NanoXplore Inc.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine-month periods ended March 31, 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 and nine-month periods ended March 31, 2025 and 2024 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine-month periods ended March 31, 2025 and 2024. The purpose of this document is to provide information on our activities. The information contained herein is dated as of May 13, 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.

"Q3-2025" and "Q3-2024" refer to the three-month periods ended March 31, 2025 and 2024 respectively, and "YTD 2025" and "YTD 2024" refer to the nine-month periods ended March 31, 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. 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 Q3-2025

- Total revenues of $30,446,165 compared to $33,867,747 last year, representing a 10% decrease;
- Adjusted gross margin(1) on revenues from customers of 22.4% compared to 20.9% last year;
- Loss of $1,747,714 compared to $3,089,430 last year;
- Adjusted EBITDA(2) of $1,420,555 compared to $571,968 last year;
- Adjusted EBITDA(2) of $1,318,149 compared to $1,259,990 last year for the Advanced Materials, Plastics and Composite Products segment;
- Adjusted EBITDA(2) of $102,406 compared to an adjusted EBITDA loss of $688,022 last year for the Battery Cells and Materials segment;
- Total liquidity of $30,704,859 as at March 31, 2025, including cash and cash equivalents of $20,704,859;
- Total long-term debt of $4,940,740 as at March 31, 2025, down by $1,405,763 compared to June 30, 2024.

KEY FINANCIAL HIGHLIGHTS YTD 2025

- Total revenues of $97,232,465 compared to $91,866,802 last year, representing a 6% increase;
- Adjusted gross margin(1) on revenues from customers of 21.5% compared to 20.0% last year;
- Loss of $7,361,648 compared to $9,243,896 last year;
- Adjusted EBITDA(2) of $3,646,904 compared to $30,830 last year;
- Adjusted EBITDA(2) of $4,150,179 compared to $1,846,644 last year for the Advanced Materials, Plastics and Composite Products segment;
- Adjusted EBITDA(2) loss of $503,275 compared to an adjusted EBITDA loss of $1,815,814 last year for the Battery Cells and Materials segment.

BUSINESS HIGHLIGHTS

During the nine-month period ended March 31, 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 half 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, the installation of the new equipment was completed in April 2025 and expect to complete functionality tests by end of May 2025. Production expected on the new equipment is delayed until fiscal Q1-2026 due to customer volume reductions. The expansion will mostly be paid for by our customer. The expansion will cost approximately $8M, of which $5M will be 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.

(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) 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.

   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 Q3-2025, the Corporation executed a new lease for a plant in Statesville, NC as part of the US expansion of graphene-enhanced 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 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 nine-month period ended March 31, 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.

Total liquidity

As at March 31, 2025, the Corporation had total liquidity of $30,704,859 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 $4,940,740 as at March 31, 2025 for a variation of $1,405,763. Repayments amounted to $1,492,966 during the nine-month period ended March 31, 2025. While the corporation's long-term debt is reducing, its strategy is to use equipment lease financing 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 and nine-month periods ended March 31, 2025 and 2024. Refer to the Corporation's unaudited condensed interim consolidated financial statements for the three and nine-month periods ended March 31, 2025 and 2024 for a detailed account of the Corporation's performance for the results presented in the tables below.

In summary:

	Q3-2025	Q3-2024	Variation		YTD 2025	YTD 2024	Variation	
	$	$	$	%	$	$	$	%
Revenues	**30,446,165**	33,867,747	(3,421,582)	(10%)	**97,232,465**	91,866,802	5,365,663	6%
Operating loss	**(2,248,090)**	(3,064,485)	816,395	27%	**(6,830,232)**	(9,628,455)	2,798,223	29%
Loss	**(1,747,714)**	(3,089,430)	1,341,716	43%	**(7,361,648)**	(9,243,896)	1,882,248	20%
Loss per share (Basic and diluted)	**(0.01)**	(0.02)			**(0.04)**	(0.05)		
Non-IFRS Measure *								
Adjusted EBITDA	**1,420,555**	571,968	848,587	148%	**3,646,904**	30,830	3,616,074	11,729%

By reporting segment:

	Q3-2025	Q3-2024	Variation		YTD 2025	YTD 2024	Variation	
	$	$	$	%	$	$	$	%
From Advanced Materials, Plastics and Composite Products								
Revenues	**29,920,598**	33,866,162	(3,945,564)	(12%)	**96,665,557**	91,839,059	4,826,498	5%
Non-IFRS Measure *								
Adjusted EBITDA	**1,318,149**	1,259,990	58,159	5%	**4,150,179**	1,846,644	2,303,535	125%
From Battery Cells and Materials								
Revenues	**525,567**	1,585	523,982	33,059%	**566,908**	27,743	539,165	1,943%
Non-IFRS Measure*								
Adjusted EBITDA	**102,406**	(688,022)	790,428	115%	**(503,275)**	(1,815,814)	1,312,539	72%

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 and nine-month periods ended March 31, 2025 and 2024 and for the three-month periods ended March 31, 2025 (Q3-2025), December 31, 2024 (Q2-2025) and September 30, 2024 (Q1-2025).

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

	Q3-2025 $	Q3-2024 $	YTD 2025 $	YTD 2024 $
Loss	**(1,747,714)**	(3,089,430)	**(7,361,648)**	(9,243,896)
Current and deferred income tax expenses (recovery)	**(638,838)**	89,655	**235,931**	(253,644)
Net interest expenses (revenues)	**138,462**	(64,710)	**295,485**	(112,655)
Gain on disposal of property, plant and equipment	—	—	—	(18,260)
Foreign exchange	**433,114**	121,556	**665,116**	175,374
Share-based compensation expenses	**299,769**	531,292	**1,183,487**	1,058,770
Non-operational items (1)	**115,000**	190,000	**270,000**	270,000
Depreciation and amortization	**2,820,762**	2,793,605	**8,358,533**	8,155,141
Adjusted EBITDA	**1,420,555**	571,968	**3,646,904**	30,830
- From Advanced Materials, Plastics and Composite Products	**1,318,149**	1,259,990	**4,150,179**	1,846,644
- From Battery Cells and Materials	**102,406**	(688,022)	**(503,275)**	(1,815,814)

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

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

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

	Q3-2025 $	Q3-2024 $	YTD 2025 $	YTD 2024 $
Revenues from customers	**29,239,999**	33,617,106	**95,204,015**	90,883,248
Cost of sales	**22,677,052**	26,595,763	**74,732,162**	72,674,574
Adjusted gross margin	**6,562,947**	7,021,343	**20,471,853**	18,208,674
Depreciation (production)	**1,750,221**	1,623,878	**5,015,485**	4,704,724
Gross margin	**4,812,726**	5,397,465	**15,456,368**	13,503,950

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

RESULTS OF OPERATIONS VARIANCE ANALYSIS – THREE-MONTH PERIOD

Revenues

	Q3-2025	Q3-2024	Variation		Q2-2025	Variation	
	$	$	$	%	$	$	%
Revenues from customers	**29,239,999**	33,617,106	(4,377,107)	(13%)	**32,636,947**	(3,396,948)	(10%)
Other income	**1,206,166**	250,641	955,525	381%	**483,939**	722,227	149%
Total revenues	**30,446,165**	33,867,747	(3,421,582)	(10%)	**33,120,886**	(2,674,721)	(8%)

All revenues are coming from the Advanced Materials, Plastics and Composite Products segment, except for $525,567 of other revenues [Q3-2024 – $1,585] from the Battery Cells and Materials segment.

Revenues from customers decreased from $33,617,106 in Q3-2024 to $29,239,999 in Q3-2025. This decrease is mainly due to lower tooling revenues and lower volume offset by a positive FX impact.

Other income increased from $250,641 in Q3-2024 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 increased from $1,259,990 in Q3-2024 to $1,318,149 in Q3-2025. The variation is explained as follows:

- Higher Other income of $431,543;
- Lower Selling, general & administration expenses and R&D expenses ("Operational expenses") of $176,778 mainly due to lower professional fees;
- Partially offset by a decrease in Adjusted Gross margin on revenues from customers of $475,167 due to lower revenues from customers as described above.

2) From Battery Cells and Materials

The adjusted EBITDA improved from a loss of $688,022 in Q3-2024 to an adjusted EBITDA of $102,406 in Q3-2025. The variation is explained by an increase of Other income of $523,982 and a decrease in Operational expenses of $249,680.

Loss

The loss decreased from $3,089,430 in Q3-2024 to $1,747,714 in Q3-2025. The variation is mainly explained as follows:

- An increase in adjusted EBITDA of $848,587 as explained above;
- Net income tax recovery of $638,838 this year compared to an expense of $89,655 last year;
- Lower share-based compensation expenses of $231,523; and
- Partially offset by a foreign exchange loss of $433,114 in Q3-2025 compared to $121,556 in Q3-2024.

Foreign exchange

	Q3-2025	Q3-2024	Variation		Q2-2025	Variation	
	$	$	$	%	$	$	%
Foreign exchange from operations	**755,572**	(500,999)	1,256,571	(251%)	**(1,998,750)**	2,754,322	(138%)
Foreign exchange on derivative contracts	**(322,458)**	622,555	(945,013)	152%	**2,200,670**	(2,523,128)	115%
Total foreign exchange	**433,114**	121,556	311,558	(256%)	**201,920**	231,194	(114%)

The Corporation had a negative impact on foreign exchange from operations of $755,572 in Q3-2025 compared to a positive impact of $500,999 in Q3-2024. 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 $322,458 in Q3-2025 compared to a non-realized loss of $622,555 in Q3-2024. The variation is due to the fluctuation of the US rate between the quarters and the level of coverage.

RESULTS OF OPERATIONS VARIANCE ANALYSIS – NINE-MONTH PERIOD

Revenues

	YTD 2025	YTD 2024	Variation	
	$	$	$	%
Revenues from customers	**95,204,015**	90,883,248	4,320,767	5%
Other income	**2,028,450**	983,554	1,044,896	106%
Total revenues	**97,232,465**	91,866,802	5,365,663	6%

All revenues are coming from the Advanced Materials, Plastics and Composite Products segment, except for $566,908 of other income [YTD 2024 – $27,743] from the Battery Cells and Materials segment.

Revenues from customers increased from $90,883,248 in the last year period to $95,204,015 in the current period. This increase is mainly due to a higher tooling revenues and a positive FX impact.

Other income increased from $983,554 in the last year period to $2,028,450 in the current period. The variation is due to grants received for R&D programs.

Adjusted EBITDA

1) From Advanced Materials, Plastics and Composite Products

The adjusted EBITDA increased from $1,846,644 in the last year period to $4,150,179 in the current period. The variation is explained as follows:

- Gross margin on revenues from customers increased by $2,246,408 compared to the last period due to higher sales as described above, improved productivity and cost control;
- Higher Other income of $505,731; and
- Partially offset by higher Operational expenses of $448,609 mainly due to higher wages, including higher accrued variable compensation.

2) From Battery Cells and Materials

The adjusted EBITDA loss improved from a loss of $1,815,814 in the last year period to a loss of $503,275 in the current period. The variation is explained by an increase of Other income of $539,165 and a decrease in Operational expenses of $756,908.

Loss

The loss decreased from $9,243,896 in the last year period to $7,361,648 in the current period. The variation is mainly explained as follows:

- An increase in adjusted EBITDA of $3,616,074 as explained above; and
- Partially offset by:
  - Foreign exchange loss of $665,116 in the current period compared to $175,374 in the last year period;
  - Lower interest revenue of $363,704;
  - Higher depreciation and amortization of $203,392;
  - Higher share-based compensation expenses of $124,717;
  - Net income tax expenses of $235,931 in the current period compared to a recovery of $253,644 in the last year period.

Foreign exchange

	YTD 2025	YTD 2024	Variation	
	$	$	$	%
Foreign exchange from operations	**(656,670)**	(99,888)	(556,782)	557%
Foreign exchange on derivative contracts	**1,321,786**	275,262	1,046,524	(380%)
Total foreign exchange	**665,116**	175,374	489,742	(279%)

The Corporation had a positive impact on foreign exchange from operations of $656,670 in the current period compared to $99,888 in the last year period. 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 $1,321,786 in the current period compared to $275,262 in the last year period. 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 sales for fiscal year 2025 to be at the same level of fiscal year 2024 or approximately $130M.

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 $	
Q3-2025	March 31, 2025	30,446,165	1,420,555	(1,747,714)	(0.01)	**Note 1**
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 2**
Q4-2024	June 30, 2024	38,125,566	2,488,304	(2,421,110)	(0.01)	**Note 3**
Q3-2024	March 31, 2024	33,867,747	571,968	(3,089,430)	(0.02)	**Note 4**
Q2-2024	December 31, 2023	29,063,024	(92,806)	(2,428,388)	(0.01)	**Note 5**
Q1-2024	September 30, 2023	28,936,031	(448,332)	(3,726,078)	(0.02)	**Note 6**
Q4-2023	June 30, 2023	33,318,964	526,140	(2,003,549)	(0.01)	

Note 1 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 2 The revenues and Adjusted EBITDA were lower due to lower volume. Loss is higher mainly due to lower revenues.
Note 3 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 4 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 5 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.
Note 6 The revenues and Adjusted EBITDA were lower due to lower volume. Loss is higher mainly due to lower revenues and a negative impact of foreign exchange on derivative contracts.

4. FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

CONSOLIDATED FINANCIAL POSITION

	As at March 31, 2025 $	As at June 30, 2024 $	Variation $	Main reasons for significant variation
Assets				
Cash and cash equivalents	**20,704,859**	26,504,880	(5,800,021)	Refer to section Cash Flows
Accounts receivable and Contract asset	**20,320,095**	24,955,170	(4,635,075)	Mainly due to lower activity and timing of cash receipts
Inventory	**16,304,333**	17,034,659	(730,326)	
Right-of-use assets	**6,696,225**	7,652,182	(955,957)	
Property, plant and equipment, and equipment deposits	**66,954,055**	64,150,151	2,803,904	Mainly due to higher equipment deposits
Intangible assets	**12,122,090**	13,254,401	(1,132,311)	Mainly due to amortization
Goodwill	**1,919,673**	1,919,673	—	
Other assets	**5,857,027**	4,221,882	1,635,145	Mainly due to higher Prepaid expenses and higher Deferred taxes assets
Total assets	**150,878,357**	159,692,998	(8,814,641)	
Liabilities and Shareholders' Equity				
Liabilities				
Accounts payable, accrued liabilities and income taxes payable	**21,629,265**	22,983,515	(1,354,250)	Mainly due to payment of variable compensation and timing in vendor cash payments
Contract liability	**1,897,490**	2,978,374	(1,080,884)	Timing in tooling projects
Operating loans	**975,900**	1,522,700	(546,800)	
Defined benefit liabilities	**673,168**	539,598	133,570	
Lease liability	**15,041,695**	12,967,373	2,074,322	Mainly due to an addition of lease liability offset by lease payment
Long-term debt	**4,940,740**	6,346,503	(1,405,763)	Mainly due to debt repayment
Deferred taxes liabilities	**4,762,253**	4,705,063	57,190	
Total liabilities	**49,920,511**	52,043,126	(2,122,615)	
Shareholders' Equity				
Share capital	**182,683,203**	182,683,203	—	
Reserve	**7,038,874**	5,855,387	1,183,487	
Foreign currency translation reserve	**(585,923)**	(162,900)	(423,023)	
Deficit	**(88,178,308)**	(80,725,818)	(7,452,490)	
Total shareholders' equity	**100,957,846**	107,649,872	(6,692,026)	
Total liabilities and shareholders' equity	**150,878,357**	159,692,998	(8,814,641)	

CASH FLOWS

	YTD 2025 $	YTD 2024 $	Variation $	%
Cash flows generated by (used in) operating activities prior to changes in non-cash working capital items	**2,231,927**	238,534	1,993,393	836%
Changes in non-cash working capital items	**1,889,204**	3,925,177	(2,035,973)	(52%)
Operating activities	**4,121,131**	4,163,711	(42,580)	(1%)
Financing activities	**(3,703,266)**	(3,479,719)	(223,547)	(6%)
Investing activities	**(6,269,826)**	(7,111,699)	841,873	12%
Net effect of currency exchange rate on cash and cash equivalents	**51,940**	11,824	40,116	339%
Net change in cash and cash equivalents	**(5,800,021)**	(6,415,883)	615,862	10%

Operating activities

Cash flows generated in operating activities prior to changes in non-cash working capital items were $2,231,927 this current period compared to $238,534 last year period. The variation is mainly explained by an improvement of the adjusted EBITDA of $3,616,064 partially offset by a higher income tax expense.

Changes in non-cash working capital items amounted to $1,889,204 this current period, which is explained as follows:

- A decrease in accounts receivable of $4,635,075 mainly due to lower activity and timing of cash receipts;
- A decrease in inventory of $862,662 mainly due to lower activity and timing of purchases;
- Partially offset by:
  - An increase of prepaid expenses and other assets of $541,821 due to timing of payments;
  - A decrease in contract liability of $1,080,884 due to timing in tooling projects;
  - A decrease in accounts payable and accrued liabilities of $3,041,003 mainly due to payment of variable compensation and timing in vendor cash payments.

Financing activities

Cash flows used in financing activities were $3,703,266 this current period compared to $3,479,719 last year period. This current period, repayments of $4,729,908 were completed on long-term debt and lease liability and repayment of $650,600 on operating loans. This was offset by a cash advance on equipment lease financing of $1,677,242.

In 2024, repayment of $5,067,429 was completed on long-term debt and lease liability. This was offset by stock options exercised for proceeds of $1,587,710.

Investing activities

Cash flows used in investing activities were $6,269,826 this current period compared to $7,111,699 last year period. This current period, the Corporation paid $3,353,386 for capital expenditures and $4,935,870 for equipment deposits, mainly related to additions of composite equipment offset by an equipment disposal which has been subsequently lease back of $2,285,764.

In 2024, the Corporation paid $4,760,070 for capital expenditures, mainly related to additions of composite equipment, $1,128,548 for equipment deposits 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 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 and nine-month periods ended March 31, 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, 2024 and 2023. These identified financial instruments and risks are consistent through the periods.

OUTSTANDING SHARES

As at May 12, 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 6 "Related party transactions" in the unaudited condensed interim consolidated financial statements for the three and nine-month periods ended March 31, 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 and nine-month periods ended March 31, 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 and nine-month periods ended March 31, 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, 2024 and 2023.

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, 2024 and 2023.

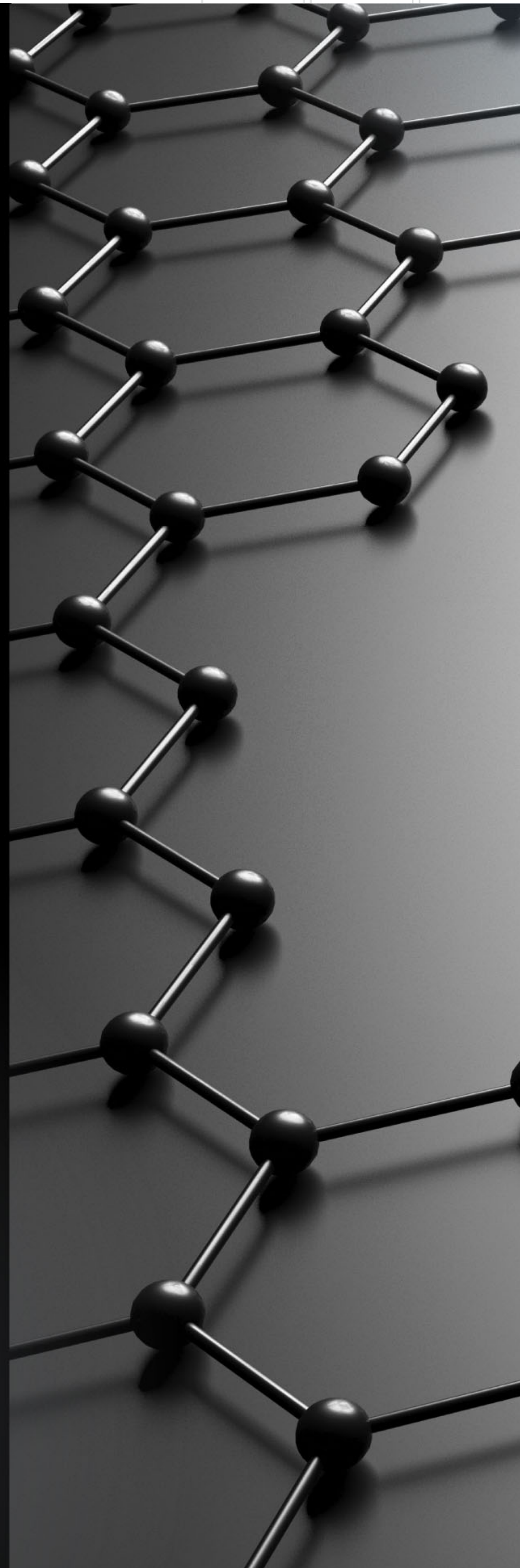
FUTURE CHANGES IN ACCOUNTING POLICIES

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, 2024 and 2023 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 Q3-2025 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.



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