NanoXplore Inc.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month periods ended September 30, 2026 and 2025











[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, 2026 and 2025 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three-month periods ended September 30, 2026 and 2025. The purpose of this document is to provide information on our activities. The information contained herein is dated as of November 10, 2026, 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.

"Q1-2027" and "Q1-2026" refer to the three-month periods ended September 30, 2026 and 2025 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 and the largest manufacturer and supplier of high-volume graphene powder for use in multiple end markets with up to 5,000 tonnes of annual production capacity. The Corporation also provides standard and custom graphene-enhanced plastic and composite products to customers in the recreational vehicle, transportation, packaging, electronics, and other industrial sectors, and manufactures silicon-graphene-enhanced Li-ion batteries for the energy storage, industrial, and defense markets. NanoXplore holds over 100 patents and patent applications protecting its intellectual property, products, and process knowledge, and is one of a limited number of companies authorized to produce and sell graphene at commercial scale in Canada, the United States, the United Kingdom, and the European Union, holding Environment and Climate Change Canada (ECCC) and Health Canada certification, U.S. EPA certification, and UK and EU REACH registrations.

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 Boulevard, Montreal, Quebec, 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% [2025 – 100%]	Advanced Materials, Plastics and Composite Products
NanoXplore Holdings USA, Inc. ("NanoXplore Holdings USA"), based in the United States, with an equity interest of 100% [2025 – 100%]. NanoXplore Holdings USA holds 100% of NanoXplore USA, Inc. and of RMC Advanced Technologies Inc. [2025 – 100%].	Advanced Materials, Plastics and Composite Products
Sigma Industries Inc. ("Sigma"), based in Canada, with an equity interest of 100% [2025 – 100%]. Sigma has two active wholly owned subsidiaries; Faroex Ltd., based in Manitoba, and Rene Composite Materials Ltd., based in Quebec. [2025 – 100%]	Advanced Materials, Plastics and Composite Products
Canuck Compounders Inc. ("Canuck"), based in Canada, with an equity interest of 100% [2025 – 100%]	Advanced Materials, Plastics and Composite Products
VoltaXplore Inc. ("VoltaXplore"), based in Canada, with an equity interest of 100% [2025 – 100%]	Battery Cells and Materials

REPORTING SEGMENTS

The Corporation has two reportable segments:

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.

Corresponding operations and activities are managed accordingly by the Corporation's Chief Operating Officer. 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 Q1-2027

- Total revenues of $31,813,813 compared to $23,442,651 last year, representing a 36% increase;
- Adjusted gross margin[1] on revenues from customers of 21.7% compared to 17.3% last year;
- Loss of $3,535,293 compared to a loss of $3,776,330 last year;
- Adjusted EBITDA[2] of $714,160 compared to an Adjusted EBITDA[2] loss of $1,390,101 last year;
- Adjusted EBITDA[2] of $817,764 compared to an Adjusted EBITDA[2] loss of $1,318,758 last year for the Advanced Materials, Plastics and Composite Products segment;
- Adjusted EBITDA[2] loss of $103,604 compared to $71,343 last year for the Battery Cells and Materials segment;
- Total liquidity of $28,517,890 as at September 30, 2026, including cash and cash equivalents of $23,517,890;
- Total long-term debt of $9,820,218 as at September 30, 2026, lower by $734,217 compared to June 30, 2026.

BUSINESS UPDATE

Commercial Update

Insulating foams

During Q1, we continued to work with a major North American insulating foam customer and in October 2026, started commercialization of NanoXplore graphene in foams with a 40 metric tonne order of masterbatch (30% graphene powder by weight). We expect to ramp up quickly with volumes exceeding 500 tonnes of masterbatch during the current fiscal year. This customer remains on track for approximately 1,000 tonnes per year of masterbatch in their first full year of production with the potential for additional volume growth thereafter. NanoXplore is in negotiations with this customer to expand masterbatch production capability to meet their growing needs. Several other insulating foam customers continue performing plant trials and are also expected to begin purchasing during the current fiscal year if performance and compatibility requirements are proven out on the industrial scale. NanoXplore expanded promotion of graphene in insulating foam to European customers this quarter and began lab and plant trials in the EU for improved thermal management and flame retardancy.

Industrial and Consumer plastic films

New graphene evaluation projects are currently underway with a host of film manufacturers, converters, and end users in the fields of packaging, agriculture, industrial films, and consumer goods. During the quarter, NanoXplore expanded the promotion of graphene-enhanced films starting a new collaboration with a major global consumer brand of trash bags to help reduce their overall plastic consumption, increase their use of recycled resin, and lower their overall material costs. Large consumer brands typically follow longer, more rigorous development cycles, but several industrial customers could commercialize much sooner following successful plant trials. The high performance of D-Series graphene in this application allows for low graphene addition rates allowing higher pricing and profit margins for graphene while still achieving customer cost targets.

Drilling fluids

CP Chem has shipped NanoSlide® samples to multiple prospective customers both domestically and internationally for evaluation, and all customers that have completed initial laboratory testing have confirmed that NanoSlide® performs as intended. Several key customers requested formulation adjustments for faster friction reduction and immediate boost of drilling speed specifically for certain geographical regions and conditions. CP Chem is creating an additional product under the NanoSlide® brand to achieve these performance features. This request is being driven by dramatic price hikes in oil-based drilling operations that can now be completed less expensively with water-based drilling fluids and high-performance lubricant. The next phase of the customer evaluations involves well trials, which are the key determinant in advancing toward commercial adoption. As prospective customers continue to advance through testing and qualification, the companies believe NanoSlide® remains well positioned for broader market adoption.

Conductive graphene

[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.

NanoXplore advanced a project this quarter with a large compounder of conductive masterbatches for plastics to create a hybrid formulation that uses graphene in combination with carbon black to achieve higher conductivity performance at lower cost than conductive carbon black alone. Both companies will be able to sell the masterbatch once finalized. It is currently being scaled up to production batches for customer sampling and evaluations. Several other graphene conductivity projects are in progress for energy storage and electronic applications with a longer sales cycle but potentially higher profitability.

Graphene-enhanced molded thermoplastics

NanoXplore continues working on a process of converting Club Car's thermoplastic formulation from virgin polypropylene base material to a graphene enhanced recycled compound to boost sustainability and improve margins for both companies.

As an advanced materials company and the largest graphene company in the World, NanoXplore has been working on producing its' own graphene enhanced Sheet Molded Compound (SMC) material over the past few years. We are pleased to announce that during the Advanced Materials Expo (CAMX) in October, we officially rolled out our technology. The new product line will offer external molding customers the performance advantages of NanoXplore's graphene-enhanced SMC material for lightweighting, surface quality, and paintability, while also vertically integrating material supply to the Corporation's SMC molding business for expanded profitability. Internal adoption of the Grapheneblack^{tm} SMC will begin in Q3 as will promotion and commercialization to the external molding customers.

Graphene-enhanced recycled plastics

The addition of the Corporation's dry-processed graphene (D-series) has expanded opportunities in this area. In addition to the current conversation of Club Car's volume to a graphene enhanced recycled formulation, NanoXplore is also pursuing additional graphene-based recycled business through Canuck Compounders at several major accounts including consumer packaging and automotive customers. The Corporation expects conversion to graphene-enhanced recycled compounds to begin in early calendar 2027 with the Corporation's graphene and recycled compounds from Canuck Compounders.

Finally, developments in graphene-enhanced recycled compounds since the acquisition of Canuck Compounders is expected to replace carbon black in the majority of the product offerings, improving mechanical performance while supporting customers' sustainability objectives.

VoltaXplore Update

During the three-month period ended September 30, 2026, VoltaXplore continued to supply cells to prospective customers for testing and qualification. These evaluations are ongoing.

On September 17, 2026, the Corporation announced that it had been selected as a qualified supplier under the Government of Canada's Defence Drone Initiative ("DDI") Marketplace, in Stream 5 (Innovation and Experimentation). The qualification covers VoltaXplore's graphene-enhanced lithium-ion 21700 cells as well as the Corporation's graphene-enhanced composite components.

On October 5, 2026, VoltaXplore established an Advisory Board and appointed Jonathan Blanshay, founder and Executive Chairman of Galvion Inc., as its first member.

VoltaXplore's technology development continues to be supported by Natural Resources Canada's Energy Innovation Program and the National Research Council of Canada's Industrial Research Assistance Program ("IRAP").

VoltaXplore continues to pursue supply opportunities with the Canadian Armed Forces, the Department of National Defence (DND), and other Government of Canada purchasers, including through the DDI Marketplace, either directly or through its partners and customers, typically module and pack manufacturers, with whom letters of intent have been executed.

Large-Scale Dry Process Graphene (D-Series) Manufacturing

The Corporation's dry-exfoliation process produces GrapheneBlack xGnP™ D-Series graphene which addresses markets largely complementary to those served by the Corporation's liquid-phase exfoliation products (X-Series), with limited overlap in application.

During the three-month period ended September 30, 2026, commissioning and internal product qualification were completed for one of the principal D-Series grades, and the production module demonstrated steady-state production of that grade. The module is designed to deliver annual production capacity of up to 1,000 tonnes, depending on product grade. The module is currently also being used for process optimization and qualification of the remaining D-Series grades, and the Corporation expects engineering improvements and the production ramp-up to continue over the next two quarters.

Customer qualification is ongoing with customers that have received D-Series graphene produced on the commercial large-scale module. Developments in specific applications are described under "Commercial Update."

Total liquidity

As at September 30, 2026, the Corporation had total liquidity of $28,517,890 including cash and cash equivalents and availability under the Corporation's credit facilities.

Long-term debt

The total long-term debt decreased from $10,554,435 as at June 30, 2026 to $9,820,218 as at September 30, 2026 for a variation of $734,217. Repayments of long-term debt amounted to $740,306 during the three-month period ended September 30, 2026.

3. OVERALL RESULTS

HIGHLIGHTS

The following table sets out certain highlights of the Corporation's performance for the three-month periods ended September 30, 2026 and 2025. Refer to the Corporation's unaudited condensed interim consolidated financial statements for the three-month periods ended September 30, 2026 and 2025 for a detailed account of the Corporation's performance for the results presented in the tables below.

In summary:

	Q1-2027	Q1-2026	Variation	
	$	$	$	%
Revenues	**31,813,813**	23,442,651	8,371,162	36%
Operating loss	**(3,186,882)**	(4,356,015)	1,169,133	27%
Loss	**(3,535,293)**	(3,776,330)	241,037	6%
Loss per share (Basic and diluted)	**(0.02)**	(0.02)		
Non-IFRS Measures *				
Adjusted EBITDA	**714,160**	(1,390,101)	2,104,261	151%

By reporting segment:

	Q1-2027 $	Q1-2026 $	Variation $	Variation %
From Advanced Materials, Plastics and Composite Products				
Revenues	**31,485,118**	23,163,536	8,321,582	36%
Non-IFRS Measures:				
Adjusted EBITDA *	**817,764**	(1,318,758)	2,136,522	162%
From Battery Cells and Materials				
Revenues	**328,695**	279,115	49,580	18%
Non-IFRS Measures:				
Adjusted EBITDA *	**(103,604)**	(71,343)	(32,261)	(45%)

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, 2026 and 2025.

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

	Q1-2027 $	Q1-2026 $
Loss	**(3,535,293)**	(3,776,330)
Current and deferred income tax recovery	**(347,620)**	(916,496)
Net interest expenses	**696,031**	336,811
Foreign exchange	**284,663**	(233,948)
Share-based compensation expenses	**251,628**	204,546
Non-operational items [(1)]	**22,500**	40,000
Depreciation and amortization	**3,342,251**	2,955,316
Adjusted EBITDA	**714,160**	(1,390,101)
- From Advanced Materials, Plastics and Composite Products	**817,764**	(1,318,758)
- From Battery Cells and Materials	**(103,604)**	(71,343)

[(1)] Non-operational items consist of professional fees mainly due to credit agreement renewal and prospectuses related fees.

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

	Q1-2027 $	Q1-2026 $
Revenues from customers	**31,160,777**	22,986,917
Cost of sales	**24,397,364**	19,021,547
Adjusted gross margin	**6,763,413**	3,965,370
Depreciation (production)	**2,159,993**	1,773,312
Gross margin	**4,603,420**	2,192,058

RESULTS OF OPERATIONS VARIANCE ANALYSIS – THREE-MONTH PERIOD

Revenues

	Q1-2027 $	Q1-2026 $	Variation $	 %
Revenues from customers	**31,160,777**	22,986,917	8,173,860	36%
Other income	**653,036**	455,734	197,302	43%
Total revenues	**31,813,813**	23,442,651	8,371,162	36%

All revenues are coming from the Advanced Materials, Plastics and Composite Products segment, except for $328,695 of revenues from Other income [Q1-2026 – $82,395 of revenues from customers and $196,720 from Other income] from the Battery Cells and Materials segment.

Revenues from customers increased from $22,986,917 in Q1-2026 to $31,160,777 in Q1-2027. This increase is mainly due to higher volume partially offset by lower tooling revenues.

Other income increased from $455,734 in Q1-2026 to $653,036 in Q1-2027. 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 improved from an Adjusted EBITDA loss of $1,318,758 in Q1-2026 to an Adjusted EBITDA of $817,764 in Q1-2027. The variation is explained as follows:

- Adjusted gross margin on revenues from customers increased by $2,880,438 compared to last year due to higher volume, improved productivity and cost control;
- Higher Other income of $65,327;
- Partially offset by higher selling, general & administration expenses and R&D expenses ("Operational expenses") of $791,743.

2) From Battery Cells and Materials

The adjusted EBITDA loss increased from $71,343 in Q1-2026 to $103,604 in Q1-2027. The variation is explained by a decrease of revenues from customers of $82,395 and an increase of Operational expenses of $81,841 partially offset by higher Other income of $131,975.

Loss

The loss decreased from $3,776,330 in Q1-2026 to $3,535,293 in Q1-2027. The variation is mainly explained as follows:

- An increase in adjusted EBITDA of $2,104,261 as explained above;
- Partially offset by:
- Higher depreciation and amortization of $386,935;
- Foreign exchange loss of $284,663 in Q1-2027 compared to a gain of $233,948 in Q1-2026;

- Higher share-based compensation expenses of $47,082;
- Net interest expenses increase of $359,220;
- Net income tax recovery of $347,620 in Q1-2027 compared to $916,496 in Q1-2026.

Foreign exchange

	Q1-2027	Q1-2026	Variation	
	$	$	$	%
Foreign exchange from operations	**(245,723)**	322,478	(568,201)	176%
Foreign exchange on derivative contracts	**530,386**	(556,426)	1,086,812	(195%)
Total foreign exchange	**284,663**	(233,948)	518,611	(222%)

The Corporation had a positive impact on foreign exchange from operations of $245,723 in Q1-2027 compared to a negative impact of $322,478 in Q1-2026. 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 Q1-2027 compared to a non-realized gain of $556,426 in Q1-2026. The variation is due to the fluctuation of the US rate between the quarters and the level of coverage.

FINANCIAL OUTLOOK

Based on the visibility we have today and the various initiatives in progress or that will begin to generate revenues during the year, we are reiterating our guidance for total revenues for fiscal year 2027 between $130M and $140M.

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	
		$	$	$	$	
Q1-2027	September 30, 2026	31,813,813	714,160	(3,535,293)	(0.02)	**Note 1**
Q4-2026	June 30, 2026	33,905,991	1,908,431	(1,568,324)	(0.01)	**Note 2**
Q3-2026	March 31, 2026	32,347,377	1,179,521	(2,646,921)	(0.01)	**Note 3**
Q2-2026	December 31, 2025	27,580,290	224,355	(3,836,406)	(0.02)	**Note 4**
Q1-2026	September 30, 2025	23,442,651	(1,390,101)	(3,776,330)	(0.02)	**Note 5**
Q4-2025	June 30, 2025	31,685,923	2,475,379	(2,295,472)	(0.01)	**Note 6**
Q3-2025	March 31, 2025	30,446,165	1,420,555	(1,747,714)	(0.01)	**Note 7**
Q2-2025	December 31, 2024	33,120,886	1,102,050	(2,894,922)	(0.02)	

Note 1 The revenues were lower due to lower volume and lower tooling revenues. Adjusted EBITDA was lower due to lower Adjusted Gross Margin and lower tooling profits. Loss was higher due to lower Adjusted EBITDA and a negative impact of Foreign exchange.

Note 2 The revenues were higher due to higher volume partially offset by lower tooling revenues. Adjusted EBITDA was higher due to higher Adjusted Gross Margin. Loss was lower due to higher Adjusted EBITDA and a positive impact of Foreign exchange.

Note 3 The revenues were higher due to higher volume partially offset by lower tooling revenues. Adjusted EBITDA was higher due to higher Adjusted Gross Margin. Loss was lower due to higher Adjusted EBITDA and a positive impact of Foreign exchange.

Note 4 The revenues were higher due to higher volume and higher tooling revenues. Adjusted EBITDA was higher due to higher Adjusted Gross Margin. Loss was higher due to lower net income tax recovery.

Note 5 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 6 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 7 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.

4. FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

CONSOLIDATED FINANCIAL POSITION

	As at September 30, 2026 $	As at June 30, 2026 $	Variation $	Main reasons for significant variation
Assets				
Cash and cash equivalents	**23,517,890**	25,048,438	(1,530,548)	Refer to Cash Flows section
Accounts receivable and Contract asset	**27,960,000**	33,057,368	(5,097,368)	Mainly due to lower activity, timing of cash receipts and tooling projects
Inventory	**16,744,575**	16,666,846	77,729	Timing of raw material purchases
Right-of-use assets	**20,313,859**	18,546,208	1,767,651	Mainly due to new building leases
Property, plant and equipment, and equipment deposits	**74,614,041**	74,681,645	(67,604)	
Intangible assets	**10,524,747**	10,935,678	(410,931)	
Goodwill	**1,919,673**	1,919,673	—	
Other assets	**7,625,290**	6,675,457	949,833	Mainly due to higher Prepaid expenses and higher Deferred taxes assets
Total assets	**183,220,075**	187,531,313	(4,311,238)	
Liabilities and Shareholders' Equity				
Liabilities				
Accounts payable, accrued liabilities and income taxes payable	**18,866,585**	20,592,378	(1,725,793)	Mainly due to payment of variable compensation and timing in vendor cash payments
Contract liability	**594,383**	441,636	152,747	Timing in tooling projects
Operating loans	**680,240**	703,080	(22,840)	
Defined benefit liabilities	**434,920**	541,588	(106,668)	
Lease liability	**38,425,312**	37,176,205	1,249,107	Mainly due to an addition of new leases offset by lease payments
Long-term debt	**9,820,218**	10,554,435	(734,217)	Mainly due to debt repayments
Deferred taxes liabilities	**4,122,692**	4,073,815	48,877	
Total liabilities	**72,944,350**	74,083,137	(1,138,787)	
Shareholders' Equity				
Share capital	**207,510,956**	207,510,956	—	
Reserve	**8,660,164**	8,408,536	251,628	
Foreign currency translation reserve	**(361,989)**	(382,374)	20,385	
Deficit	**(105,533,406)**	(102,088,942)	(3,444,464)	
Total shareholders' equity	**110,275,725**	113,448,176	(3,172,451)	
Total liabilities and shareholders' equity	**183,220,075**	187,531,313	(4,311,238)	

CASH FLOWS

	Q1-2027 $	Q1-2026 $	Variation $	Variation %
Cash flows used in operating activities prior to changes in non-cash working capital items	**(146,995)**	(896,944)	749,949	84%
Changes in non-cash working capital items	**1,680,762**	(5,322,716)	7,003,478	132%
Operating activities	**1,533,767**	(6,219,660)	7,753,427	125%
Financing activities	**(2,699,818)**	1,379,653	(4,079,471)	(296%)
Investing activities	**(318,673)**	(3,679,811)	3,361,138	91%
Net effect of currency exchange rate on cash and cash equivalents	**(45,824)**	23,782	(69,606)	(293%)
Net change in cash and cash equivalents	**(1,530,548)**	(8,496,036)	6,965,488	82%

Operating activities

Cash flows used in operating activities prior to changes in non-cash working capital items were $146,995 this current period compared to $896,944 last year period. The variation is mainly explained by an increase of the adjusted EBITDA of $2,104,261 partially offset by an income tax expense.

Changes in non-cash working capital items amounted to $1,680,762 this current period, which is explained as follows:

- A decrease in accounts receivable of $4,522,561 mainly due to timing of collections and timing of tooling projects;
- An increase of income taxes payable of $160,581 due to timing of payments;
- An increase in contract liability of $152,747 due to timing in tooling projects;
- Partially offset by
    - A decrease in accounts payable of $2,679,567 mainly due to payment of variable compensation and timing in vendor payments;
    - An increase in prepaid expenses and other assets of $351,719 due to timing of payments;
    - An increase in inventory of $123,841 mainly due to timing of purchases.

Financing activities

Cash flows used in financing activities were $2,699,818 this current period compared to a cash flows generated of $1,379,653 last year period. This current period, repayments of $2,699,818 on long-term debt and lease liability were completed.

Last year, 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.

Investing activities

Cash flows used in investing activities were $318,673 this current period compared to $3,679,811 last year period. This current period, the Corporation paid $265,876 for capital expenditures mainly related to additions of composite equipment and $52,797 for intangible assets.

Last year, the Corporation paid $3,137,450 for capital expenditures, mainly related to additions of composite equipment, and $542,361 for intangible assets.

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, 2026 and 2025.

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, 2026 and 2025. These identified financial instruments and risks are consistent through the periods.

OUTSTANDING SHARES

As at November 10, 2026, the Corporation has:

- 181,487,392 common shares issued and outstanding;
- 3,737,083 options outstanding with expiry dates ranging between August 8, 2027 and September 9, 2036 with exercise prices between $1.37 and $3.68. If all the options were exercised, 3,737,083 shares would be issued for cash proceeds of $8,885,446.

5. RELATED PARTY TRANSACTIONS

For a detailed description of all related party transactions, please refer to the note 7 "Related party transactions" in the unaudited condensed interim consolidated financial statements for the three-month periods ended September 30, 2026 and 2025.

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, 2026. 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 periods ended September 30, 2026. 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, 2026 and 2025.

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, 2026 and 2025.

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 2 in the consolidated financial statements for the three-month period ended September 30, 2026 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 Q1-2027 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

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