NanoXplore Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended June 30, 2025 and 2024

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

This Management's discussion and analysis (”MD&A”) provides a review of NanoXplore Inc.'s operations, performance and financial position for the years ended June 30, 2025 and 2024 and should be read in conjunction with the consolidated financial statements for the years ended June 30, 2025 and 2024. The purpose of this document is to provide information on our activities. The information contained herein is dated as of September 16, 2025, date on which the MD&A was approved by the Corporation's board of directors. You will find more information about us on NanoXplore's website at www.nanoxplore.ca and on SEDAR+ at https://www.sedarplus.ca, including all press releases.

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The Corporation has consistently applied the accounting policies used in the preparation of its IFRS financial statements, including the comparative figures. We occasionally refer to non-IFRS financial measures in the MD&A. See the Non-IFRS measures section for more information. The terms “we”, “our”, “us”, ‘'NanoXplore'' or the “Corporation” mean NanoXplore Inc. and its subsidiaries, unless otherwise indicated.

"Q4-2025” and “Q4-2024” refer to the three-month periods ended June 30, 2025 and 2024 respectively, and “FY 2025” and “FY 2024” refer to the years ended June 30, 2025 and 2024 respectively.

1. FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements within the meaning of applicable Canadian securities laws with respect to the Corporation. Such forward-looking statements are dependent upon a certain number of factors and are subject to risks and uncertainties. Actual results may differ from those expected. The Corporation considers the assumptions on which these forward-looking statements are based to be reasonable, but it advises the reader that these assumptions with regard to future events, many of which are beyond the Corporation's control, could prove incorrect as they are subject to risks and uncertainties inherent in the Corporation's activities. Management does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information of future events, except when required by the regulatory authorities.

This MD&A contains forward-looking statements. When used in this MD&A, the words ‘'may'', ‘'would'', ‘'could'', ‘'will'', ‘'intend'', ‘'plan'', ‘'anticipate'', ‘'believe'', ‘'seek'', ‘'propose'', ‘'estimate'', ‘'project'', ‘'expect'' and similar expressions are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect NanoXplore's then current views with respect to future events based on certain facts and assumptions and are subject to certain risks and uncertainties, including without limitation changes in the risk factors described under the section “*Risks and Uncertainties*” of this MD&A. The forward-looking statements are based on certain key expectations and assumptions made by NanoXplore, including expectations and assumptions concerning availability of capital resources, business performance, market conditions and customer demand. Although NanoXplore believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements since no assurance can be given that they will prove to be correct.

Many factors could cause NanoXplore's actual results, performance or achievements to vary from those described in this MD&A, including without limitation those listed above, those described under the section “*Risks and Uncertainties*” of this MD&A as well as the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements should not be unduly relied upon. NanoXplore does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this MD&A are expressly qualified by these cautionary statements. Forward-looking statements contained in this MD&A about prospective results of operations, financial position or cash flows are based on assumptions about future events, including economic conditions and proposed courses of action, based on NanoXplore's management's assessment of the relevant information currently available. Readers are cautioned that outlook information contained in this MD&A should not be used for the purposes other than for which it is disclosed herein or therein, as the case may be.

2. BUSINESS OVERVIEW

CORPORATION OVERVIEW

NanoXplore is a graphene company, a manufacturer and supplier of high-volume graphene powder for use in transportation and industrial markets. Also, the Corporation provides standard and custom graphene-enhanced plastic and composite products to various customers in transportation, packaging, electronics, and other industrial sectors. The Corporation is also a silicon-graphene-enhanced Li-ion battery manufacturer for the Electric Vehicle and grid storage markets. The Corporation was formed by amalgamation under the *Canada Business Corporations Act* by Certificate of Amalgamation dated September 21, 2017 and is headquartered at 4500 Thimens Blvd, Montreal, QC, Canada.

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

The Corporation has 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 1st, 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

REPORTING SEGMENTS

The Corporation has two reportable segments based on products:

1) **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.
2) **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.

Corresponding operations and activities are managed accordingly by the Corporation's Chief Operating Decision Maker. Segmented operating, financial information and labelled key performance indicators are available and used to manage these business segments, review performance and allocate resources.

KEY FINANCIAL HIGHLIGHTS Q4-2025

- Total revenues of $31,685,923 compared to $38,125,566 last year, representing a 17% decrease;
- Adjusted gross margin(1) on revenues from customers of 24.7% compared to 23.6% last year;
- Loss of $2,295,472 compared to $2,421,110 last year;
- Adjusted EBITDA(2) of $2,475,379 compared to $2,488,304 last year;
- Adjusted EBITDA(2) of $2,697,655 compared to $3,329,793 last year for the Advanced Materials, Plastics and Composite Products segment;
- Adjusted EBITDA(2) loss of $222,276 compared to $841,489 last year for the Battery Cells and Materials segment;
- Total liquidity of $28,587,960 as at June 30, 2025, including cash and cash equivalents of $18,587,960;
- Total long-term debt of $4,312,924 as at June 30, 2025, down by $2,033,579 compared to June 30, 2024.

KEY FINANCIAL HIGHLIGHTS FY 2025

- Total revenues of $128,918,388 in 2025 compared to $129,992,368 in 2024, representing a 1% decrease;
- Adjusted gross margin(1) on revenues from customers of 22.3% in 2025 compared to 21.1% in last year;
- Loss of $9,657,120 compared to $11,665,006 last year;
- Adjusted EBITDA(2) of $6,122,283 compared to $2,519,134 last year;
- Adjusted EBITDA(2) of $6,847,826 in 2025 compared to $5,176,437 last year for the Advanced Materials, Plastics and Composite Products segment;
- Adjusted EBITDA(2) loss of $725,543 in 2025 compared to $2,657,303 last year for the Battery Cells and Materials segment.

BUSINESS HIGHLIGHTS

During the year ended June 30, 2025, the Corporation continued to focus on developing markets for its graphene products and developing downstream pre-mixed additives and products that facilitate such introduction. The Corporation has been successful in the integration of GrapheneBlack in multiple streams of products, both internally and externally. The Corporation continues its engagement with many potential customers who are currently validating GrapheneBlack and GrapheneBlack improved masterbatches, concentrates, and products.

5-year strategic and investment plan update

The Corporation continued executing on its 5-year strategic and investment plan that was announced in November 2022. The plan represents an increase in the production capacity of graphene, battery materials and graphene enhanced masterbatch, compound and composite products.

As part of its 5-year strategic and investment plan:

1) During fiscal year 2024, the Corporation was awarded three programs from two existing customers, one large commercial vehicle OEM and one industrial equipment manufacturer, to supply exterior parts of vehicles. These components are used in both internal combustion engines and electric vehicles. Production for the first program has been delayed by the customer but is now expected to begin during the summer months while the start of production for the other two programs is planned for 2026 and 2027. These programs generally last for a period of 10 years. The Corporation estimates that these programs will generate $24M in annual sales at mature volumes along with a one-time tooling revenue of $10M of which approximately 90% has been recognized in current and past periods.

2) During fiscal year 2024, the Corporation was asked by one of our customers to expand its Saint-Clotilde-de-Beauce facility to allow for a capacity expansion of a graphene-enhanced part we currently supply. This expansion of the building was completed in December 2024 and the installation of the new equipment was completed in May 2025. The expansion was mostly paid for by our customer but currently remains underutilized due to lower demand. The expansion costs were approximately $8M, of which $5M was paid by the customer. Consequently, the previously announced SMC lightweighting initiative capex of $30M to $35M will now be in a range of $25M to $30M and will be completed during the second half of fiscal year 2026

(1) Adjusted gross margin is a non-IFRS measure and a reconciliation can be found in the "Overall Results" section.
(2) Adjusted EBITDA is a non-IFRS measure and a reconciliation can be found in the "Overall Results" section.

3) Following further engineering and updated quoting of the equipment related to the Corporation's 5-year strategic and investment plan, required capital for execution of the plan reduced from originally announced $170M to around $140M. The Corporation is planning to finance the required capital mostly through a long-term credit facility and government support.

4) In April 2024, the Corporation replaced its then existing credit facility with the National Bank of Canada with a new and expanded credit facility with the Royal Bank of Canada ("RBC"). The new credit facility is comprised of a $10M revolving credit line and up to $50M in lease financing for equipment and infrastructure expenditures and will provide financial support to the strategic plan.

5) During the year ended June 30, 2024, the Corporation successfully completed the commissioning of two anode material pilot lines, achieving remarkable energy density and product validation.

    1. The SiG™ pilot line has a capacity of 100 tons per year. SiG™ is a graphene enhanced silicon additive for anode materials in Li-ion batteries. Its addition results in enhanced energy density and charging speed.
    2. The SG-X™ pilot line, featuring three coated spherical purified graphite (CSPG) anode materials, has a capacity of 200 tons per year. SG-X™ is a graphite-based anode material with different carbon and graphene coatings used as anode active material for Li-ion batteries.

6) During the year ended June 30, 2025, the Corporation executed a new lease, beginning in Q1-2026, for a plant in Statesville, NC, as part of the US expansion of graphene-enhanced and other composite parts manufacturing. Construction work to accommodate newly purchased equipment is ongoing. Start of production of a newly awarded program is expected during Q1-2026 and is expected to generate sales of more than $10M annually.

R&D Improvement: Large-Scale dry process for manufacturing of graphene

The Corporation achieved graphite exfoliation with the successful development of a novel dry graphene manufacturing process. The novel dry graphene manufacturing process has several benefits compared to the traditional liquid exfoliation methods. In terms of capital expenditures, the dry manufacturing process delivers a nearly 50% reduction versus the liquid exfoliation process. According to the Corporation's current estimation, a net 8 000 metric tons capacity requires only $20M in capital expenditures, with a quarter of the current square footage required as opposed to the liquid exfoliation process. NanoXplore has secured key suppliers, ensuring a robust supply chain for the main equipment. Equipment procurement is streamlined with off-the-shelf solutions, with an estimated lead time of 8-12 months. The Corporation has ordered equipment for a 500-1000 metric production capacity and expects delivery before the end of calendar year 2025.

The novel dry graphene manufacturing process could bring NanoXplore within cost parity with traditional carbon additives such as carbon black. The cost reduction results primarily from using low grade waste graphite (which is derived from a graphite anode production process) as feedstock. Furthermore, it is highly scalable and operates on a continuous basis, streamlining production efficiency. Superior processability and long-term performance of dry-processed graphene offers a more attractive proposition and will expand the Corporation's total addressable market and accelerate commercial adoption of graphene.

With granted patents already secured, this proprietary technology boosts some key physical properties in polymers by 20% compared to existing products for applications with over 20-year longevity requirements. The technology finds potential applications in batteries and lightweight composites, enhancing its appeal in cutting-edge industries. This new manufacturing process also opens doors to a myriad of applications, including plastic pipes, geosynthetics, recycled plastics, concrete, drilling fluids, and insulation foams, among others.

The new dry manufacturing process marks a paradigm shift, substantially reducing the environmental footprint associated with traditional graphite exfoliation methods and addresses environmental concerns associated with water usage, as well as eliminating washing and drying steps that contribute to increased costs and environmental impact.

During the year ended June 30, 2025, the Corporation continued with the validation process of this novel dry-processed graphene and continued with the required engineering work. The product validation process includes production of plastic masterbatches and compounds with the dry graphene and testing their mechanical, electrical, and weatherability properties. Results indicate that dry processed graphene brings elevated properties versus current produced grades at a much lower cost to the end users. These attributes may accelerate the adoption of graphene and shorten the sales cycle. Furthermore, the Corporation has done trials with the equipment suppliers for the production of dry graphene and has already selected those suppliers and is ready to place orders for that equipment.

In August 2024, NanoXplore was awarded a grant of up to $2,900,000 over the next 3 years from the National Research Council's Industrial Research Assistance Program for the research and development of novel, low carbon footprint anode materials for use in Li-Ion batteries.

In August 2025, the Corporation was selected to receive up to $2,750,000 over the next 3 years from Natural Resources Canada under the Energy Innovation Program's Battery Industry Acceleration call for proposals for the research and development on the use of Silicon Graphene in ultra-high-power cylindrical battery cells.

Total liquidity

As at June 30, 2025, the Corporation had total liquidity of $28,587,960 including cash and cash equivalents and availability under the Corporation's credit facilities.

Long-term debt

The total long-term debt decreased from $6,346,503 as at June 30, 2024 to $4,312,924 as at June 30, 2025 for a variation of $2,033,579. Repayments amounted to $2,158,194 during the year ended June 30, 2025.

3. OVERALL RESULTS

HIGHLIGHTS

The following table sets out certain highlights of the Corporation's performance for the years ended June 30, 2025 and 2024. Refer to the Corporation's consolidated financial statements for the years ended June 30, 2025 and 2024 for a detailed account of the Corporation's performance for the results presented in the tables below.

In summary:

	Q4-2025	Q4-2024	Variation		FY 2025	FY 2024	Variation	
	$	$	$	%	$	$	$	%
Revenues	**31,685,923**	38,125,566	(6,439,643)	(17%)	**128,918,388**	129,992,368	(1,073,980)	(1%)
Operating loss	**(2,089,125)**	(1,167,221)	(921,904)	(79%)	**(8,919,357)**	(10,795,676)	1,876,319	17%
Loss	**(2,295,472)**	(2,421,110)	125,638	5%	**(9,657,120)**	(11,665,006)	2,007,886	17%
Loss per share (Basic and diluted)	**(0.01)**	(0.01)			**(0.06)**	(0.07)		
Non-IFRS Measure *								
Adjusted EBITDA	**2,475,379**	2,488,304	(12,925)	(1%)	**6,122,283**	2,519,134	3,603,149	143%

By reporting segment:

	Q4-2025	Q4-2024	Variation		FY 2025	FY 2024	Variation	
	$	$	$	%	$	$	$	%
From Advanced Materials, Plastics and Composite Products								
Revenues	**31,578,291**	38,125,566	(6,547,275)	(17%)	**128,243,848**	129,964,625	(1,720,777)	(1%)
Non-IFRS Measure *								
Adjusted EBITDA	**2,697,655**	3,329,793	(632,138)	(19%)	**6,847,826**	5,176,437	1,671,389	32%
From Battery Cells and Materials								
Revenues	**107,632**	—	107,632	100%	**674,540**	27,743	646,797	2,331%
Non-IFRS Measure*								
Adjusted EBITDA	**(222,276)**	(841,489)	619,213	74%	**(725,543)**	(2,657,303)	1,931,760	73%

Results of operations may include certain unusual and other items which have been separately disclosed, where appropriate, in order to provide a clear assessment of the underlying Corporation results. In addition to IFRS measures, management uses non-IFRS measures in the Corporation's disclosures that it believes provide the most appropriate basis on which to evaluate the Corporation's results.

SELECTED ANNUAL INFORMATION

The table below presents selected audited annual information for the years ended June 30, 2025, 2024 and 2023.

	FY 2025 $	FY 2024 $	FY 2023 $
Revenues	**128,918,388**	129,992,368	123,857,171
Loss	**(9,657,120)**	(11,665,006)	(12,798,174)
Loss per share (Basic and diluted)	**(0.06)**	(0.07)	(0.08)
Total assets	**151,201,878**	159,692,998	165,245,803
Total non-current liabilities	**22,090,509**	18,372,465	19,242,066

* NON-IFRS MEASURES

This MD&A was prepared using results and financial information determined under IFRS. However, the Corporation considers certain non-IFRS financial measures as useful additional information in measuring the financial performance and condition of the Corporation. These measures, which the Corporation believes are widely used by investors, securities analysts and other interested parties in evaluating the Corporation's performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-IFRS measures include "Adjusted EBITDA" and "Adjusted gross margin".

The following tables provide a reconciliation of IFRS "Loss" to Non-IFRS "Adjusted EBITDA" and of IFRS "Gross margin" to Non-IFRS "Adjusted Gross margin" for the three-month periods and for the years ended June 30, 2025 and 2024.

1) IFRS "Loss" to Non-IFRS "Adjusted EBITDA"

	Q4-2025 $	Q4-2024 $	FY 2025 $	FY 2024 $
Loss	**(2,295,472)**	(2,421,110)	**(9,657,120)**	(11,665,006)
Current and deferred income tax expenses	**74,950**	1,220,221	**310,881**	966,577
Net interest expenses (revenues)	**131,397**	33,861	**426,882**	(78,794)
Loss (gain) on disposal of property, plant and equipment	**—**	(193)	**—**	(18,453)
Foreign exchange	**(247,986)**	111,928	**417,130**	287,302
Share-based compensation expenses	**251,878**	498,655	**1,435,365**	1,557,425
Non-operational items [(1)]	**1,600,000**	189,783	**1,870,000**	459,783
Depreciation and amortization	**2,960,612**	2,855,159	**11,319,145**	11,010,300
Adjusted EBITDA	**2,475,379**	2,488,304	**6,122,283**	2,519,134
- From Advanced Materials, Plastics and Composite Products	**2,697,655**	3,329,793	**6,847,826**	5,176,437
- From Battery Cells and Materials	**(222,276)**	(841,489)	**(725,543)**	(2,657,303)

[(1)] Non-operational items consist of professional fees mainly due debt renegotiation, prospectuses related fees and one-time fee related to a put-option agreement put in place in July 2022 which expired in July 2025.

2) IFRS "Gross margin" to Non-IFRS "Adjusted Gross margin"

	Q4-2025 $	Q4-2024 $	FY 2025 $	FY 2024 $
Revenues from customers	**31,159,203**	37,717,688	**126,363,218**	128,600,936
Cost of sales	**23,451,384**	28,811,991	**98,183,546**	101,486,565
Adjusted gross margin	**7,707,819**	8,905,697	**28,179,672**	27,114,371
Depreciation (production)	**1,801,653**	1,657,615	**6,817,138**	6,362,339
Gross margin	**5,906,166**	7,248,082	**21,362,534**	20,752,032

The following tables provide a reconciliation of IFRS "Loss" to Non-IFRS "Adjusted EBITDA" and of IFRS "Gross margin" to Non-IFRS "Adjusted Gross margin" for the three-month periods ended June 30, 2025 (Q4-2025), March 31, 2025 (Q3-2025), December 31, 2024 (Q2-2025) and September 30, 2024 (Q1-2025).

1) IFRS "Loss" to Non-IFRS "Adjusted EBITDA"

	Q4-2025 $	Q3-2025 $	Q2-2025 $	Q1-2025 $
Loss	**(2,295,472)**	**(1,747,714)**	(2,894,922)	(2,719,012)
Current and deferred income tax expense (recovery)	**74,950**	**(638,838)**	400,155	474,614
Net interest expenses	**131,397**	**138,462**	118,181	38,842
Foreign exchange	**(247,986)**	**433,114**	201,920	30,082
Share-based compensation expenses	**251,878**	**299,769**	366,182	517,536
Non-operational items [(1)]	**1,600,000**	**115,000**	115,000	40,000
Depreciation and amortization	**2,960,612**	**2,820,762**	2,795,534	2,742,237
Adjusted EBITDA	**2,475,379**	**1,420,555**	1,102,050	1,124,299
- From Advanced Materials, Plastics and Composite Products	**2,697,655**	**1,318,149**	1,319,926	1,512,104
- From Battery Cells and Materials	**(222,276)**	**102,406**	(217,876)	(387,805)

[(1)] Non-operational items consist of professional fees mainly due debt renegotiation, prospectuses related and one-time fee related to a put-option agreement put in place in July 2022 which expired in July 2025.

2) IFRS "Gross margin" to Non-IFRS "Adjusted Gross margin"

	Q4-2025 $	Q3-2025 $	Q2-2025 $	Q1-2025 $
Revenues from customers	**31,159,203**	29,239,999	32,636,947	33,327,069
Cost of sales	**23,451,384**	22,677,052	25,685,206	26,369,904
Adjusted gross margin	**7,707,819**	6,562,947	6,951,741	6,957,165
Depreciation (production)	**1,801,653**	1,750,221	1,645,083	1,620,181
Gross margin	**5,906,166**	4,812,726	5,306,658	5,336,984

RESULTS OF OPERATIONS VARIANCE ANALYSIS – THREE-MONTH PERIODS

Revenues

	Q4-2025	Q4-2024	Variation		Q3-2025	Variation	
	$	$	$	%	$	$	%
Revenues from customers	**31,159,203**	37,717,688	(6,558,485)	(17%)	**29,239,999**	1,919,204	7%
Other income	**526,720**	407,878	118,842	29%	**1,206,166**	(679,446)	(56%)
Total revenues	**31,685,923**	38,125,566	(6,439,643)	(17%)	**30,446,165**	1,239,758	4%

All revenues come from the Advanced Materials, Plastics and Composite Products segment, except for $83,604 and $24,028 respectively of revenues from customers and other income [2024 – nil and nil] from the Battery Cells and Materials segment.

Revenues from customers increased from $29,239,999 in Q3-2025 to $31,159,203 in Q4-2025. This increase is mainly due to higher tooling revenues.

Revenues from customers decreased from $37,717,688 in Q4-2024 to $31,159,203 in Q4-2025. This decrease is mainly due to lower volume partially offset by higher tooling revenues.

Other income increased from $407,878 in Q4-2024 to $526,720 in Q4-2025. Other income amounted to $1,206,166 in Q3-2025. The variation is due to grants and refundable tax credits received for Research & Development ("R&D") programs.

Adjusted EBITDA

1) From Advanced Materials, Plastics and Composite Products

The adjusted EBITDA decreased from $3,329,793 in Q4-2024 to $2,697,655 in Q4-2025. The variation is explained as follows:

- Adjusted gross margin on revenues from customers decreased by $1,264,711 compared to last year due to lower volume partially offset by higher margins on tooling contract close-out, improved productivity and cost control;
- Partially offset by lower Selling, General & Administration ("SG&A") and Research & Development ("R&D") expenses by $727,539 mainly due to lower variable compensation accrual (excluding Non-operational items of $1,600,000).

2) From Battery Cells and Materials

The adjusted EBITDA loss decreased from $841,489 in Q4-2024 to $222,276 in Q4-2025. The variation is explained by the decrease of SG&A and R&D expenses of $528,355 and higher revenues from customers and other income of $107,632.

Loss

The loss decreased from $2,421,110 in Q4-2024 to $2,295,472 in Q4-2025. The variation is mainly explained as follows:

- Current and deferred income tax expenses of $74,950 this year compared to $1,220,221 last year;
- Lower share-based compensation expenses of $246,777;
- Foreign exchange gain of $247,986 this year compared to a loss of $111,928 last year;
- Partially offset by:
  - Lower adjusted gross margin of $1,197,878;
  - Higher SG&A and R&D expenses of $344,106;
  - Lower interest revenue by $171,392.

Foreign exchange

	Q4-2025 $	Q4-2024 $	Variation $	 %	Q3-2025 $	Variation $	 %
Foreign exchange from operations	**1,673,748**	(30,554)	1,704,302	(5,578%)	**755,572**	918,176	(122%)
Foreign exchange on derivative contracts	**(1,921,734)**	142,482	(2,064,216)	1,449%	**(322,458)**	(1,599,276)	496%
Total foreign exchange	**(247,986)**	111,928	(359,914)	322%	**433,114**	(681,100)	157%

The Corporation had a negative impact on foreign exchange from operations of $1,673,748 in Q4-2025 compared to a positive impact of $30,554 in Q4-2024 and a negative impact of $755,572 in Q3-2025. This is due to fluctuation of the US rate at the end of each quarter.

The foreign exchange on derivative contracts is a non-realized gain of $1,921,734 in Q4-2025 compared to a non-realized loss $142,482 in Q4-2024 and a non-realized gain of $322,458 in Q3-2025. The variation is due to the fluctuation of the US rate between the quarters and the level of coverage.

RESULTS OF OPERATIONS VARIANCE ANALYSIS – FOR THE YEARS

Revenues

	FY 2025 $	FY 2024 $	Variation $	 %
Revenues from customers	**126,363,218**	128,600,936	(2,237,718)	(2%)
Other income	**2,555,170**	1,391,432	1,163,738	84%
Total revenues	**128,918,388**	129,992,368	(1,073,980)	(1%)

All revenues come from the Advanced Materials, Plastics and Composite Products segment, except for $83,604 and $590,936 respectively of revenues from customers and other income [2024 – nil and $27,743] from the Battery Cells and Materials segment.

Revenues from customers decreased from $128,600,936 last year to $126,363,218 this year. This decrease is mainly due to lower volume partially offset by higher tooling revenues.

Other income increased from $1,391,432 last year to $2,555,170 this year. The variation is due to grants and refundable tax credits received for R&D programs.

Adjusted EBITDA

1) From Advanced Materials, Plastics and Composite Products

The adjusted EBITDA improved from $5,176,437 last year to $6,847,826 this year. The variation is explained as follows:

- Adjusted gross margin on revenues from customers increased by $981,697 compared to last year due to improved productivity, favourable US dollar and cost control;
- Higher other income of $600,545 as described above.

2) From Battery Cells and Materials

The adjusted EBITDA loss decreased from $2,657,303 last year to $725,543 this year. The variation is explained by the decrease of SG&A and R&D expenses of $1,284,963 and higher revenues from customers and other income of $646,797.

Loss

The loss decreased from $11,665,006 last year to $9,657,120 this year. The variation is mainly explained as follows:

- An increase in adjusted gross margin of $981,697 as explained above;
- Current and deferred income tax expense of $310,881 this year compared to $966,577 last year;
- Higher other income of $1,163,738 as explained above;
- Partially offset by:
  - Higher depreciation and amortization of $308,845 due mainly to added property, plant and equipment;
  - Foreign exchange loss of $417,130 this year compared to $287,302 last year;
  - Interest revenue lower by $535,096.

Foreign exchange

	FY 2025	FY 2024	Variation	
	$	$	$	%
Foreign exchange from operations	**1,017,078**	(130,442)	1,147,520	(880%)
Foreign exchange on derivative contracts	**(599,948)**	417,744	(1,017,692)	244%
Total foreign exchange	**417,130**	287,302	129,828	(45%)

The Corporation had a negative impact on foreign exchange from operations of $1,017,078 this year compared to a positive impact of $130,442 last year. This is due to fluctuation of the US rate at the end of each quarter.

The foreign exchange on derivative contracts is a non-realized gain of $599,948 this year compared to a non-realized loss $417,744 last year. The variation is due to the fluctuation of the US rate between the quarters and the level of coverage.

SUMMARY OF QUARTERLY RESULT

The table below presents selected financial data for the eight most recently reported quarters. This unaudited quarterly information has been prepared in accordance with IFRS except for "Adjusted EBITDA" which is a non-IFRS measure and a reconciliation can be found in the "Overall Results" section.

		Revenues	Adjusted EBITDA	Loss	Basic and diluted loss per share	
		$	$	$	$	
Q4-2025	June 30, 2025	31,685,923	2,475,379	(2,295,472)	(0.01)	**Note 1**
Q3-2025	March 31, 2025	30,446,165	1,420,555	(1,747,714)	(0.01)	**Note 2**
Q2-2025	December 31, 2024	33,120,886	1,102,050	(2,894,922)	(0.02)	
Q1-2025	September 30, 2024	33,665,414	1,124,299	(2,719,012)	(0.02)	**Note 3**
Q4-2024	June 30, 2024	38,125,566	2,488,304	(2,421,110)	(0.01)	**Note 4**
Q3-2024	March 31, 2024	33,867,747	571,968	(3,089,430)	(0.02)	**Note 5**
Q2-2024	December 31, 2023	29,063,024	(92,806)	(2,428,388)	(0.01)	**Note 6**
Q1-2024	September 30, 2023	28,936,031	(448,332)	(3,726,078)	(0.02)	

Note 1 The revenues were higher due to higher tooling revenues. Adjusted EBITDA was higher due to higher tooling revenues and adjusted gross margin. Loss was higher due to non operational items.

Note 2 The revenues were lower due to lower tooling revenues, offset by higher Other income. Adjusted EBITDA was higher due to higher Other income, offset by lower margin. Loss was lower mainly due higher Adjusted EBITDA and net income tax recovery.

Note 3 The revenues and Adjusted EBITDA were lower due to lower volume. Loss is higher mainly due to lower revenues.

Note 4 The revenues and Adjusted EBITDA were higher due to higher volume. Loss is lower mainly due to higher gross margin on revenues from customers.

Note 5 The revenues and Adjusted EBITDA were higher due to higher tooling revenues. Loss is higher mainly due to higher share-based compensation and negative impact of foreign exchange on derivative contracts.

Note 6 Adjusted EBITDA loss is lower mainly due to improved productivity and cost control. Loss is lower mainly due to a positive impact of foreign exchange on derivative contracts.

4. FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

CONSOLIDATED FINANCIAL POSITION

	2025 $	2024 $	Variation $	Main reasons for significant variation
Assets				
Cash and cash equivalents	**18,587,960**	26,504,880	(7,916,920)	Refer to section Cash Flows
Accounts receivable and Contract asset	**20,799,450**	24,955,170	(4,155,720)	Mainly due to lower activity and timing of cash receipts
Inventory	**16,718,702**	17,034,659	(315,957)	
Right-of-use assets	**6,130,403**	7,652,182	(1,521,779)	Mainly due to depreciation
Property, plant and equipment, and equipment deposits	**70,072,367**	64,150,151	5,922,216	Mainly due to higher equipment related to 5-year strategic plan
Intangible assets	**11,959,491**	13,254,401	(1,294,910)	Mainly due to amortization
Goodwill	**1,919,673**	1,919,673	—	
Other assets	**5,013,832**	4,221,882	791,950	Mainly due to higher Prepaid expenses and higher Deferred taxes assets
Total assets	**151,201,878**	159,692,998	(8,491,120)	
Liabilities and Shareholders' Equity				
Liabilities				
Accounts payable, accrued liabilities and income taxes payable	**21,460,473**	22,983,515	(1,523,042)	Mainly due to timing in cash payment
Contract liability	**1,890,709**	2,978,374	(1,087,665)	Timing in tooling projects
Operating loans	**857,750**	1,522,700	(664,950)	Refer to section Cash Flows
Defined benefit liabilities	**941,466**	539,598	401,868	
Lease liability	**17,448,582**	12,967,373	4,481,209	Mainly due to an addition of lease liability offset by lease payment
Long-term debt	**4,312,924**	6,346,503	(2,033,579)	Mainly due to debt repayment
Deferred taxes liabilities	**4,934,852**	4,705,063	229,789	
Total liabilities	**51,846,756**	52,043,126	(196,370)	
Shareholders' Equity				
Share capital	**182,683,203**	182,683,203	—	
Reserve	**7,290,752**	5,855,387	1,435,365	
Foreign currency translation reserve	**95,323**	(162,900)	258,223	
Deficit	**(90,714,156)**	(80,725,818)	(9,988,338)	
Total shareholders' equity	**99,355,122**	107,649,872	(8,294,750)	
Total liabilities and shareholders' equity	**151,201,878**	159,692,998	(8,491,120)	

CASH FLOWS

	2025 $	2024 $	Variation $	%
Cash flows generated by operating activities prior to changes in non-cash working capital items	**2,878,763**	2,488,730	390,033	16%
Changes in non-cash working capital items	**3,073,554**	1,933,038	1,140,516	59%
Operating activities	**5,952,317**	4,421,768	1,530,549	35%
Financing activities	**(1,940,430)**	(3,498,341)	1,557,911	45%
Investing activities	**(12,025,281)**	(10,648,231)	(1,377,050)	(13%)
Net effect of currency exchange rate on cash and cash equivalents	**96,474**	19,189	77,285	(403%)
Net change in cash and cash equivalents	**(7,916,920)**	(9,705,615)	1,788,695	18%

Operating activities

Cash flows generated in operating activities prior to changes in non-cash working capital items were $2,878,763 this year compared to $2,488,730 last year.

Changes in non-cash working capital items amounted to $3,073,554 this year, which is explained as follows:

- A decrease in accounts receivable of $4,340,569 mainly due to lower activity and timing of cash receipts;
- A decrease in inventory of $478,180 mainly due to lower activity;
- An increase of income taxes payable of $850,251;
- Partially offset by:
  - A decrease in accounts payable and accrued liabilities of $1,616,154 mainly due to lower activity and timing of vendor payments;
  - A decrease in contract liability of $1,087,565 due to timing of revenue recognition in tooling projects.

Financing activities

Cash flows used in financing activities were $1,940,430 this year compared to $3,498,341 last year. This year, repayments of $6,617,692 were completed on long-term debt and lease liability and repayment of $857,750 on operating loans. This was offset by Property, plant and equipment financed through the leasing facility of $5,535,012.

Last year, repayments of $9,643,463 were completed on long-term debt and lease liability. This was offset by stock options exercised for proceeds of $1,672,800 and an issuance of long-term debt of $4,472,322 under the new credit facility.

Investing activities

Cash flows used in investing activities were $12,025,281 this year compared to $10,648,231 last year. This year, the Corporation paid $14,311,045 for capital expenditures and equipment deposits, mainly related to additions of composite equipment, offset by an equipment disposal which has been subsequently lease back of $2,285,764.

Last year, the Corporation paid $9,775,449 for capital expenditures and equipment deposits, mainly related to additions of composite equipment and paid $1,000,000 for the last payment of the balance of purchase price related to the acquisition of Canuck.

LIQUIDITY AND CAPITAL RESOURCES

The Advanced Materials, Plastics and Composites Products segment has generated revenues, the graphene commercial activity is still in the commercial introduction stage and, as a result, the Corporation could be dependent on external financing to fund its continued development program, if the commercial introduction of the graphene is delayed. However, regarding the Battery Cells and Materials segment, the Corporation is dependent on external financing before it can build the production facility and commercialize its products. The Corporation's main sources of funding have been the issuance of equity securities for cash, debt, cash flow from operations and funds from the government of Quebec with respect to R&D tax credits and other programs.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

The following table identifies the timing of undiscounted contractual obligations due as of June 30, 2025:

	Contractual obligations				
	1 year	2-3 years	4-5 years	Later than 5 years	Total
	$	$	$	$	$
Operating loans	857,750	–	–	–	**857,750**
Trade payables and accrued liabilities	16,439,547	–	–	–	**16,439,547**
Lease liability	4,361,543	7,697,669	5,214,918	3,308,574	**20,582,704**
Long-term debt	2,268,964	2,263,041	–	–	**4,532,005**
Equipment purchase commitment	2,633,137	–	–	–	**2,633,137**
Total	**26,560,941**	**9,960,710**	**5,214,918**	**3,308,574**	**45,045,143**

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.

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.

Management believes that the Corporation will be able to meet its obligations with cash on hand, cash flows from operations and drawdowns under existing credit facilities.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

For a detailed description of the financial instruments and risk management associated with the Corporation and its activities, please refer to the consolidated financial statements for the years ended June 30, 2025 and 2024. These identified financial instruments and risks are consistent through the periods.

OUTSTANDING SHARES

As at September 15, 2025, the Corporation has:

- 170,608,431 common shares issued and outstanding;
- 2,962,800 options outstanding with expiry dates ranging between October 14, 2025 and January 29, 2034 with exercise prices between $1.93 and $5.27. If all the options were exercised, 2,962,800 shares would be issued for cash proceeds of $8,123,750.

5. RELATED PARTY TRANSACTIONS

For a detailed description of all related party transactions, please refer to the note 15 “Related party transactions” in the consolidated financial statements for the years ended June 30, 2025 and 2024.

6. RISKS AND UNCERTAINTIES

The following risk factors, as well as other information contained in this MD&A, should be considered carefully. The operations of the Corporation are speculative due to the high-risk nature of its business, which relates to acquisitions, financing, technology and manufacturing. These risk factors could materially affect the Corporation's future operating results and could cause actual events to differ materially from those described in forward–looking information relating to the Corporation. The risks apply to each segment.

GLOBAL ECONOMIC ISSUES

Current global economic conditions, which have been subject to increased volatility, may impact the Corporation's access to public financing and its ability to obtain equity or debt financing on favourable terms. The Corporation operates in a volatile economic environment. As a result, if unemployment, interest or inflation rates fluctuate substantially or increase to significant levels, they could have an impact on the Corporation's operating activities, financial position and profitability. In addition, the Corporation is exposed to market risk related to the current global inflationary situation, as the various environmental, social, political, economic and health factors had significant consequences on the world economy. In order to reduce inflation, several central banks are now tightening their monetary policies, which has an impact on interest rates, foreign currency exchange rates and economic development. The risks of recession in one or several of the countries where the Corporation operates are growing and could have an adverse impact on the Corporation's net earnings, financial position or cash flows.

LONG AND COMPLEX GRAPHENE SALES CYCLE

It has been the experience of the Corporation that the average sales cycle for its graphene powder and graphene enhanced products can range from one to multiple years from the time a customer begins testing the Corporation's product until the time that they could be used in a commercial product. The product introduction timing will vary based on the target market. The sales and development cycles for the Corporation's products are subject to customer budgetary constraints, internal acceptance procedures, competitive product assessments, scientific and development resource allocations, and other factors beyond the Corporation's control. If the Corporation is not able to successfully accommodate these factors to enable customer development success, the Corporation may be unable to achieve sufficient sales to reach profitability. Failure to achieve profitability may have a material adverse effect on the Corporation's operating results.

Graphene Sales cycle is long and complex. Several milestones have to be reached in order to see a widespread adoption of graphene in several markets.

- **Availability of Supply:** The first step is to demonstrate that the technology has reached a level of maturity that a consistent and reliable supply of graphene is available in an industrial setting and at a cost that is acceptable.
- **Graphene certification as a substance:** Any new material requires to be certified in order to be produced and shipped cross borders. Each jurisdiction has its own requirement, U.S. Environmental Protection Agency ("EPA"), Environmental Canada, and Europe REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) are examples of these entities which aim to provide a high level of protection of human health and the environment from the use of chemicals/substance.
- **Product validation:** This includes technical performance, financial validation, sustainability and life-time analysis, processability and logistic, and more. Different players in the supply chain are involved in validating the performance of graphene. OEMs, molders, and formulators are all involved in these steps, making it a long and unpredictable process.
- **Product level certification:** Majority of products and applications are certified through ASTM or ISO certifications. For instance, for a new additive to be used in plastic pipes, corresponding ASTM and ISO certifications have to be modified.

PRODUCT DEVELOPMENT AND TECHNOLOGICAL CHANGE

As there is limited sustained history of successful use of the Corporation's graphene powder and graphene enhanced products in commercial applications, there is no assurance that broad successful commercial applications may be technically feasible. Most, if not all, of the scientific and engineering data related to the Corporation's products has been generated by the Corporation's own laboratories or laboratory environments at our customers or third-parties, like universities and national laboratories. It is well known that laboratory data is not always representative in commercial applications.

Additionally, the industries in which the Corporation operates are characterized by rapid technological change and frequent new product introductions. Part of the Corporation's business strategy is to monitor such change and take steps to remain technologically current, but there is no assurance that such strategy will be successful. If the Corporation is not able to adapt to new advances in materials sciences, or if unforeseen technologies or materials emerge that are not compatible with the Corporation's products and services or that could replace its products and services, the Corporation's revenues and business would likely be adversely affected.

MARKET DEVELOPMENT AND SUSTAINED GROWTH

Failure to further develop the Corporation's key markets and existing geographic markets or to successfully expand its business into new markets could have an adverse impact on sales growth and operating results. The Corporation's ability to further penetrate its key markets and the existing geographic markets in which it competes, and successfully expand its business into other countries, is subject to numerous factors, many of which are beyond its control. There can be no assurance that efforts to increase market penetration in the Corporation's key markets and existing geographic markets will be successful. Failure to achieve these goals may have a material adverse effect on the Corporation's operating results.

LIQUIDITY CONCERNS AND FUTURE FINANCING

The Corporation is ultimately dependent on the commercial sales of graphene powder. and graphene enhanced products, including batteries. Any delay in the sales of such products could require additional financing. There can be no assurance that the Corporation will be successful in obtaining the required financing as and when needed. Volatile markets may make it difficult or impossible for the Corporation to obtain debt financing or equity financing on favorable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Corporation to postpone or slow down its development plans or reduce or terminate some or all of its activities.

LAWS AND REGULATIONS, LICENSES AND PERMITS

Legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non compliance are also increasingly stringent. A significant change in the legal and regulatory environment in which the Corporation currently carries on business could adversely affect the Corporation's operations. In particular, large volume production of graphene requires permits and approvals from various government authorities, and is subject to extensive federal, provincial, state, and local laws and regulations governing development, production, exports, taxes, labour standards, occupational health and safety, environment and other matters. As graphene is a new chemical substance, production and sale of graphene may be subject to specific occupational health and safety and environment regulatory approvals in different jurisdictions including, without limitations, under the *Canadian Environmental Protection Act* (Canada), the *Food and Drug Act* (Canada), the *Toxic Substances Control Act* (USA), the *Food Drug and Cosmetic Act* (USA) and the *Registration, Evaluation, Authorization and Restriction of Chemicals* (Europe). Such laws and regulations are subject to change, can become more stringent, and compliance can be costly. there can be no guarantee that the Corporation will be able to maintain or obtain all necessary licences, permits and approvals that may be required to produce or sell graphene, and such failures could have a material adverse effect on the Corporation.

INTELLECTUAL PROPERTY

The Corporation relies on the patent, trade secret and other intellectual property laws of Canada, the United States and the other countries where it does business to protect its intellectual property rights. The Corporation may be unable to prevent third parties from using its intellectual property without its authorization. The unauthorized use of the Corporation's intellectual property could reduce any competitive advantage that it has developed, reduce its market share or otherwise harm its business. In the event of unauthorized use of the Corporation's intellectual property, litigation to protect and enforce the Corporation's rights could be costly, and the Corporation may not prevail.

Many of the Corporation's technologies are not covered by any patent or patent application, and the Corporation's issued and pending Canadian, United States and other countries' patents may not provide the Corporation with any competitive advantage and could be challenged by third parties. The Corporation's inability to secure issuance of pending patent applications may limit its ability to protect the intellectual property rights these pending patent applications were intended to cover. The Corporation's competitors may attempt to design around its patents to avoid liability for infringement and, if successful, could adversely affect the Corporation's market share. Furthermore, the expiration of the Corporation's patents may lead to increased competition.

In addition, effective patents, trade secrets and other intellectual property protection may be unavailable or limited in some foreign countries. In some countries, the Corporation does not apply for patent or other intellectual property protection. The Corporation also relies on unpatented technological innovation and other trade secrets to develop and maintain its competitive position. Although the Corporation generally enters into confidentiality agreements with its employees and third parties to protect its intellectual property, these confidentiality agreements are limited in duration, could be breached and may not provide meaningful protection of its trade secrets. Adequate remedies may not be available if there is an unauthorized use or disclosure of the Corporation's trade secrets and manufacturing expertise. In addition, others may obtain knowledge about the Corporation's trade secrets through independent development or by legal means. The failure to protect the Corporation's processes, technology, trade secrets and proprietary manufacturing expertise, methods and compounds could have a material adverse effect on its business by jeopardizing critical intellectual property.

Where a product formulation or process is kept as a trade secret, third parties may independently develop or invent and patent products or processes identical to such trade secret products or processes. This could have a material adverse effect on the Corporation's ability to make and sell products or use such processes and could potentially result in costly litigation in which the Corporation might not prevail.

The Corporation could face intellectual property infringement claims that could result in significant legal costs and damages and impede its ability to produce key products, which could have a material adverse effect on its business, financial condition, and results of operations.

DEPENDENCE ON MANAGEMENT AND KEY PERSONNEL

The Corporation is dependent on the services of key executives, including a small number of highly skilled and experienced executives and personnel. The Corporation's development to date has largely depended, and in the future will continue to depend, on the efforts of key management and other key personnel to develop its projects. Loss of any of these people, particularly to competitors, in the short term, could have a material adverse impact upon the Corporation's business.

QUALIFIED EMPLOYEES

Recruiting and retaining qualified personnel is critical to the Corporation's success. Especially if it relates to its graphene operations, finding skilled scientists and a sales team familiar with the subject matter is difficult. As the Corporation grows further, the need for skilled labour will increase. The number of persons skilled in the high-tech manufacturing business is limited and competition for this workforce is intense. This may adversely affect the business of the Corporation if it is unable to recruit and retain qualified personnel as and when required.

COMPETITION

The Corporation competes with other graphene and manufacturing companies, in highly competitive markets. Some of the Corporation's competitors have substantially greater financial, marketing and other resources and higher market share that the Corporation has in certain products or geographic areas. As the markets for the Corporation's products and other services expand, additional competition may emerge and competitors may commit more resources to products which directly compete with the Corporation's products. There can be no assurance that the Corporation will be able to compete successfully with existing competitors or that its business will not be adversely affected by increased competition or by new competitors.

CYBERSECURITY THREATS

The reliability and security of the Corporation's information technology ("IT") systems is important to the Corporation's business and operations. Although the Corporation has established and continues to enhance security controls intended to protect the Corporation's IT systems and infrastructure, there is no guarantee that such security measures will be effective in preventing unauthorized physical access or cyberattacks. A significant breach of the Corporation's IT systems could, among other things, cause disruptions in the Corporation's manufacturing operations (such as operational delays from production downtime, inability to manage the supply chain or produce product for customers, disruptions in inventory management), lead to the loss, destruction, corruption or inappropriate use of sensitive data, including employee information or intellectual property, result in lost revenues due to theft of funds or due to a disruption of activities, including remediation costs, or from litigation, fines and liability or higher insurance premiums, the costs of maintaining security and effective IT systems, which could negatively affect results of operations and the potential adverse impact of changing laws and regulations related to cybersecurity or result in theft of the Corporation's, its customers' or suppliers' intellectual property or confidential information. If any of the foregoing events (or other events related to cybersecurity) occurs, the Corporation may be subject to a number of consequences, including reputational damage, a diminished competitive advantage and negative impacts on future opportunities which could have a material adverse effect on the Corporation.

SHARE PRICE FLUCTUATIONS

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Corporation's share price will not occur. In particular, the fluctuations may be exaggerated if the trading volume of the Common Shares of the Corporation is low.

COST ABSORPTION AND PURCHASE ORDERS

Especially as it relates to its activities in the transportation industry, and given the current trends in that industry, the Corporation is under continuing pressure to absorb costs related to product design and development, engineering, program management, prototypes and validation. In particular, OEMs are requesting that suppliers pay for the above costs and recover these costs through the piece price of the applicable component. Contract volumes for customer programs not yet in production are based on the Corporation's customers' estimates of their own future production levels. However, actual production volumes may vary significantly from these estimates due to a reduction in consumer demand or new product launch delays, often without any compensation to the supplier by its OEM customer. Typical purchase orders issued by customers do not require that they purchase a minimum number of the Corporation's products. For programs currently under production, the Corporation is generally unable to request price changes when volumes differ significantly from production estimates used during the quotation stage. If estimated production volumes are not achieved, the product development, design, engineering, prototype and validation costs incurred by the Corporation may not be fully recovered. Similarly, future pricing pressure or volume reductions by the Corporation's customers may also reduce the amount of amortized costs otherwise recoverable in the piece price of the Corporation's products. Either of these factors could have an adverse effect on the Corporation's profitability. While it is generally the case that once the Corporation receives a purchase order for products of a particular vehicle program it would continue to supply those products until the end of such program, customers could cease to source their production requirements from the Corporation for a variety of reasons, including the Corporation's refusal to accept demands for price reductions or other concessions.

ACQUISITIONS

The Corporation has acquired and could continue to acquire complementary businesses, assets, technologies, services or products, at competitive prices. The Corporation could continue to pursue acquisitions in those product areas which were identified as key to the Corporation's long-term business strategy. However, as a result of intense competition in these strategic areas, the Corporation may not be able to acquire the targets needed to achieve its strategic objectives. The completion of such transactions poses additional risks to the Corporation's business. Acquisitions are subject to a range of inherent risks, including the assumption of incremental regulatory/compliance, pricing, supply chain, commodities, labor relations, litigation, environmental, pensions, warranty, recall, IT, tax or other risks. Although the Corporation seeks to conduct appropriate levels of due diligence on acquisition targets, these efforts may not always prove to be sufficient in identifying all risks and liabilities related to the acquisition, including as a result of: limited access to information; time constraints for conducting due diligence; inability to access target Corporation facilities and/or personnel; or other limitations in the due diligence process. Additionally, the Corporation may identify risks and liabilities that cannot be sufficiently mitigated through appropriate contractual or other protections. The realization of any such risks could have a material adverse effect on the Corporation's operations or profitability. The benefit to the Corporation of previous and future acquisitions is highly dependent on the Corporation's ability to integrate the acquired businesses and their technologies, employees and products into the Corporation, and the Corporation may incur costs associated with integrating and rationalizing the facilities (some of which may need to be closed in the future). The Corporation cannot be certain that it will successfully integrate acquired businesses or that acquisitions will ultimately benefit the Corporation. Any failure to successfully integrate businesses or failure of the businesses to benefit the Corporation could have a material adverse effect on its business and results of operations. Such transactions may also result in additional dilution to the Corporation's shareholders or increased debt. Such transactions may involve partners, and the formula for determining contractual sale provisions may be subject to a variety of factors that may not be easily quantified or estimated until the time of sale (such as market conditions and determining fair market value).

LAUNCH AND OPERATIONAL COSTS

The launch of new business, in an existing or new facility, is a complex process, the success of which depends on a wide range of factors, including the production readiness of the Corporation and its suppliers, as well as factors related to tooling, equipment, employees, initial product quality and other factors. A failure to successfully launch material new or takeover business could have an adverse effect on profitability. Significant launch costs were incurred by the Corporation in recent years. The Corporation's manufacturing processes are vulnerable to operational problems that can impair its ability to manufacture its products in a timely manner, or which may not be performing at expected levels of profitability. The Corporation's facilities contain complex and sophisticated equipment that are used in its manufacturing processes. The Corporation has in the past experienced equipment failures and could experience equipment failure in the future due to wear and tear, design error or operator error, among other things, which could have an adverse effect on profitability. From time to time, the Corporation may have some operating divisions which are not performing at expected levels of profitability. Significant underperformance of one or more operating divisions could have a material adverse effect on the Corporation's profitability and operations.

CYCLICAL RISKS

A portion of the business of the Corporation is cyclical, especially as it relates to its activities in the transportation industry. It is dependent on, among other factors, general economic conditions in North America and elsewhere. Future sales and production volumes are anticipated to be relatively flat or stable in North America over the next several years, but volume levels are uncertain, and volume levels can decrease at any time. There can be no assurance that North American truck production overall or specific platforms will not decline in the future or that the Corporation will be able to utilize any existing unused capacity or any additional capacity it adds in the future. A continued or a substantial additional decline in the production of trucks overall or by customer or by customer platform may have a material adverse effect on the Corporation's financial condition and results of operations and ability to meet existing financial covenants.

North America is a key truck producing region for the Corporation and operating results are dependent on truck production in this region by our customers. Due to the nature of the Corporation's business, it is dependent upon several large customers such that cancellation of a significant order by any of these customers, the loss of any such customers for any reason or the insolvency of any such customers, reduced sales of truck platforms of such customers, or shift in market share on trucks on which we have significant content, or any significant or sustained decline in truck production volumes in North America, could significantly reduce the Corporation's ongoing revenue and/or profitability, and could materially and adversely affect the Corporation's financial condition. Although the Corporation continues to diversify its business, there is no assurance that it will be successful.

PRODUCT WARRANTY, RECALL AND LIABILITY RISK

Especially as it relates to the Corporation's composites parts manufacturing operations, customers are increasingly requesting that each of their suppliers bear costs of the repair and replacement of defective products which are either covered under a manufacturer's warranty or are the subject of a recall by the manufacturer and which were improperly designed, manufactured or assembled by their suppliers. The obligation to repair or replace such parts, or a requirement to participate in a product recall, could have a material adverse effect on the Corporation's operations and financial condition.

MATERIAL AND COMMODITY PRICES

Prices for key raw materials and commodities used in composite parts and graphene production, particularly graphite, polyester resin, glass fiber and other raw materials, as well as energy prices, have proven to be volatile at certain times. To the extent that the Corporation is unable to fully mitigate its exposure to price change of key raw materials and commodities, particularly through engineering products with reduced content, by passing price increases to customers, or otherwise, such additional costs could have a material adverse effect on profitability. Increased energy prices could also have an impact on production or transportation costs which in turn could affect competitiveness.

QUOTE/PRICING ASSUMPTIONS

Especially as it relates to the Corporation's composites parts manufacturing operations, the time between award of new production business and start of production typically ranges between one to three years. Since product pricing is typically determined at the time of award, the Corporation is subject to significant pricing risk due to changes in input costs and quote assumptions between the time of award and start of production. The inability to quote effectively, or the occurrence of a material change in input cost or other quote assumptions between program award and production, could have an adverse effect on the Corporation's profitability.

UNINSURED RISKS

The Corporation maintains insurance to cover normal business risks. In the course of its manufacturing businesses, certain risks and, in particular, unexpected or unusual catastrophic events including explosions and fire may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Common Shares of the Corporation.

FOREIGN EXCHANGE

The Corporation operates internationally and is exposed to foreign exchange risk mainly related to expenses and sales in currencies other than the respective functional currencies of the Corporation, primarily with respect to the US dollar. Management has set up a policy that requires the Corporation to manage its currency risk and imposes strict limits on the maximum exposures that can be entered into. Sales denominated in US dollars accounted for around 57% of the Corporation's total sales for the year ended June 30, 2025. Consequently, the Canadian dollar trends in relation to the US dollar add an element of risk and uncertainty for the Corporation. These risks are partially offset by the raw material purchases denominated in US dollars. The Corporation's policy is not to use derivative financial instruments for trading or speculative purposes but only for hedging some risk related to the US dollar. The Corporation sets up credit facilities allowing it to enter into forward foreign or option 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.

LITIGATION

The Corporation has entered into legally binding agreements with various third parties, including supply, distribution, non-disclosure, consulting and partnership agreements. The interpretation of the rights and obligations that arise from such agreements is open to interpretation and the Corporation may disagree with the position taken by the various other parties resulting in a dispute that could potentially initiate litigation and cause the Corporation to incur legal costs in the future. Given the speculative and unpredictable nature of litigation, the outcome of any such disputes could have a material adverse effect on the Corporation's business.

LITHIUM-ION BATTERY CELLS, WHICH HAVE BEEN OBSERVED TO CATCH FIRE OR VENT SMOKE AND FLAME

VoltaXplore Inc. will manufacture lithium-ion battery cells. On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells. Also, negative public perceptions regarding the suitability of lithium-ion cells for powersports applications, the social and environmental impacts of cobalt mining or any future incident involving lithium-ion cells, such as a vehicle or other fire could materially adversely affect VoltaXplore business, results of operations or financial condition. In addition, VoltaXplore stores a significant number of lithium-ion cells at its facility. Any mishandling of battery cells, or safety issue or fire related to the cells, may cause damage and disruption to the operation of VoltaXplore's current or future facilities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") CONSIDERATIONS

The Corporation could be subject to growing stakeholder expectations as it relates to ESG factors, including from investors, who are increasingly placing a greater emphasis on ESG factors when assessing investment options. Future investments made in the Corporation, or future partnerships or business relations made with the Corporation may depend on various ESG standards.

SUPPLY CHAIN DEPENDENCE AND DISRUPTION

The Corporation is dependent on third-party suppliers, and it expects to continue to rely on third parties to supply in the future. While the Corporation obtains raw material, parts and components from multiple sources whenever possible, some of the raw material, parts and components are purchased from a single source. The Corporation seeks to obtain its raw material, parts and components from multiple sources whenever possible, and to further mitigate supply chain risk the Corporation enters into long-term supply agreements with key manufacturers and suppliers where appropriate, While the Corporation believes that it may be able to establish alternate supply relationships and can obtain or potentially replacement components for some of its single source components, it may be unable to do so in the short-term or at all, or at prices, volumes or quality levels that are acceptable to it. The inability of any of the Corporation's suppliers to deliver necessary raw material parts and components, according to the Corporation's schedule and at prices, volumes or quality levels acceptable to the Corporation, the Corporation's inability to efficiently manage these parts and components, or the termination or interruption of any material supply arrangement could materially adversely affect the Corporation's business, results of operations or financial condition. Any disruption in the supply of raw material, parts and components, whether or not from a single source supplier, could temporarily disrupt manufacturing of the Corporation's products until an alternative supplier is able to supply the required material. Also, if any of the Corporation's suppliers become economically distressed or go bankrupt, the Corporation may be required to provide substantial financial support or take other measures to ensure supplies of components or materials, which could increase its costs, affect its liquidity or cause production disruptions, all of which could materially adversely affect the Corporation's business, results of operations or financial condition. Moreover, The Corporation's profitability is affected by significant fluctuations in the prices of the raw materials, parts and components it uses. The Corporation may not be able to pass along price increases in raw materials, parts or components to its clients. As a result, an increase in the cost of raw materials, parts and components used in the manufacturing of the Corporation's products could reduce its profitability and have a material adverse effect on its business, results of operations or financial condition.

CHANGES IN U.S. TRADE POLICIES OR REGULATIONS

Recent actions by the U.S. presidential administration have created increased uncertainty around trade policies, tariffs, and regulations affecting U.S. trade with other countries. Significant shifts, such as the possible renegotiation or termination of the Canada-United States-Mexico Agreement (CUSMA), the imposition of unilateral tariffs or other trade barriers on imports, or retaliatory measures by U.S. trading partners, could affect the availability and cost of materials, resources, services, and the pricing of our products for U.S. customers. These developments may reduce our competitiveness and impact our operating results.

The introduction or escalation of tariffs or trade disputes could disrupt our supply chain and hinder sales in affected markets, negatively affecting our operations and profitability. Furthermore, the rise of protectionist and anti-globalization policies in the U.S. and other countries may dampen long-term economic growth in our operating regions, which could in turn adversely affect our business, financial condition, and results of operations.

DEPENDENCE ON KEY CUSTOMERS

The Corporation's performance is closely tied to vehicle production by its customers in key automotive markets. Given the nature of its business, the Corporation relies on several major customers. A cancellation of a significant order, the loss of a key customer for any reason, the termination or discontinuation of a customer program without replacement, reduced vehicle production by those customers, a shift in market share away from platforms where the Corporation has substantial content, or the inability to expand its market share with existing customers could all significantly impact the Corporation's revenues and profitability. The loss of any one, or particularly several, of its top customers would likely have a material adverse effect on the Corporation's business and financial condition.

LEASE OBLIGATIONS

The Company leases many of its manufacturing facilities and certain capital equipment. Failure to meet these lease obligations could result in default, allowing landlords or lessors to take possession of key assets or evict the Company, potentially disrupting operations and harming the Company's financial condition. Additionally, lease terms may limit the Company's ability to restructure or downsize, such as by restricting subleasing or relocating facilities, which could lead to significant costs and operational challenges.

OTHER RISK FACTORS

Additional risks not currently known to the Corporation or that the Corporation currently deems immaterial may also impair the Corporation's operations.

7. ACCOUNTING POLICIES

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and judgments about the future. Management periodically reviews these estimates, which are based on historical experience, changes in the business environment and other factors, including expectations of future events, that management considers reasonable under the circumstances. The estimates involve judgments we make based on the information available. However, accounting estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Corporation based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market events or to circumstances beyond the Corporation's control. Such changes are reflected in the assumptions when they occur. This discussion addresses only those estimates that we consider important based on the degree of uncertainty and the likelihood of a material impact if we had used different estimates. There are many other areas in which we use estimates about uncertain matters.

For a detailed description of the critical accounting judgments and estimates associated with the Corporation and its activities, please refer to the section "Significant management estimates and judgments in applying accounting policies" in the note 2 in the consolidated financial statements for the years ended June 30, 2025 and 2024.

FUTURE CHANGES IN ACCOUNTING POLICIES

Certain standards and amendments to existing standards have been published, and their adoption is mandatory for future accounting periods. Refer to the note 3 in the consolidated financial statements for the years ended June 30, 2025 and 2024 for the details of these standards and amendments.

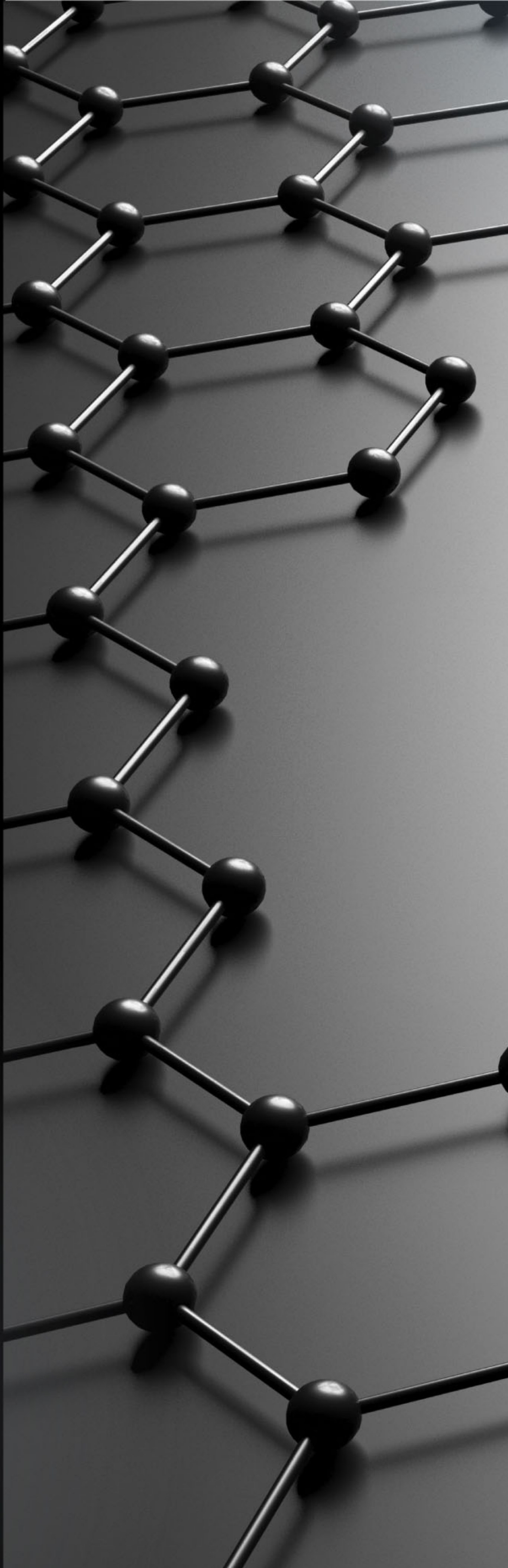
8. CONTROLS AND PROCEDURES

In accordance with National Instrument 52-109 of the Canadian Securities Authorities, the Corporation has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer that, among other things, attest to the design of the disclosure controls and procedures ("DC&P") and the design and effectiveness of internal controls over financial reporting.

An evaluation of the design and operating effectiveness of DC&P and ICFR was carried out under the supervision of the Chief Executive Officer and the Chief Financial Officer. This evaluation consisted of a review of documentation, audits and other procedures that management considered appropriate in the circumstances. Based on this evaluation and using the criteria set by the Committee of Sponsoring Organizations of the Treadway Commission on Internal Control – Integrated Framework (COSO-Framework 2013) and in connection with the preparation of its year-end financial statements, the two certifying officers concluded that the design of DC&P and ICFR were effective as at June 30, 2025.

No changes were made to the Corporation's internal controls over financial reporting during Q4-2025 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

Performance Through Carbon Chemistry



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