions	380,392	423,608
Depreciation	(494,394)	(1,852,173)
Effect of foreign exchange differences	18,578	82,925
Balance at the end	7,556,768	7,652,182
Balance at the end		
Cost	15,762,528	15,363,558
Accumulated amortization	(8,205,760)	(7,711,376)
Net book value	7,556,768	7,652,182

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, 2023	9,516,322	38,774,489	2,981,740	10,551,717	61,824,268
Additions	1,355,764	4,258,065	60,807	(200,072)	5,474,564
Disposals	(10,340)	(81,425)	–	(17,000)	(108,765)
Depreciation	(431,508)	(4,745,639)	(440,785)	(1,696,518)	(7,314,450)
Effect of foreign exchange differences	–	272,504	41,802	13,969	328,275
Balance as at June 30, 2024	10,430,238	38,477,994	2,643,564	8,652,096	60,203,892
Additions	357,134	2,794,511	59,136	117,245	3,328,026
Disposals	–	(2,285,764)	–	–	(2,285,764)
Depreciation	(102,463)	(1,182,718)	(127,245)	(369,045)	(1,781,471)
Effect of foreign exchange differences	–	(25,838)	(15,806)	10,061	(31,583)
Balance as at September 30, 2024	10,684,909	37,778,185	2,559,649	8,410,357	59,433,100
As at June 30, 2024					
Cost	12,438,119	56,963,866	4,091,018	12,624,625	86,117,628
Accumulated depreciation	(2,007,881)	(18,485,872)	(1,447,454)	(3,972,529)	(25,913,736)
Net book value	10,430,238	38,477,994	2,643,564	8,652,096	60,203,892
As at September 30, 2024					
Cost	12,795,253	57,454,526	4,139,090	12,748,920	87,137,789
Accumulated depreciation	(2,110,344)	(19,676,341)	(1,579,441)	(4,338,563)	(27,704,689)
Net book value	10,684,909	37,778,185	2,559,649	8,410,357	59,433,100

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

There was no addition of production equipment under lease during the three-month period ended September 30, 2024 and the year ended June 30, 2024.

As at September 30, 2024, there are \$1,599,443, \$602,838 and \$61,478 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, 2024 – \$1,278,007, \$437,425 and nil].

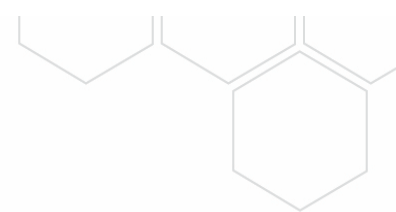
4. INTANGIBLE ASSETS

	Customer relationship \$	Technology \$	Patents, licenses and software \$	Total \$
Balance as at July 1, 2023	5,576,409	6,521,729	2,423,900	14,522,038
Additions	–	–	570,386	570,386
Amortization	(835,005)	(668,895)	(339,777)	(1,843,677)
Effect of foreign exchange differences	4,975	–	679	5,654
Balance as at June 30, 2024	4,746,379	5,852,834	2,655,188	13,254,401
Additions	–	–	86,571	86,571
Amortization	(209,216)	(167,224)	(89,932)	(466,372)
Effect of foreign exchange differences	7,055	–	(289)	6,766
Balance as at September 30, 2024	4,544,218	5,685,610	2,651,538	12,881,366
As at June 30, 2024				
Cost	8,578,730	6,688,953	3,509,940	18,777,623
Accumulated depreciation	(3,832,351)	(836,119)	(854,752)	(5,523,222)
Net book value	4,746,379	5,852,834	2,655,188	13,254,401
As at September 30, 2024				
Cost	8,585,785	6,688,953	3,596,222	18,870,960
Accumulated depreciation	(4,041,567)	(1,003,343)	(944,684)	(5,989,594)
Net book value	4,544,218	5,685,610	2,651,538	12,881,366

As at September 30, 2024, there are \$116,289 of software that are not yet available for use and for which amortization has not started [As at June 30, 2024 – \$355,401].

5. CREDIT FACILITIES

	Maturity	Effective interest rate %	As at September 30, 2024 \$	As at June 30, 2024 \$
Operating loans, fixed and variable rates – Authorized amount of \$11,286,040	2024 to 2026	5.18%	1,286,040	1,522,700
Lease liability	2024 to 2032	2.2% to 8.2%	14,695,121	12,967,373
Long-term debt, fixed and variable rates	2027 to 2028	7.3%	5,853,678	6,346,503
			21,834,839	20,836,576
Less: current portion of operating loans			1,286,040	1,522,700
Less: current portion of lease liability			4,108,929	4,110,509
Less: current portion of long-term debt			2,071,462	2,075,563
			14,368,408	13,127,804



Under these agreements, the Corporation has agreed to respect certain conditions and financial ratios. As at September 30, 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.

6. 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-month period ended September 30, 2024 for an amount of \$491,753 [2023 – \$655,790]. As at September 30, 2024, an amount of \$296,116 due by Martinrea is included in Accounts receivable and contract assets [As at June 30, 2024 – \$170,088].

7. COMMITMENTS

As at September 30, 2024, the Corporation held forward exchange contracts to sell for a minimum of US\$24.3 million and a maximum of US\$36.5 million depending on the exchange rate of such derivative contracts. Rates vary from 1.331 to up to 1.386. The contracts are valid until August 2026. As at September 30, 2024, the carrying value of the derivative foreign currency forward exchange contracts of \$151,290 is included in Accounts receivable and contract asset [As at June 30, 2024 – \$415,136 in Accounts payable and accrued liabilities].

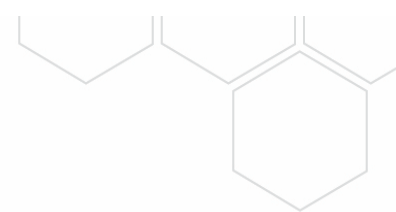
The Company has committed to purchase production equipment for a total amount of \$10,699,243 of which \$5,619,159 were paid and included in the consolidated statements of financial position as Equipment deposits as at September 30, 2024.

8. 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 period ended September 30, 2024:

	Advanced Materials, Plastics and Composite Products	Battery Cells	Total
	\$	\$	\$
Revenues			
Revenues from customers	33,327,069	—	33,327,069
Other income	308,524	29,821	338,345
	33,635,593	29,821	33,665,414
Cost of sales and expenses			
Cost of sales	26,369,904	—	26,369,904
Research and development expenses and Selling, general and administrative expenses	5,793,585	417,626	6,211,211
Share-based compensation expenses	517,536	—	517,536
Depreciation and amortization	2,348,418	393,819	2,742,237
Foreign exchange	29,728	354	30,082
	35,059,171	811,799	35,870,970
Operating loss	(1,423,578)	(781,978)	(2,205,556)
Net interest revenues (expenses)	(33,707)	(5,135)	(38,842)
Loss before income taxes	(1,457,285)	(787,113)	(2,244,398)

For the three-month period ended September 30, 2023:

	Advanced Materials, Plastics and Composite Products	Battery Cells	Total
	\$	\$	\$
Revenues			
Revenues from customers	28,706,752	—	28,706,752
Other income	207,349	21,930	229,279
	28,914,101	21,930	28,936,031
Cost of sales and expenses			
Cost of sales	23,047,454	—	23,047,454
Research and development expenses and Selling, general and administrative expenses	5,735,993	640,916	6,376,909
Share-based compensation expenses	302,062	—	302,062
Depreciation and amortization	2,205,836	431,854	2,637,690
Foreign exchange	572,333	263	572,596
	31,863,678	1,073,033	32,936,711
Operating loss	(2,949,577)	(1,051,103)	(4,000,680)
Loss on disposal of property, plant and equipment	18,260	—	18,260
Net interest revenues (expenses)	45,428	(15,515)	29,913
Loss before income taxes	(2,885,889)	(1,066,618)	(3,952,507)

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