



NanoXplore Inc.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2025 and 2024





Independent auditor's report

To the Shareholders of NanoXplore Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of NanoXplore Inc. and its subsidiaries (together, the Corporation) as at June 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statements of financial position as at June 30, 2025 and 2024;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended June 30, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition of tooling contracts</p> <p><i>Refer to note 2 – Material accounting policies and note 9 – Contract asset and contract liability to the consolidated financial statements.</i></p> <p>The Corporation recognizes tooling contract revenues over time based on the progress of the work, using the ratio of costs incurred to date to total estimated contract costs.</p> <p>Contract costs are estimated at the time of signing the contract and reviewed at each reporting date. Adjustments to the original estimates of total estimated contract costs are often required as work progresses under the contract and as experience is gained, even though the scope of the work under contract may not change.</p> <p>For the year ended June 30, 2025, the Corporation recognized revenues from tooling contracts of \$15,761,388.</p> <p>We considered this a key audit matter due to the significant judgment made by management when developing the total estimated contract costs. This, in turn, resulted in significant audit effort and subjectivity in performing procedures to evaluate the total estimated contract costs.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Tested how management determined the revenue recognition from tooling contracts, including total estimated contract costs for a sample of tooling contracts, as follows:<ul style="list-style-type: none">– Obtained and read contracts and amendments, when applicable, to understand contract scope and key terms;– Evaluated if amendments, when applicable, warrant a modification to the total estimated contract costs;– Interviewed project managers of the Corporation to evaluate whether the costs incurred to date compared to the total estimated contract costs are in line with the progress to date and whether there are any factors that could impact the costs to complete;– Compared the original expected margin to the actual margin; and– Reperformed the calculation of the revenue from tooling contracts to be recognized based on the tooling contract price, the costs incurred to date and the total estimated contract costs.



Key audit matter

How our audit addressed the key audit matter

- Compared for a sample of tooling contracts, the previous year margin to the actual margin on the closed contracts or the margin as of June 30, 2025 on the open contracts to determine management's ability to make realistic forecasts.
- Tested, on a sample basis, the costs incurred to date to supporting evidence.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

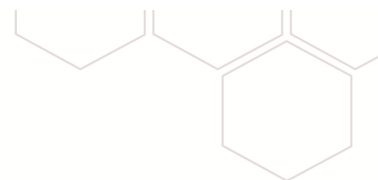
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Francois Berthiaume.

/s/PricewaterhouseCoopers LLP¹

Québec, Quebec
September 16, 2025

¹ CPA auditor, public accountancy permit No. A125971



Consolidated Statements of Financial Position

As at June 30, (Expressed in Canadian dollars)	2025 \$	2024 \$
Assets		
Current assets		
Cash and cash equivalents	18,587,960	26,504,880
Accounts receivable and contract asset [Note 4]	20,799,450	24,955,170
Inventory [Note 5]	16,718,702	17,034,659
Prepaid expenses and other assets	1,575,255	1,660,369
	57,681,367	70,155,078
Non-current assets		
Lease deposits	250,187	250,613
Equipment deposits	4,462,889	3,946,259
Right-of-use assets [Note 6a]	6,130,403	7,652,182
Property, plant and equipment [Note 6b]	65,609,478	60,203,892
Intangible assets [Note 7a]	11,959,491	13,254,401
Goodwill [Note 7b]	1,919,673	1,919,673
Deferred tax assets [Note 14]	3,188,390	2,310,900
Total assets	151,201,878	159,692,998
Liabilities and Shareholders' Equity		
Current liabilities		
Operating loans [Note 10a]	857,750	1,522,700
Accounts payable and accrued liabilities [Note 8]	20,610,222	22,983,515
Income taxes payable [Note 14]	850,251	—
Contract liability [Note 9]	1,890,709	2,978,374
Current portion of lease liability [Note 10b]	3,430,404	4,110,509
Current portion of long-term debt [Note 10]	2,116,911	2,075,563
	29,756,247	33,670,661
Non-current liabilities		
Defined benefit liabilities [Note 11]	941,466	539,598
Lease liability [Note 10b]	14,018,178	8,856,864
Long-term debt [Note 10]	2,196,013	4,270,940
Deferred tax liabilities [Note 14]	4,934,852	4,705,063
Total liabilities	51,846,756	52,043,126
Shareholders' equity		
Share capital [Note 12a]	182,683,203	182,683,203
Reserve [Note 12b]	7,290,752	5,855,387
Foreign currency translation reserve	95,323	(162,900)
Deficit	(90,714,156)	(80,725,818)
Total shareholders' equity	99,355,122	107,649,872
Total liabilities and shareholders' equity	151,201,878	159,692,998

See accompanying notes to consolidated financial statements

Note 19 – Subsequent events

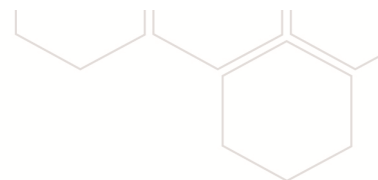
Approved on behalf of the Board of Directors

Soroush Nazarpour

Soroush Nazarpour

Joseph G. Peter

Joseph G. Peter



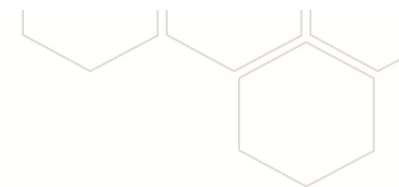
Consolidated Statements of Loss and Comprehensive Loss

For the years ended June 30,
(Expressed in Canadian dollars)

	2025 \$	2024 \$
Revenues		
Revenues from customers [Note 13]	126,363,218	128,600,936
Other income [Note 13]	2,555,170	1,391,432
	128,918,388	129,992,368
Cost of sales and expenses		
Cost of sales [Note 13]	98,183,546	101,486,565
Research and development expenses [Note 13]	5,128,033	4,843,804
Selling, general and administrative expenses [Note 13]	21,354,526	21,602,648
Share-based compensation expenses	1,435,365	1,557,425
Depreciation (production)	6,817,138	6,362,339
Depreciation (other)	2,618,552	2,804,284
Amortization	1,883,455	1,843,677
Foreign exchange	417,130	287,302
	137,837,745	140,788,044
Operating loss	(8,919,357)	(10,795,676)
Gain on disposal of property, plant and equipment	—	18,453
Interest on operating loans and long-term debt	(346,452)	(483,187)
Interest accretion on lease liability	(751,077)	(643,762)
Interest revenue	670,647	1,205,743
Loss before income taxes	(9,346,239)	(10,698,429)
Current income tax expense	(966,013)	(5,598)
Deferred income tax recovery (expense)	655,132	(960,979)
	(310,881)	(966,577)
Loss	(9,657,120)	(11,665,006)
Other comprehensive loss		
<i>Items that may be subsequently reclassified to profit and loss:</i>		
Exchange differences on translation of foreign subsidiaries	258,223	(197,452)
<i>Items that will not be reclassified to profit and loss:</i>		
Retirement benefits – Net actuarial losses	(331,218)	6,035
Total comprehensive loss	(9,730,115)	(11,856,423)
Loss per share		
Basic and diluted	(0.06)	(0.07)
Weighted average number of common shares outstanding (basic and diluted)	170,608,431	169,910,256

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.

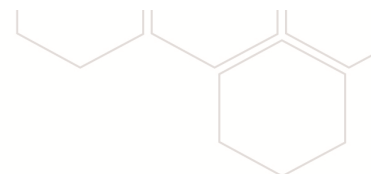
See accompanying notes to consolidated financial statements



Consolidated Statements of Changes in Shareholders' Equity

(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	—	—	—	—	(9,657,120)	(9,657,120)
Other comprehensive loss	—	—	—	258,223	(331,218)	(72,995)
Comprehensive loss	—	—	—	258,223	(9,988,338)	(9,730,115)
Share-based compensation	—	—	1,435,365	—	—	1,435,365
Balance as at June 30, 2025	170,608,431	182,683,203	7,290,752	95,323	(90,714,156)	99,355,122

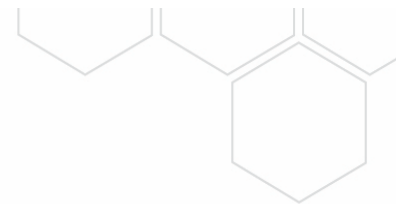
See accompanying notes to consolidated financial statements



Consolidated Statements of Cash Flows

For the years ended June 30, (Expressed in Canadian dollars)	2025 \$	2024 \$
Cash flows from operating activities		
Loss	(9,657,120)	(11,665,006)
Items not affecting cash:		
Depreciation and amortization	11,319,145	11,010,300
Share-based compensation expenses	1,435,365	1,557,425
Interest accretion on lease liability	751,077	643,762
Interest accretion on long-term debt	70,136	92,525
Other financial expenses	(57,658)	93,440
Deferred income tax recovery	(655,132)	960,979
Gain on disposal of property, plant and equipment	—	(18,453)
Difference between amounts paid for employee benefits and current year expenses	1,936	(44,040)
Net change in fair value of foreign exchange derivatives	(599,985)	414,898
Unrealized foreign exchange	270,999	(557,100)
Changes in non-cash operating working capital items:		
Accounts receivable and contract asset	4,340,569	(3,149,429)
Inventory	478,180	295,438
Prepaid expenses and other assets	108,373	(255,967)
Accounts payable and accrued liabilities	(1,616,154)	3,082,471
Income taxes payable	850,251	—
Contract liability	(1,087,665)	1,960,525
	5,952,317	4,421,768
Cash flows from financing activities		
Exercise of stock options	—	1,672,800
Variation of operating loans	(857,750)	—
Property, plant and equipment financed through the leasing facility	5,535,012	—
Issuance of long-term debt	—	4,472,322
Repayment of lease liability	(4,459,498)	(3,453,816)
Repayment of long-term debt	(2,158,194)	(6,189,647)
	(1,940,430)	(3,498,341)
Cash flows from investing activities		
Repayment of balance of purchase price of business acquisition	—	(1,000,000)
Additions to intangible assets	(571,269)	(570,386)
Additions to property, plant and equipment	(13,210,859)	(6,072,062)
Variation of equipment deposits	(528,917)	(3,133,001)
Disposal of property, plant and equipment	2,285,764	127,218
	(12,025,281)	(10,648,231)
Change in cash and cash equivalents	(8,013,394)	(9,724,804)
Net effect of currency exchange rate on cash	96,474	19,189
Cash and cash equivalents, beginning of year	26,504,880	36,210,495
Cash and cash equivalents, end of year	18,587,960	26,504,880
Interest on operating loans, long-term debt and lease liability paid	1,097,529	932,094
Additions to property, plant and equipment included in accounts payable and accrued liabilities	516,699	858,702
Investment tax credit recorded against the property, plant and equipment and included in accounts receivable and contract asset	—	1,200,000

See accompanying notes to consolidated financial statements



[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 (“EV”) 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 and materials [Note 18].

The consolidated financial statements of NanoXplore for the years ended June 30, 2025 and 2024 were reviewed, approved and authorized for issue by the Corporation’s Board of Directors on September 16, 2025.

2. MATERIAL ACCOUNTING POLICIES

BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

The Corporation has consistently applied the accounting policies used in the preparation of its IFRS consolidated financial statements, including the comparative figures, except as further discussed in note 3.

BASIS OF MEASUREMENT

These consolidated financial statements have been prepared on a historical cost basis.

BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of the Corporation, which include:

a) Subsidiaries

Subsidiaries are all entities over which the Corporation has control. Control exists when the Corporation is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through the power over the entity. The subsidiaries are fully consolidated from the date on which control is transferred to the Corporation. They are deconsolidated from the date that control ceases.

The Corporation has the following subsidiaries:

Subsidiaries	Reporting segment
CEBO Injections SA ("CEBO"), based in Switzerland, with an equity interest of 100% [2024 – NanoXplore Switzerland Holding SA ("NanoXplore Switzerland"), based in Switzerland, with an equity interest of 100%. NanoXplore Switzerland holds 100% of CEBO. These companies have been merged as at July 1 st , 2024]	Advanced Materials, Plastics and Composite Products
NanoXplore Holdings USA, Inc. ("NanoXplore Holdings USA"), based in the United States, with an equity interest of 100% [2024 – 100%]. NanoXplore Holdings USA holds 100% of NanoXplore USA, Inc. [2024 – 100%] and 100% of RMC Advanced Technologies Inc. [2024 – nil].	Advanced Materials, Plastics and Composite Products
Sigma Industries Inc. ("Sigma"), based in Canada, with an equity interest of 100% [2024 – 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 [2024 – 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% [2024 – 100%]	Advanced Materials, Plastics and Composite Products
VoltaXplore Inc. ("VoltaXplore"), based in Canada, with an equity interest of 100% [2024 – 100%]	Battery Cells and Materials

Intercompany transactions, balances, income and expenses on transactions between the Corporation's entities are eliminated. Profits and losses resulting from intercompany transactions that are recognized in assets are also eliminated.

FOREIGN CURRENCY

a) Functional and presentation currency

NanoXplore's functional and presentation currency is the Canadian dollar. Functional currency is determined for each of the Corporation's entities, and items included in the consolidated financial statements of each entity are measured using that functional currency. All subsidiaries have the Canadian dollar as functional currency except for NanoXplore Switzerland and CEBO, which have Swiss Franc ("CHF") and for RMC Advanced Technologies Inc., NanoXplore Holdings USA and NanoXplore USA Inc which have US dollars. The assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date, and their statements of operations are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognized in other comprehensive loss.

b) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rate at the reporting date. Non-monetary assets and liabilities, and revenue and expense items denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statement of loss and comprehensive loss.

Foreign exchange gains and losses are presented in the consolidated statement of loss and comprehensive loss within "Foreign exchange".

REVENUE RECOGNITION

Revenues comprise the sale of manufactured products, tooling contracts and other income and are measured at the amounts specified in the customer's arrangement. Sales of manufactured products are recognized when products are delivered to the customer, which is also the moment when control of the products is transferred, and when there is no unfulfilled obligation that could affect the customer's acceptance of the products. Tooling contract revenues are measured based on the progress of the work. A receivable is recognized when the products are delivered or services are rendered, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The Corporation does not expect to have any contracts where the period between the transfer of the promised products or services to the customer and payment by the customer exceeds one year. As a consequence, the Corporation does not adjust any of the transaction prices for the time value of money. Cash payments received or advances due pursuant to contractual arrangements are recorded as contract liability until all of the foregoing conditions of revenue recognition have been met.

If the Corporation has recognized revenues, but not issued an invoice, then the entitlement to consideration is recognized as a contract asset presented as Accounts receivable on the Corporation's consolidated statement of financial position. The contract asset is transferred to trade receivables when the invoice is issued indicating that the entitlement to payment has become unconditional. If payments are received, or invoices are issued to a customer, prior to the rendering of services, the Corporation recognizes a contract liability under the caption Contract liability on the Corporation's consolidated statement of financial position. The contract liability is transferred to revenues once related services have been deemed rendered.

Other income comprises mainly of government assistance.

GOVERNMENT ASSISTANCE

The Corporation periodically receives government assistance under government incentive programs and refundable investment tax credits. Government assistance, other than non refundable tax credits, is recognized initially as a deferred contribution at fair value when there is reasonable assurance that it will be received, and the Corporation will comply with the conditions associated with the assistance. It is recognized as other income in the consolidated statement of loss and comprehensive loss when there is a reasonable assurance that it will be received.

Non refundable investment tax credits are recognized as a reduction of the income tax in the consolidated statement of loss and comprehensive loss when there is reasonable assurance that it will be received, and the Corporation will comply with the conditions associated with the assistance and to the extent that it is probable that future profit will be available against which the non refundable investment tax credits can be used.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held with banks and other highly liquid short-term investments with original maturities of three months or less or that can be redeemed at any time without penalty.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

The Corporation classifies its financial instruments into the following categories:

a) *Financial assets at amortized cost*

Financial assets at amortized cost comprise of cash and cash equivalents and trade and other receivables. The Corporation's financial assets at amortized cost are included in current assets due to their short-term nature. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, they are measured at amortized cost using the effective interest method less a provision for impairment. For trade receivables, the Corporation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Corporation assumes that there is no significant increase in credit risk for instruments that have a low credit risk.

b) Financial liabilities at amortized cost

Financial liabilities at amortized cost comprise operating loans, trade payables and accrued liabilities, and long-term debt. Financial liabilities at amortized cost are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payable and accrued liabilities are measured at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

c) Financial liabilities at fair value through profit or loss

A specific accounting methodology is required for derivatives designated as hedging instruments in cash flow hedge relationships or in a net investment in a foreign operation. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. All derivative instruments used for hedge accounting are recognized initially at fair value and reported subsequently at fair value in the consolidated statements of financial position. To the extent that the hedge is effective, gains and losses of derivatives designated as hedging instruments in cash flow hedges or in a net investment in a foreign operation are recognized in other comprehensive loss and included in Foreign currency translation reserve in equity. Any ineffectiveness in the hedge relationship is recognized immediately in the consolidated statements of loss.

At the time the hedged item affects profit or loss, any gain previously recognized in other comprehensive loss is reclassified from equity to the consolidated statements of loss and presented as a reclassification adjustment within other comprehensive loss. However, if a nonfinancial asset or liability is recognized as a result of the hedged transaction, the gains and losses previously recognized in other comprehensive loss are included in the initial measurement of the hedged item. If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognized in other comprehensive loss is transferred immediately to the consolidated statements of loss. All other derivative financial instruments are accounted for at fair value through profit or loss.

The Corporation has not provided the required documentation regarding the identification, designation and effectiveness of forward exchange contracts pursuant to hedge accounting. Therefore, the Corporation's forward exchange contracts that are used to cover the anticipated sales denominated in foreign currencies are recorded at fair value through profit or loss. Foreign exchange gains or losses are recognized in the consolidated statements of loss.

INVENTORY

Inventory is stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method, or the first-in-first-out method, depending on the nature on the inventory. Cost includes all expenditures directly attributable to the manufacturing process as well as suitable portions of related production overheads based on a normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and any applicable selling expenses. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the impairment is reversed (i.e. the reversal is limited to the amount of the original impairment) so that the new carrying amount is the lower of the cost and the revised net realizable value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment ("PPE") are recorded at cost, less accumulated depreciation and accumulated impairment losses, if applicable. Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives, taking into account any residual values. Their useful lives are as follows:

Land	Not depreciated
Building	20 to 35 years
Production equipment	2 to 25 years
Leasehold improvements	Lease term
Laboratory, computer, office equipment and rolling stock	2 to 10 years

Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of loss and comprehensive loss. Where an item of PPE consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if applicable. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of loss and comprehensive loss.

Identifiable intangible assets are recorded at cost and amortized using the methods mentioned below and over the period of their expected useful lives as follows:

Customer relationship	Straight-line	10 years
Technology	Straight-line	10 years
Patents, licenses and software	Straight-line	5 and 10 years

GOODWILL

Goodwill represents the excess of the consideration transferred for the acquired businesses over the estimated fair value at the acquisition date of net identifiable assets acquired. Goodwill is not subject to amortization and is carried at cost less accumulated impairment loss but is tested for impairment on an annual basis or more frequently if events or circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each cash generating unit ("CGU") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually or more frequently if events or circumstances indicate that the carrying value may not be recoverable. If the higher of the recoverable amount of the CGU's fair value less costs to sell (FVLCS), or its value in use is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill cannot be reversed in a subsequent period.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation or amortization. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of the recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined had no impairment been previously recognized. A reversal is recognized as a reduction in the depreciation or amortization charge for the period.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are charged to the consolidated statement of loss and comprehensive loss in the period they are incurred unless certain criteria are met.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditures attributable to the intangible asset during its development.

To date, the Corporation has not capitalized any development costs.

Research and development expenses presented on the consolidated statement of loss and comprehensive loss comprise the costs to manufacture graphene and to support our sales team and research on graphene's properties. It includes costs of external consultants supporting research on graphene, employee compensation and other operating expenses involved in research and development activities.

LEASES

Leases are initially measured at cost and subsequently depreciated. Initial measurement of costs is determined by the amount of the initial measurement of the lease liability, less any lease inducements receivable and any lease payments made at or before the commencement date, plus any initial direct costs, and any restoration costs. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. The lease liability is subsequently measured using a constant periodic rate of interest on the remaining balance of the lease liability and is subsequently adjusted for interest and lease payments. The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

INCOME TAX

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in other comprehensive loss or in equity, in which case the income tax is also recognized directly in other comprehensive loss or equity, respectively.

Current income tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years.

In general, deferred income tax is recognized with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined on a non-discounted basis using tax rates and laws enacted or substantively enacted at the consolidated statement of financial position date and that are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be used. Deferred tax assets and liabilities are presented as non-current.

PROVISIONS

A provision is recognized when the Corporation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

EMPLOYEE FUTURE BENEFITS

The Corporation offers a defined benefit pension plan to certain non-Canadian employees. The net periodic pension expense for this plan is actuarially determined on an annual basis by an independent actuary using the projected unit credit method. The determination of benefit expense requires assumptions such as the discount rate to measure obligations, expected mortality and expected rate of future compensation. Actual results will differ from estimated results based on assumptions. The vested portion of past service cost arising from plan amendments is recognized immediately in the statement of loss and comprehensive loss. The unvested portion is amortized on a straight-line basis over the average remaining period until the benefits vest. The liability recognized in the consolidated statements of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past service costs. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating the term of the related pension liability. All actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are recognized immediately in other comprehensive loss and included in the consolidated statement of loss and comprehensive loss.

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.

Contributions to defined contribution pension plans are expensed as incurred, which is as the related employee service is rendered.

SHARE CAPITAL

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recorded as a deduction from the proceeds in equity in the period in which the shares are issued.

SHARE-BASED COMPENSATION

The fair value of stock options granted to employees is recognized as an expense, over the vesting period with a corresponding increase in the reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date on which the goods or services are received.

The fair value is measured at the grant date and recognized over the period during which the stock options vest. The fair value of options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. Determination of the grant date fair value requires management estimates such as risk-free interest rate, volatility and weighted average expected life.

At each consolidated statement of financial position date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. On exercise of a stock option, any amount related to the initial value of the stock option, along with the proceeds from exercise, are reclassified from reserve to share capital.

LOSS PER SHARE

Basic loss per share is based on the weighted average number of common shares outstanding of the Corporation during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the year, if dilutive.

SIGNIFICANT MANAGEMENT ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The following are significant management judgments used in applying the accounting policies of the Corporation that have the most significant effect on the consolidated financial statements. When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenues and expenses are discussed below.

a) *Government assistance and SR&ED*

Government assistance is accounted for as other income during the year in which the costs are incurred, provided that the Corporation is reasonably certain based on management's judgment that the government assistance will be received. Government assistance must be examined and approved by the tax authorities, and it is possible that the amounts granted will differ from the amounts recorded by management. In cases where it would be reasonable to believe that certain amounts collected would have to be repaid, a provision is taken.

b) *Impairment of property, plant and equipment, goodwill and intangible assets*

An impairment loss is recognized for the amount by which the asset or CGU exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or CGU and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future gross profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Corporation's assets during the next financial years. In most cases, the determination of the discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

c) *Revenue recognition on separately priced tooling contracts*

Tooling contract prices are generally fixed; however, price changes, change orders and program cancellations may affect the ultimate amount of revenue recorded with respect to a contract. Revenue is recognized as the work progresses, which is calculated using the costs incurred to date and the total estimated contract costs. Contract costs are estimated at the time of signing the contract and are reviewed at each reporting date. Adjustments to the original estimates of total contract costs are often required as work progresses under the contract and as experience is gained, even though the scope of the work under the contract may not change. When the current estimates of total contract revenue and total contract costs indicate a loss, a provision for the entire loss on the contract is recorded in the period in which the loss is determined. Factors that are considered in arriving at the forecasted loss on a contract include, amongst others, cost over-runs, non-reimbursable costs, change orders and potential price changes.

d) *Deferred tax assets*

Management exercises judgment in the assessment of the probability of future taxable income, to estimate the extent to which deferred income tax assets can be realized. Estimates are based on the Corporation's most recently approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules and tax planning strategies in the numerous jurisdictions in which the Corporation operates are carefully taken into consideration. Management uses judgment to assess specific facts and circumstances to assess legal or economic limits or other uncertainties and to determine the number of years to include in the forecast period.

3. NEW ACCOUNTING STANDARDS

THE FOLLOWING STANDARDS AND AMENDMENTS TO EXISTING STANDARDS HAVE BEEN ADOPTED DURING THE LAST YEAR

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

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.

Management has not yet determined the impact, if any, for the Corporation.

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.

Management has not yet determined the impact, if any, for the Corporation.

4. ACCOUNTS RECEIVABLE AND CONTRACT ASSET

	2025 \$	2024 \$
Trade receivables	16,109,384	21,088,302
Minus: Allowance for doubtful accounts	(93,948)	(185,435)
	16,015,436	20,902,867
Government receivables	1,181,434	2,949,390
Contract asset [Note 9]	3,110,063	919,314
Foreign exchange forward contracts [Note 16]	184,849	–
Other receivables	307,668	183,599
	20,799,450	24,955,170

The Corporation reviews all amounts periodically for indication of impairment, and the expected credit loss has been provided for as allowance for doubtful accounts. Trade accounts receivables are not past due, except for \$97,908 and \$3,207 [2024 – \$504,629 and \$258,461] that are outstanding, respectively, for the periods from 91 to 120 days and over 120 days.

The majority of the trade receivables are pledged as security for the credit facilities (Note 10).

5. INVENTORY

	2025 \$	2024 \$
Raw materials and consumables	12,370,656	12,139,611
Work in progress	1,636,286	2,045,267
Finished goods	2,711,760	2,849,781
	16,718,702	17,034,659

The Corporation expects full recovery of this amount in the next fiscal year. The majority of inventories is pledged as security for the credit facilities (Note 10). As net realizable value being higher than cost, there was no inventory write-down recorded as an expense and included in cost of sales for the years ended June 30, 2025 and 2024.

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

a) RIGHT-OF-USE ASSETS

	2025 \$	2024 \$
Balance at the beginning	7,652,182	8,997,822
Additions	405,132	423,608
Depreciation	(1,988,439)	(1,852,173)
Effect of foreign exchange differences	61,528	82,925
Balance at the end	6,130,403	7,652,182
As at June 30		
Cost	15,830,218	15,363,558
Accumulated depreciation	(9,699,815)	(7,711,376)
Net book value	6,130,403	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	1,170,905	13,016,408	139,203	828,104	15,154,620
Disposals	–	(2,285,764)	–	–	(2,285,764)
Depreciation	(474,968)	(4,875,680)	(468,433)	(1,628,170)	(7,447,251)
Effect of foreign exchange differences	–	(33,233)	(3,598)	20,812	(16,019)
Balance as at June 30, 2025	11,126,175	44,299,725	2,310,736	7,872,842	65,609,478
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 June 30, 2025					
Cost	13,609,024	67,671,247	4,227,702	13,467,297	98,975,270
Accumulated depreciation	(2,482,849)	(23,371,522)	(1,916,966)	(5,594,455)	(33,365,792)
Net book value	11,126,175	44,299,725	2,310,736	7,872,842	65,609,478

The majority of property, plant and equipment is pledged as security for the credit facilities (*Note 10*).

The net book value of production equipment held under leases as of June 30, 2025 was \$10,994,291 [2024 – \$3,723,845]. Additions of production equipment under lease during the year ended June 30, 2025 amounted to \$7,821,039 [2024 – nil]. The depreciation of production equipment held under leases as of June 30, 2025 was \$463,724 [2024 – \$560,637].

As at June 30, 2025, there are \$2,316,774, \$7,063,624 and \$97,599 of building, production equipment and computer, respectively, that are not yet available for use and for which depreciation has not started [2024 – \$1,278,007, \$437,425 and nil].

7. INTANGIBLE ASSETS AND GOODWILL

a) 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	—	—	571,269	571,269
Amortization	(837,794)	(668,895)	(376,766)	(1,883,455)
Effect of foreign exchange differences	13,650	—	3,626	17,276
Balance as at June 30, 2025	3,922,235	5,183,939	2,853,317	11,959,491
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 June 30, 2025				
Cost	8,592,380	6,688,953	4,084,835	19,366,168
Accumulated depreciation	(4,670,145)	(1,505,014)	(1,231,518)	(7,406,677)
Net book value	3,922,235	5,183,939	2,853,317	11,959,491

As at June 30, 2025, there are \$646,045 of software that are not yet available for use and for which amortization has not started [2024 – \$355,401].

b) GOODWILL

	2025 \$	2024 \$
Balance at the beginning	1,919,673	1,919,673
Balance at the end	1,919,673	1,919,673

For impairment testing, the carrying amount of goodwill was allocated to the Sigma cash generating unit (“CGU”) for an amount of \$460,164 and to the Canuck CGU for an amount of \$1,459,509. The recoverable amount of each CGU was determined based on its value in use, which was calculated using pre-tax cash flow forecasts from the Board-approved budgets for the next fiscal year. The forecasts reflected past experience. Management believes that any reasonably possible change in the key assumptions on which the CGU's recoverable amount is based would not cause the CGU's carrying amount to exceed its recoverable amount. No impairment loss was recorded during the years ended June 30, 2025 and 2024.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025 \$	2024 \$
Trade payables	8,266,698	12,739,863
Accrued liabilities	8,172,849	5,058,754
Foreign exchange forward contracts <i>[Note 16]</i>	—	415,136
Payroll and withholding taxes payable	4,170,675	4,769,762
	20,610,222	22,983,515

9. CONTRACT ASSET AND CONTRACT LIABILITY

Contract asset and contract liability are related to tooling contracts with customers.

	2025 \$	2024 \$
Balance at the beginning	(2,059,060)	(858,323)
Amount recognized as revenues during the year	15,761,388	7,533,316
Cash consideration received during the year	(12,482,974)	(8,734,053)
Balance at the end	1,219,354	(2,059,060)
Contract asset <i>[Note 4]</i>	3,110,063	919,314
Contract liability	(1,890,709)	(2,978,374)

10. CREDIT FACILITIES

	Maturity	Effective interest rate %	2025 \$	2024 \$
Operating loans, fixed and variable rates	2025 to 2026	3.5%	857,750	1,522,700
– Authorized amount of \$10,857,750				
Lease liability	2025 to 2032	2.4% to 8.2%	17,448,582	12,967,373
Long-term debt, fixed and variable rates	2027 to 2028	5.05%	4,312,924	6,346,503
			22,619,256	20,836,576
Less: current portion of operating loans			857,750	1,522,700
Less: current portion of lease liability			3,430,404	4,110,509
Less: current portion of long-term debt			2,116,911	2,075,563
			16,214,191	13,127,804

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 term loans and credit facilities. Under these agreements, the Corporation has agreed to meet certain conditions and financial ratios. As at June 30, 2025 and 2024, all conditions and financial ratios were met.

a) OPERATING LOANS AND LONG-TERM DEBT

The Corporation has the following credit lines with these banks:

i. Royal Bank of Canada:

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 (*Note 10b*) ("the "new facilities"). The new facilities can be use in either, Canadian dollar or in US dollar equivalent. The revolving and the term facilities have a maturity date of July 1, 2026 with a possible extension of one year. The revolving and the term 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. As of June 30, 2025, the Corporation had drawn \$12,293,361 under these new facilities and all applicable covenants were met.

ii. Banque Cantonale Vaudoise:

A credit facility agreement which authorized the Corporation a maximum operating loan of CHF 500,000 [\$857,750]. The operating loan bears interest at 3.5%. A general assignment of debtors has been given as security. Under this agreement, the Corporation has agreed to respect certain conditions and financial ratios. As of June 30, 2025, the Corporation had drawn CHF 500,000 [\$857,750] under this credit facility and all applicable covenants were met [2024 – CHF 1,000,000 [\$1,522,700]].

b) LEASE LIABILITY

The Corporation has the following leases related to equipment and building:

	2025 \$	2024 \$
Equipment [<i>Note 6a, 6b</i>]	8,697,046	2,188,463
Building [<i>Note 6a</i>]	8,751,536	10,778,910
Total lease liability	17,448,582	12,967,373

11. EMPLOYEE BENEFITS OBLIGATION

DEFINED BENEFIT PENSION PLAN

The Corporation 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 Corporation 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:

	2025 \$	2024 \$
Plan assets at fair value	5,569,515	4,119,599
Defined benefit liabilities	(6,510,981)	(4,659,197)
Retirement benefit deficit	(941,466)	(539,598)

The amount for asset ceiling effect and for minimum funding requirement amounted to nil [2024 – nil].

The changes of the defined benefit liabilities were as follows:

	2025 \$	2024 \$
Balance at the beginning	4,659,197	5,463,947
Participant contribution	230,714	202,813
Benefits paid	(11,948)	(1,473,398)
<i>Items in net loss</i>		
Current service cost	226,843	148,410
Interest cost	76,592	97,318
Administration cost	2,624	2,813
	306,059	248,541
<i>Items in comprehensive loss</i>		
Actuarial loss	737,024	53,187
Foreign currency translation	589,935	164,107
	1,326,959	217,294
Defined benefit liabilities	6,510,981	4,659,197

The present value of the defined benefit liabilities may be reflected as follows:

	2025 %	2024 %
Active plan participants	57%	56%
Pensioners	43%	44%

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

	2025 \$	2024 \$
Balance at the beginning	4,119,599	4,891,484
Employer contribution	235,588	206,958
Participant contribution	230,714	202,813
Benefits paid	(11,948)	(1,473,398)
<i>Item in net loss</i>		
Interest income on plan assets	68,143	85,606
<i>Items in comprehensive loss</i>		
Return on plan assets	405,806	59,222
Foreign currency translation	521,613	146,914
	927,419	206,136
Plan assets at fair value	5,569,515	4,119,599

The Corporation estimates to contribute \$238,230 to the defined benefit plan during the next fiscal year.

The actuarial assumptions used to determine the Corporation's pension plan benefit obligation and expense were as follows:

	2025	2024
Discount rate	1.3%	1.4%
Salary increase	1.0%	1.0%
Rate of increase in eligible earnings	0%	0%
Inflation	1.0%	1.0%
Long-term interest on retirement accounts	2.0%	1.4%
Mortality decrement and turnover rate	BVG / LPP 2020 GT Table	BVG / LPP 2020 GT Table
Disability decrement	85% BVG / LPP 2020 GT Table	85% BVG / LPP 2020 GT Table
Retirement	100% at regular retirement age	100% at regular retirement age

To determine the most suitable discount rate, management considers the interest rates for high-quality bonds issued by entities operating in Switzerland with cash flows that match the timing and amount of expected benefit payments. The mortality and disability rate are based on the available rate in Switzerland for private pension funds. The Corporation chose the salary increase and turnover rates to reflect our specific situation.

A 0.25% change in the significant actuarial assumptions below would have the following effects on the defined benefit obligation, all other actuarial assumptions remaining the same:

	0.25% increase \$	0.25% decrease \$
Discount rate	(253,016)	270,821
Salary increase	25,206	(25,762)

12. EQUITY

a) SHARE CAPITAL

Authorized

Unlimited number of common shares, without nominal or par value, entitled to vote, to receive dividends subject to the priority of payment of dividends attaching to the series of first preferred and second preferred shares, and in the event of liquidation or winding up, to receive the remaining assets of the Corporation.

Unlimited number of first preferred shares, without nominal or par value, not entitled to vote, issuable in series, entitled to receive dividends in priority to the holders of common shares and second preferred shares, and in the event of liquidation or winding up, to receive amounts the articles of the Corporation provide must be paid in priority to the holders of common shares and second preferred shares.

Unlimited number of second preferred shares, without nominal or par value, not entitled to vote, issuable in series, entitled to receive dividends in priority to the holders of common shares, and in the event of liquidation or winding up, to receive amounts the articles of the Corporation provide must be paid in priority to the holders of common shares.

Issued

There are no first preferred shares and second preferred shares issued and outstanding.
Issued and outstanding common shares are detailed as follows:

	Number of shares	\$
Balance as at July 1, 2023	169,378,431	180,308,703
Exercise of stock options	1,230,000	2,374,500
Balance as at June 30, 2024	170,608,431	182,683,203
Balance as at June 30, 2025	170,608,431	182,683,203

b) STOCK OPTIONS

The incentive stock option plan allows the Corporation to grant to employees, directors, officers and consultants options to purchase shares of the Corporation. The plan is a fixed plan of a maximum of 8,000,000 stock options. The terms and conditions of each option granted under the plan, including the vesting schedule and the expiry date, will be determined by the Board of Directors. The exercise price for any stock option shall be determined by the Board of Directors and shall not be lower than the market price of the underlying common shares at the time of grant.

The following table summarizes the changes in the number of stock options outstanding for the years ended June 30:

	2025		2024	
	Number	Weighted average exercise price (\$)	Number	Weighted average exercise price (\$)
Balance at the beginning	2,642,616	2.80	3,175,000	2.51
Options granted to officers, directors and employees	320,184	2.27	1,517,616	2.18
Options exercised	—	—	(1,230,000)	1.36
Options expired	—	—	(645,000)	2.48
Options forfeited	—	—	(175,000)	3.45
Balance at the end	2,962,800	2.74	2,642,616	2.80
Options exercisable as at June 30	1,967,282	2.89	758,332	3.52

During the year ended June 30, 2025, 320,184 options were granted. These options have an exercise price between \$2.18 and \$2.47 with a vesting period between one year and three years and expiration date of five years from the grant date. The exercise price is based on the share price the day prior to the grant.

During the year ended June 30, 2024, 1,517,616 options were granted. These options have an exercise price between \$1.93 and \$2.87 with a vesting period between one year and three years and a half and expiration date between five and ten years from the grant date. The exercise price is based on the share price the day prior to the grant.

During the year ended June 30, 2024, 1,230,000 options were exercised resulting in cash proceeds of \$1,672,800 and a transfer from "Reserve" to "Share capital" of \$701,700. The weighted average share price on the date of exercise of the options was \$2.15.

At as June 30, 2025, stock options issued and outstanding by range of exercise price are as follows:

Range of exercise price (\$)	Options outstanding			Options exercisable	
	Remaining contractual life (in years)	Number outstanding	Weighted average exercise price (\$)	Number exercisable	Weighted average exercise price (\$)
1.93	3.44	217,616	1.93	217,616	1.93
2.14 - 2.87	6.42	1,720,184	2.24	849,666	2.24
3.12 - 3.85	1.70	925,000	3.59	825,000	3.58
5.27	1.61	100,000	5.27	75,000	5.27
	4.57	2,962,800	2.74	1,967,282	2.89

The fair value of the options granted was estimated using the Black-Scholes model. The weighted average inputs into the model and the resulting grant date fair values were as follows:

	2025	2024
Volatility	68.75%	69.04%
Risk-free interest rate	3.14%	3.71%
Expected life	60 months	60 to 120 months
Weighted average fair value of the option	\$1.35	\$1.55

The expected volatility was based on the Corporation's historical share price for the year ended 30, 2025 and 2024. There is no expected dividend yield.

13. REVENUES AND EXPENSES

The following table summarizes the details of the revenues for the years ended June 30:

	2025 \$	2024 \$
Sales of manufactured products	110,601,830	121,067,620
Tooling revenues	15,761,388	7,533,316
Total revenues from customers	126,363,218	128,600,936
Government assistance	2,555,170	1,096,425
Other revenues	—	295,007
Total other income	2,555,170	1,391,432
	128,918,388	129,992,368

Government assistance consists of grants received from different government programs.

The following table summarizes the details of the cost of sales, research and development expenses and selling, general and administrative expenses by nature for the years ended June 30:

	2025 \$	2024 \$
Salaries and fringe benefits	37,084,781	41,063,626
Materials and subcontracting	64,876,638	65,059,841
Repairs and maintenance	3,470,303	3,864,975
Professional fees	3,076,166	2,765,581
Other operating expenses	16,158,217	15,178,994
	124,666,105	127,933,017

14. INCOME TAXES

Reconciliation of the effective tax rates is as follows:

	2025 \$	2024 \$
Statutory tax rate	26.50%	26.50%
Loss before income taxes for the year	9,346,239	10,698,429
Tax recovery at statutory rate	2,476,753	2,835,084
Increase (decrease) resulting from:		
Non deductibles expenses	(526,468)	(385,972)
Effect of difference of foreign tax rates	(171,340)	(129,279)
Tax effect of unrecognized temporary difference and tax losses	(2,032,216)	(3,895,512)
Recognition of non-refundable tax credits	—	263,376
Other	(57,610)	345,726
Net tax expense	(310,881)	(966,577)

Reconciliation of the deferred income tax assets and liabilities as at June 30, 2025 and 2024 is as follows:

	2024	Deferred income tax recovery (expenses)	Foreign currency translation adjustment	2025
	\$	\$		\$
Deferred income tax assets				
Research and development	546,392	(471,269)	—	75,123
Non-capital losses	3,131,637	1,110,482	—	4,242,119
Financing fees	58,714	(18,046)	—	40,668
Other	689,395	186,562	(7,431)	868,526
Deferred income tax liabilities				
Intangible assets	(5,653,786)	211,745	—	(5,442,041)
Property, plant and equipment	(1,166,515)	(364,342)	—	(1,530,857)
Deferred income tax liabilities	(2,394,163)	655,132	(7,431)	(1,746,462)

	2023	Deferred income tax recovery (expenses)	Foreign currency translation adjustment	2024
	\$	\$		\$
Deferred income tax assets				
Research and development	56,933	489,459	—	546,392
Non-capital losses	3,299,334	(167,697)	—	3,131,637
Other	693,446	(4,051)	—	689,395
Deferred income tax liabilities				
Financing fees	(16,051)	74,765	—	58,714
Intangible assets	(4,164,656)	(1,489,130)	—	(5,653,786)
Property, plant and equipment	(1,302,190)	135,675	—	(1,166,515)
Deferred income tax liabilities	(1,433,184)	(960,979)	—	(2,394,163)

The deferred income tax assets are recognized, as the Corporation believes it is probable that taxable profits will be available in the future against which the tax loss carry forward can be utilized. However, some deferred tax assets have not been recognized because at this stage of the Corporation's development, it is not determinable that taxable profit will be available against which the Corporation can utilize deferred income tax assets. As at June 30, 2025 and 2024, significant components of the Corporation's net unrecognized deductible temporary differences for which no deferred taxes have been recognized are:

	2025 \$	2024 \$
Non-capital losses carried forward	15,025,350	14,269,985
Property, plant and equipment	3,092,737	2,165,780
Research and development	1,858,249	1,313,898
Share issue costs	105,141	351,054
Other assets	697,472	286,330
Total deferred income tax assets	20,778,949	18,387,047

As at June 30, 2025, the year of expiry of operating losses for which no deferred income tax assets were recognized in the Consolidated Statements of Financial Position are as follows, presented by tax jurisdiction for Canada:

	Federal \$	Provincial \$
More than 10 years	60,725,212	64,037,225
2035	631,373	802,180
2034	238,877	227,392
2033	280,508	280,448
2032	126,289	134,806
2031	56,534	56,354
2030	198,140	198,140
2029	129,776	129,743
2028	62,077	62,042
2027	4,756	2,408
Total	62,453,542	65,930,738

As at June 30, 2025, the Corporation also has \$1,195,216 of accumulated losses in Switzerland, which will begin expiring in 2029.

As at June 30, 2025, the Corporation has accumulated non-refundable Federal SR&ED tax credits of \$1,759,783 which can be used to reduce income tax payable in the future and will begin expiring as of 2033.

15. 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 year ended June 30, 2025 for an amount of \$1,886,585 [2024 – \$2,100,003]. As at June 30, 2025, an amount of \$182,038 due by Martinrea is included in Accounts receivable and contract assets [2024 – \$170,088].

The remuneration of directors and key management personnel during the year was as follows:

	2025 \$	2024 \$
Consulting fees, wages and salaries	2,533,936	3,096,161
Director fees	564,309	526,582
Share-based compensation – Management	704,411	751,915
Share-based compensation – Directors	471,243	406,087
	4,273,899	4,780,745

Key management employees are subject to employment agreements which provide for market standard payments on termination of employment without cause providing for payments between twelve and eighteen months of base salary. Minimum commitments under these agreements are approximately \$1,900,000. These agreements require that additional minimum payments of approximately \$3,479,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

16. COMMITMENTS

As at June 30, 2025, the Corporation held forward exchange contracts to sell for a minimum of US\$17.2 million and a maximum of US\$26.7 million depending on the exchange rate of such derivative contracts. Rates vary from 1.331 to up to 1.433. The contracts are valid until February 2027. As at June 30, 2025, the carrying value of the derivative foreign currency forward exchange contracts is included in Accounts receivable and contract asset [2024 – included in Accounts payable and accrued liabilities].

The Company has committed to purchase production equipment for a total amount of \$7,096,026 of which \$4,462,889 were paid and included in the consolidated statements of financial position as Equipment deposits as at June 30, 2025.

The Company has signed a long-term lease of approximately 10 years with respect to its new premises that will begin during the first quarter of the financial year starting July 1st, 2025. Future minimum lease payments will amount to \$13,969,902.

17. FINANCIAL INSTRUMENTS

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below.

FAIR VALUE RISK

IFRS requires that the Corporation disclose information about the fair value of its financial assets and financial liabilities. Fair value estimates are made based on relevant market information and information about the financial instrument. The Corporation is exposed to various financial risks resulting from its operations. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Corporation classifies its financial assets and financial liabilities measured at fair value into three levels according to the observability of the inputs used in their measurement.

The following assumptions and valuation methodologies have been used to measure the fair value of financial instruments:

- (i) The fair value of its short-term financial assets and financial liabilities, including cash and cash equivalents, trade and other receivables, operating loans, and trade payables and accrued liabilities, approximates their carrying value due to the short-term maturities of these instruments; and
- (ii) The fair value of long-term debt is estimated based on discounted cash flows using current interest rates for instruments with similar terms and remaining maturities. The Corporation categorized the fair value measurement in Level 3.
- (iii) The fair value of derivative foreign currency forward contracts is estimated based on mark-to-market value. The Corporation categorized the fair value measurement in Level 2, as it is derived from observable market inputs.

The carrying values and fair values of financial instruments, by class, are as follows as at June 30, 2025 and 2024:

	2025		2024	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial liabilities at amortized cost				
Long-term debt	(4,312,924)	(4,312,924)	(6,346,503)	(6,346,503)
Fair value through profit or loss				
Foreign exchange forward contracts asset (liability)	184,849	184,849	(415,136)	(415,136)

CREDIT RISK

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations under a contract and, as a result, create a financial loss for the Corporation. The Corporation has a credit policy that defines standard credit practice. This policy dictates that all new customer accounts be reviewed prior to approval and establishes the maximum amount of credit exposure per customer. The creditworthiness and financial well-being of the customer are monitored on an ongoing basis. As at June 30, 2025, two customers represented 15% and 14% of trade accounts receivable [2024 – three customers represented 18%, 14% and 10%]. In 2025, two customers represented 31% and 22% of sales [2024 – two customers represented 33% and 22%].

The Corporation establishes an allowance for doubtful accounts as determined by management based on its assessment of collection; therefore, the carrying amount of accounts receivable and contract asset generally represents the maximum credit exposure. The provision for doubtful accounts, if any, is included in the consolidated statements of loss and comprehensive loss. The majority of the Corporation's cash is held in accounts with Canadian banks. Management believes that the credit risk concentration with respect to these financial instruments is remote.

LIQUIDITY RISK

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Corporation's accounts payable and accrued liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. Long-term debt has maturities between 2 to 3 years. The Corporation regularly evaluates its cash position to ensure preservation and security of capital and maintain liquidity.

As at June 30, 2025, management estimates that funds available are sufficient to meet the Corporation's obligations and planned net expenditures through at least June 30, 2026.

The Corporation has also provided unlimited suretyship and subordination on the long-term debt and operating loans of its subsidiaries.

The following table reflects the contractual maturity of the Corporation's financial liabilities as at June 30, 2025 (capital and interest payments):

	Carrying amount \$	Contractual maturity				Total \$
		1 year \$	2-3 years \$	4-5 years \$	Later than 5 years \$	
Operating loans	857,750	857,750	—	—	—	857,750
Trade payables and accrued liabilities	16,439,547	16,439,547	—	—	—	16,439,547
Lease liability	17,448,582	4,361,543	7,697,669	5,214,918	3,308,574	20,582,704
Long-term debt	4,312,924	2,268,964	2,263,041	—	—	4,532,005
Total	39,058,803	23,927,804	9,960,710	5,214,918	3,308,574	42,412,006

INTEREST RATE RISK

Interest rate risk refers to the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation's policy is to limit its exposure to interest rate risk fluctuation by ensuring that a reasonable portion of its long-term debt is at fixed rate. The Corporation is exposed to interest rate fluctuations on its operating loans and long-term debt, which bear a variable interest rate. Based on the balances outstanding as at June 30, 2025, a 1% increase (decrease) in interest rates would increase (decrease) the Corporation's consolidated net loss by \$27,321 on a 12-month horizon.

The majority of the Corporation's cash and cash equivalent balances bear interest at variable rates. There is limited exposure to changes in interest revenues as a result of interest rate risk.

The Corporation's trade payables and accrued liabilities are non-interest bearing.

FOREIGN CURRENCY RISK

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Corporation has a credit facility allowing it to enter into forward foreign exchange contract transactions. This amount partially covers the Corporation's potential requirements over the next 24 months. The Corporation will proactively monitor the need to use this facility based on market conditions.

Foreign currency transactions originate from certain operations in the Corporation and its subsidiaries denominated in foreign currencies other than their functional currency. The following table provides a summary of the Corporation's exposure of foreign currency expressed in Canadian dollars as at June 30, 2025:

	Euro \$	US dollars \$	Total \$
Cash and cash equivalents	2,505,427	6,545,895	9,051,322
Accounts receivable	631,741	9,877,566	10,509,307
Trade payables and accrued liabilities	(159,772)	(4,518,247)	(4,678,019)
Total	2,977,396	11,905,214	14,882,610

As at June 30, 2024:

	Euro \$	US dollars \$	Total \$
Cash and cash equivalents	482,728	2,772,014	3,254,742
Accounts receivable	968,517	13,810,642	14,779,159
Trade payables and accrued liabilities	(288,538)	(7,031,862)	(7,320,400)
Lease liability	—	(5,964)	(5,964)
Total	1,162,707	9,544,830	10,707,537

For the year ended June 30, 2025, a variation of 3% in the Canadian dollar against the other currencies, assuming that all other variables had remained the same, would have resulted in a \$317,477 [2024 – \$233,004] net increase or decrease of the Corporation's consolidated net loss and comprehensive loss. The Corporation has hedged its exposure to US dollar currency fluctuations but does not apply hedge accounting as defined in IFRS 9.

CAPITAL MANAGEMENT

The Corporation's objectives in managing capital are to ensure sufficient liquidity to enable the internal financing of capital projects and to pursue its strategy of organic growth combined with complementary acquisitions, to maintain a strong capital base so as to maintain investor, creditor and market confidence and to provide long-term investment returns to its shareholders.

The Corporation manages its capital structure and makes adjustments in light of general economic conditions, the risk characteristics of the underlying assets and the Corporation's working capital requirements. In order to maintain or adjust its capital structure, the Corporation, upon approval from its Board of Directors, may issue or repay long-term debt, issue shares or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as annual capital and operating budgets.

In addition to debt and equity, the Corporation may use leases as additional sources of financing. The Corporation monitors debt leverage ratios as part of the management of liquidity and shareholders' return and to sustain future development of the business. The Corporation is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged from the prior year.

18. 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 and Materials:**
Provides silicon-graphene-enhanced Li-ion battery cells for the Electric Vehicle and power tools markets as well as for military applications.

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

a) REVENUES AND EXPENSES BY OPERATING SEGMENTS

Year ended June 30, 2025:

	Advanced Materials, Plastics and Composite Products	Battery Cells and Materials	Total
	\$	\$	\$
Revenues			
Revenues from customers	126,279,614	83,604	126,363,218
Other income	1,964,234	590,936	2,555,170
	128,243,848	674,540	128,918,388
Cost of Sales and Expenses			
Cost of sales	98,183,546	—	98,183,546
Research and development expenses and Selling, general and administrative expenses	25,082,476	1,400,083	26,482,559
Share-based compensation expenses	1,435,365	—	1,435,365
Depreciation and amortization	9,674,679	1,644,466	11,319,145
Foreign exchange	415,837	1,293	417,130
	134,791,903	3,045,842	137,837,745
Operating loss	(6,548,055)	(2,371,302)	(8,919,357)
Net interest expenses	(424,030)	(2,852)	(426,882)
Loss before income taxes	(6,972,085)	(2,374,154)	(9,346,239)

Year ended June 30, 2024:

	Advanced Materials, Plastics and Composite Products	Battery Cells and Materials	Total
	\$	\$	\$
Revenues			
Revenues from customers	128,600,936	—	128,600,936
Other income	1,363,689	27,743	1,391,432
	129,964,625	27,743	129,992,368
Cost of Sales and Expenses			
Cost of sales	101,486,565	—	101,486,565
Research and development expenses and Selling, general and administrative expenses	23,761,406	2,685,046	26,446,452
Share-based compensation expenses	1,557,425	—	1,557,425
Depreciation and amortization	9,240,036	1,770,264	11,010,300
Foreign exchange	283,679	3,623	287,302
	136,329,111	4,458,933	140,788,044
Operating loss	(6,364,486)	(4,431,190)	(10,795,676)
Loss on disposal of property, plant and equipment	18,453	—	18,453
Net interest revenues (expenses)	137,920	(59,126)	78,794
Loss before income taxes	(6,208,113)	(4,490,316)	(10,698,429)

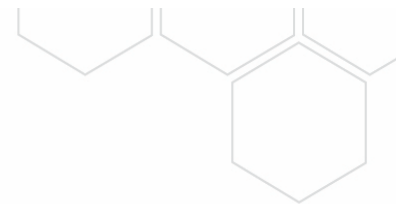
b) REVENUES BY LOCATION

	2025 \$	2024 \$
Revenues *		
United States	72,986,421	74,086,111
Canada	46,482,308	46,072,404
France	3,078,624	2,960,595
Switzerland	2,276,454	1,878,891
Other	4,094,581	4,994,367
Total	128,918,388	129,992,368

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

c) LONG-LIVED ASSETS BY GEOGRAPHIC AREA

	2025 \$	2024 \$
Long-lived Assets		
Canada	65,202,142	69,792,433
United States	23,000,665	14,882,292
Switzerland	1,879,127	2,301,682
Total	90,081,934	86,976,407



19. SUBSEQUENT EVENTS

The economic context, strongly impacted by the uncertainty surrounding the evolution of trade relations with the United States, continues to have a significant impact on the judgments made as well as on the estimates and assumptions formulated by management for the purposes of preparing the consolidated financial statements for the year ended June 30, 2025. The judgments, estimates and assumptions that will be formulated for the coming periods will be reassessed in light of the evolution of this highly uncertain context and could therefore differ from those that were formulated for the preparation of the consolidated financial statements for the year ended June 30, 2025. The Corporation is closely monitoring the evolution of the situation and its impact on its results and its financial position.



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