



NanoXplore Inc.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month periods ended September 30,
2025 and 2024



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

This Interim Management's discussion and analysis ("MD&A") provides a review of NanoXplore Inc.'s operations, performance and financial position for the three-month periods ended September 30, 2025 and 2024 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three-month periods ended September 30, 2025 and 2024. The purpose of this document is to provide information on our activities. The information contained herein is dated as of November 12, 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.

"Q1-2026" and "Q1-2025" refer to the three-month periods ended September 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 energy storage, industrial and defense 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 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. and of RMC Advanced Technologies Inc. [2024 – 100%].	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. [2024 – 100%]	Advanced Materials, Plastics and Composite Products
Canuck Compounds 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 energy storage, industrial and defense markets. There are no revenues from customers yet generated from this segment.

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 Q1-2026

- Total revenues of \$23,442,651 compared to \$33,665,414 last year, representing a 30% decrease;
- Adjusted gross margin⁽¹⁾ on revenues from customers of 17.3% compared to 20.9% last year;
- Loss of \$3,776,330 compared to \$2,719,012 last year;
- Adjusted EBITDA⁽²⁾ loss of \$1,390,101 compared to an adjusted EBITDA⁽²⁾ of \$1,124,299 last year;
- Adjusted EBITDA⁽²⁾ loss of \$1,318,758 compared to an adjusted EBITDA⁽²⁾ of \$1,512,104 last year for the Advanced Materials, Plastics and Composite Products segment;
- Adjusted EBITDA⁽²⁾ loss of \$71,343 compared to \$387,805 last year for the Battery Cells and Materials segment;
- Total liquidity of \$20,091,924 as at September 30, 2025, including cash and cash equivalents of \$10,091,924;
- Total long-term debt of \$6,967,018 as at September 30, 2025, higher by \$2,654,094 compared to June 30, 2025.

BUSINESS HIGHLIGHTS

During the three-month period ended September 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.

CEO Succession plan

On September 16, 2025, the Corporation announced Soroush Nazarpour would be stepping down from his functions as President and Chief Executive Officer and stand for re-election to the Board of Directors, both at the next annual general meeting. Rocco Marinaccio, the Corporation's Chief Operating Officer, will succeed Mr. Nazarpour as CEO on December 4, 2025 at the annual general meeting.

Commercial

On September 18, 2025, the Corporation announced the signing of a multi-year supply agreement with Chevron Phillips Chemical for the sale of a proprietary carbon product as a formulation additive to drilling fluids. This was the culmination of over 18 months of collaborative work between the companies through lab tests and well trials that produced exceptional results by significantly reducing costs to the operators. We expect this agreement will produce material sales growth over the coming years as adoption of the product grows in the marketplace.

On November 12, 2025, the Corporation announced the award and start of production of thermoset polymer parts for Club Car. Preparations for the start of production have been ongoing at our Statesville, NC site throughout 2025, and the first sales began in October 2025. As part of the agreement, it is the intent during 2026 to convert the parts from virgin to graphene-enhanced recycled plastics.

Financing

On October 30, 2025, the Corporation completed a financing by way of a bought deal private placement of 10,720,350 common shares at a price of \$2.40 per share for gross proceeds of \$25,728,840. The aggregate issuance costs related to this issuance, including the commission, are estimated at \$1,400,000 and will be paid in cash.

The Corporation intends to use the net proceeds raised from the Offering to support future growth by investing in dry process graphene expansion, and for general corporate and working capital purposes.

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.

⁽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.

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 started during the summer in our Newton, NC plant while the start of production for the other two programs is planned for late 2026 and early 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.
- 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 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.
- 3) The Corporation continues to work on finalizing financing from both provincial and federal bodies for the Anode Materials and Dry process graphene initiative of the 5-year strategic and investment plan. However, changes in the economic and geopolitical environment are causing uncertainty, making it more difficult to secure offtake agreements. While we remain fully committed to the dry process graphene portion of this initiative, the anode materials portion will remain under review and will not progress without an offtake agreement.
- 4) Successful commissioning of graphene-enhanced silicon and anode active material pilot lines

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.

- a. 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.
 - b. 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.
- 5) In September 2025, the Corporation started a new lease for a plant in Statesville, NC as part of the US expansion of graphene-enhanced composite parts manufacturing and began generating sales in October 2025.

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 \$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 a simpler manufacturing process eliminating various manufacturing steps required in the production of wet-processed graphene. 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, 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 three-month period ended September 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 into new markets not previously addressable with wet-processed graphene. 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 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 September 30, 2025, the Corporation had total liquidity of \$20,091,924 including cash and cash equivalents and availability under the Corporation's credit facilities.

Long-term debt

The total long-term debt increased from \$4,312,924 as at June 30, 2025 to \$6,967,018 as at September 30, 2025 for a variation of \$2,654,094. Addition of long-term debt amounted to \$3,175,000 and repayments amounted to \$542,370 during the three-month period ended September 30, 2025. The strategy is to use equipment lease financing and revolving term loan through its credit facility with RBC into the future.

3. OVERALL RESULTS

HIGHLIGHTS

The following table sets out certain highlights of the Corporation's performance for the three-month periods ended September 30, 2025 and 2024. Refer to the Corporation's unaudited condensed interim consolidated financial statements for the three-month periods ended September 30, 2025 and 2024 for a detailed account of the Corporation's performance for the results presented in the tables below.

In summary:

	Q1-2026 \$	Q1-2025 \$	Variation \$ %	
Revenues	23,442,651	33,665,414	(10,222,763)	(30%)
Operating loss	(4,356,015)	(2,205,556)	(2,150,459)	(98%)
Loss	(3,776,330)	(2,719,012)	(1,057,318)	(39%)
Loss per share (Basic and diluted)	(0.02)	(0.02)		
Non-IFRS Measures *				
Adjusted EBITDA	(1,390,101)	1,124,299	(2,514,400)	(224%)

By reporting segment:

	Q1-2026 \$	Q1-2025 \$	Variation \$ %	
From Advanced Materials, Plastics and Composite Products				
Revenues	23,163,536	33,635,593	(10,472,057)	(31%)
Non-IFRS Measures:				
Adjusted EBITDA *	(1,318,758)	1,512,104	(2,830,862)	(187%)
From Battery Cells and Materials				
Revenues	279,115	29,821	249,294	836%
Non-IFRS Measures:				
Adjusted EBITDA *	(71,343)	(387,805)	316,462	82%

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.

*** 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 ended September 30, 2025 and 2024.

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

	Q1-2026 \$	Q1-2025 \$
Loss	(3,776,330)	(2,719,012)
Current and deferred income tax expenses (recovery)	(916,496)	474,614
Net interest expenses	336,811	38,842
Foreign exchange	(233,948)	30,082
Share-based compensation expenses	204,546	517,536
Non-operational items ⁽¹⁾	40,000	40,000
Depreciation and amortization	2,955,316	2,742,237
Adjusted EBITDA	(1,390,101)	1,124,299
- From Advanced Materials, Plastics and Composite Products	(1,318,758)	1,512,104
- From Battery Cells and Materials	(71,343)	(387,805)

⁽¹⁾ Non-operational items consist of professional fees mainly due debt renegotiation and prospectuses related fees.

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

	Q1-2026 \$	Q1-2025 \$
Revenues from customers	22,986,917	33,327,069
Cost of sales	19,021,547	26,369,904
Adjusted gross margin	3,965,370	6,957,165
Depreciation (production)	1,773,312	1,620,181
Gross margin	2,192,058	5,336,984

RESULTS OF OPERATIONS VARIANCE ANALYSIS – THREE-MONTH PERIOD

Revenues

	Q1-2026 \$	Q1-2025 \$	Variation	
			\$	%
Revenues from customers	22,986,917	33,327,069	(10,340,152)	(31%)
Other income	455,734	338,345	117,389	35%
Total revenues	23,442,651	33,665,414	(10,222,763)	(30%)

All revenues are coming from the Advanced Materials, Plastics and Composite Products segment, except for \$82,395 of revenues from customers and \$196,720 from Other income [Q1-2025 – nil and \$29,821 of Other income] from the Battery Cells and Materials segment.

Revenues from customers decreased from \$33,327,069 in Q1-2025 to \$23,986,917 in Q1-2026. This decrease is mainly due to lower volume and tooling revenues.

Other income increased from \$338,345 in Q1-2025 to \$455,734 in Q1-2026. 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 \$1,512,104 in Q1-2025 to an adjusted EBITDA loss \$1,318,758 in Q1-2026. The variation is explained as follows:

- Adjusted gross margin on revenues from customers decreased by \$3,074,190 compared to last year due to lower volume and lower tooling revenues partially offset by improved productivity and cost control;
- Partially offset by lower Selling, general & administration expenses and R&D expenses ("Operational expenses") of \$292,838 mainly due to lower professional fees and cost control.

2) From Battery Cells and Materials

The adjusted EBITDA loss improved from \$387,805 in Q1-2025 to \$71,343 in Q1-2026. The variation is explained by an increase of revenues from customers and of Other income of \$82,395 and \$166,899 respectively, and a decrease in Operational expenses of \$67,168.

Loss

The loss increased from \$2,719,012 in Q1-2025 to \$3,776,330 in Q1-2026. The variation is mainly explained as follows:

- A decrease in adjusted EBITDA of \$2,514,400 as explained above;
- Net interest expenses increase of \$297,969;
- Partially offset by:
 - Net income tax recovery of \$916,496 this year compared to an expense of \$474,614 last year;
 - Lower share-based compensation expenses of \$312,990; and
 - Foreign exchange gain of \$233,948 in Q1-2026 compared to a loss of \$30,082 in Q1-2025.

Foreign exchange

	Q1-2026 \$	Q1-2025 \$	Variation \$ %	
Foreign exchange from operations	(764,334)	586,508	(1,350,842)	230%
Foreign exchange on derivative contracts	530,386	(556,426)	1,086,812	(195%)
Total foreign exchange	(233,948)	30,082	(264,030)	878%

The Corporation had a positive impact on foreign exchange from operations of \$764,334 in Q1-2026 compared to a negative impact of \$586,508 in Q1-2025. 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 loss of \$530,386 in Q1-2026 compared to a non-realized gain of \$556,426 in Q1-2025. The variation is due to the fluctuation of the US rate between the quarters and the level of coverage.

FINANCIAL OUTLOOK

Based on our customer's near-term forecast, we expect total revenues for fiscal year 2026 to be between \$115M and \$125M.

SUMMARY OF QUARTERLY RESULTS

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 \$	
Q1-2026	September 30, 2025	23,442,651	(1,390,101)	(3,776,330)	(0.02)	Note 1
Q4-2025	June 30, 2025	31,685,923	2,475,379	(2,295,472)	(0.01)	Note 2
Q3-2025	March 31, 2025	30,446,165	1,420,555	(1,747,714)	(0.01)	Note 3
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 4
Q4-2024	June 30, 2024	38,125,566	2,488,304	(2,421,110)	(0.01)	Note 5
Q3-2024	March 31, 2024	33,867,747	571,968	(3,089,430)	(0.02)	Note 6
Q2-2024	December 31, 2023	29,063,024	(92,806)	(2,428,388)	(0.01)	

Note 1 The revenues were lower due to lower volume and lower tooling revenues. Adjusted EBITDA was lower due to lower Adjusted Gross Margin. Loss was higher due to lower Adjusted EBITDA partially offset by a net income tax recovery.

Note 2 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 3 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 to higher Adjusted EBITDA and net income tax recovery.

Note 4 The revenues and Adjusted EBITDA were lower due to lower volume. Loss is higher mainly due to lower revenues.

Note 5 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 6 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.

4. FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

CONSOLIDATED FINANCIAL POSITION

	As at September 30, 2025 \$	As at June 30, 2025 \$	Variation \$	Main reasons for significant variation
Assets				
Cash and cash equivalents	10,091,924	18,587,960	(8,496,036)	Refer to section Cash Flows
Accounts receivable and Contract asset	19,815,092	20,799,450	(984,358)	Mainly due to lower activity and timing of cash receipts
Inventory	17,119,052	16,718,702	400,350	
Right-of-use assets	19,331,319	6,130,403	13,200,916	
Property, plant and equipment, and equipment deposits	71,060,544	70,072,367	988,177	Mainly due to higher equipment
Intangible assets	12,032,547	11,959,491	73,056	
Goodwill	1,919,673	1,919,673	—	
Other assets	6,052,927	5,013,832	1,039,095	Mainly due to higher Prepaid expenses and higher Deferred taxes assets
Total assets	157,423,078	151,201,878	6,221,200	
Liabilities and Shareholders' Equity				
Liabilities				
Accounts payable, accrued liabilities and income taxes payable	16,262,906	21,460,473	(5,197,567)	Mainly due to payment of variable compensation and timing in vendor cash payments
Contract liability	1,625,156	1,890,709	(265,553)	Timing in tooling projects
Operating loans	698,620	857,750	(159,130)	
Defined benefit liabilities	832,416	941,466	(109,050)	
Lease liability	30,741,791	17,448,582	13,293,209	Mainly due to an addition of lease liability offset by lease payment
Long-term debt	6,967,018	4,312,924	2,654,094	Mainly due to a addition of long-term debt offset by debt repayment
Deferred taxes liabilities	4,571,921	4,934,852	(362,931)	
Total liabilities	61,699,828	51,846,756	9,853,072	
Shareholders' Equity				
Share capital	182,683,203	182,683,203	—	
Reserve	7,495,298	7,290,752	204,546	
Foreign currency translation reserve	(96,870)	95,323	(192,193)	
Deficit	(94,358,381)	(90,714,156)	(3,644,225)	
Total shareholders' equity	95,723,250	99,355,122	(3,631,872)	
Total liabilities and shareholders' equity	157,423,078	151,201,878	6,221,200	

CASH FLOWS

	Q1-2026 \$	Q1-2025 \$	Variation \$	%
Cash flows generated by (used in) operating activities prior to changes in non-cash working capital items	(896,944)	395,465	(1,292,409)	(327%)
Changes in non-cash working capital items	(5,322,716)	(2,742,866)	(2,579,850)	(94%)
Operating activities	(6,219,660)	(2,347,401)	(3,872,259)	(165%)
Financing activities	1,379,653	(1,986,323)	3,365,976	169%
Investing activities	(3,679,811)	(871,399)	(2,808,412)	(322%)
Net effect of currency exchange rate on cash and cash equivalents	23,782	42,458	(18,676)	(44%)
Net change in cash and cash equivalents	(8,496,036)	(5,162,665)	(3,333,371)	(65%)

Operating activities

Cash flows used in operating activities prior to changes in non-cash working capital items were \$896,944 this current period compared to a cash flows generated of \$396,465 last year period. The variation is mainly explained by a decrease of the adjusted EBITDA of \$2,514,400 partially offset by an income tax recovery.

Changes in non-cash working capital items amounted to \$5,322,716 this current period, which is explained as follows:

- A decrease in accounts payable of \$5,209,901 mainly due to payment of variable compensation and timing in vendor payments;
- An increase in inventory of \$299,536 mainly due to timing of purchases;
- An increase in prepaid expenses and other assets of \$364,969 due to timing of payments;
- A decrease in contract liability of \$265,553 due to timing in tooling projects;
- Partially offset by a decrease in accounts receivable of \$799,509 mainly due to lower activity and timing of collections.

Financing activities

Cash flows generated in financing activities were \$1,379,653 this current period compared to a cash flows used of \$1,986,323 last year period. This current period, repayments of \$1,620,692 were completed on long-term debt and lease liability and repayment of \$174,655 on operating loans. This was offset by the addition of long-term debt of \$3,175,000.

Last year, repayments of \$1,664,813 were completed on long-term debt and lease liability and repayment of \$321,510 on operating loans.

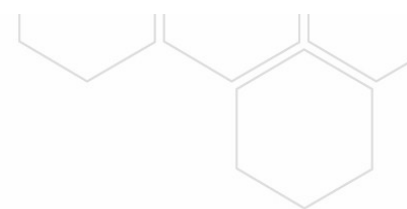
Investing activities

Cash flows used in investing activities were \$3,679,811 this current period compared to \$871,399 last year period. This current period, the Corporation paid \$3,137,450 for capital expenditures, mainly related to additions of composite equipment, and \$542,361 for intangible assets.

Last year, the Corporation paid \$1,658,650 for capital expenditures and \$1,411,942 for equipment deposits, mainly related to additions of composite equipment offset by an equipment disposal of \$2,285,764.

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 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.



OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company did not have any off-balance sheet arrangements, except for the commitment disclosed in the unaudited condensed interim consolidated financial statements for the three-month periods ended September 30, 2025 and 2024.

Management believes that the Company 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 November 11, 2025, the Corporation has:

- 181,428,781 common shares issued and outstanding;
- 2,862,800 options outstanding with expiry dates ranging between November 24, 2025 and January 29, 2034 with exercise prices between \$1.93 and \$5.27. If all the options were exercised, 2,862,800 shares would be issued for cash proceeds of \$7,889,750.

5. RELATED PARTY TRANSACTIONS

For a detailed description of all related party transactions, please refer to the note 6 "Related party transactions" in the unaudited condensed interim consolidated financial statements for the three-month periods ended September 30, 2025 and 2024.

6. RISKS AND UNCERTAINTIES

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 three-month period ended September 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 three-month period ended September 30, 2025. The Corporation is closely monitoring the evolution of the situation and its impact on its results and its financial position.

Furthermore, 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.

For a detailed description of risks and uncertainties, refer to the management's discussion and analysis for the years ended June 30, 2025 and 2024.

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.

No changes were made to the Corporation's internal controls over financial reporting during Q1-2026 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.



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