NanoXplore Reports Improved Third-Quarter 2022 Financial Results

MONTREAL, May 16, 2022 -- NanoXplore Inc. (“NanoXplore” or “the Company”) (TSX: GRA and OTCQX: NNXPF), a world-leading graphene company, reported today financial results for the third quarter ended March 31, 2022.

HIGHLIGHTS

- Record revenues from customers of $28.0 million in Q3-2022, up 51.9% compared to Q2-2022
- Increased graphene sales including sales to Gerdau Grafeno LTDA
- Adjusted EBITDA* totaled -$2.2 million in Q3-2022, an improvement from the -$3.1 million in Q2-2022. On target for positive Adjusted EBITDA for Q4-2022
- Total Liquidity of $62.9 million as of March 31, 2022, including cash and cash equivalents of $56.1 million
- Total long-term debt of $9.7 million as of March 31, 2022
- Increased sales guidance to $90 million versus previously announced $85 million for the current fiscal year ending June 30, 2022

OVERVIEW

Soroush Nazarpour, President and Chief Executive Officer, stated: “I am very pleased with NanoXplore’s performance in Q3-2022 as we delivered record revenues from customers and Adjusted EBITDA consistent with our expectations, despite unfavourable supply chain issues. We remain on track to meet our revenue guidance for fiscal 2022 and to achieve positive Adjusted EBITDA in the fourth quarter.”

Luc Veilleux, Chief Financial Officer, stated: “Revenues from customers improved by 51.9% in the third quarter of 2022 to $28.0 million compared to the previous quarter. The increase is mainly explained by a positive product mix including graphene-enhanced products, the acquisition of Canuck completed on December 15, 2021 and additional price increases. Adjusted EBITDA improved by $0.9 million from Q2-2022 to -$2.2 million in Q3-2022. The positive variance was driven by better product mix including graphene-enhanced products and price increases.”

All amounts in this press release are in Canadian dollars, unless otherwise stated.

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 Company results. In addition to IFRS measures, management uses non-IFRS measures in the Company’s disclosures that it believes provide the most appropriate basis on which to evaluate the Company’s results.

	Q3-2022	**Q2-2022**	**Q1-2022**
	$	**$**	**$**
Revenues from customers	**27,997,816**	18,425,908	17,830,017
Adjusted EBITDA *	**(2,195,119)**	(3,113,136)	(3,842,930)

A. THREE-MONTH PERIODS

Revenues

	Q3-2022	**Q3-2021**	**Variation**		**Q2-2022**	**Variation**	
	$	**$**	**$**	**%**	**$**	**$**	**%**
Revenues from customers	**27,997,816**	17,619,603	10,378,213	59%	**18,425,908**	9,571,908	52%
Other income	**408,934**	802,133	(393,199)	(49%)	**375,579**	33,355	9%
Total revenues	**28,406,750**	18,421,736	9,985,014	54%	**18,801,487**	9,605,263	51%

Revenues from customers increased from $18,425,908 in the previous quarter (Q2-2022) to $27,997,816 in the current quarter (Q3-2022). The increase is mainly due to a positive product mix including graphene enhanced product, the acquisition of Canuck, and additional price increase. Despite the increase in revenues from customers, customers continued to be negatively impacted as some of our major customers had to slow down their production cadence due to supply issues (semiconductors among others) while other customers have still not regained their pre-pandemic levels (coach buses and industrial sectors).

Revenues from customers increased from $17,619,603 in the last year quarter (Q3-2021) to $27,997,816 in the current quarter (Q3-2022). This increase is mainly explained by the revenues coming from a positive product mix including graphene enhanced products, the acquisition of Canuck in December 2021, new sales programs, price increases and higher fluctuating tooling revenues.

Other income decreased from $802,133 in the last year quarter (Q3-2021) to $408,934 in the current quarter (Q3-2022). The decrease is explained by the CEWS program set up by the Canadian Federal government to help businesses deal with the COVID-19 pandemic. The Company received $ nil under this program during Q3-2022 compared to $590,510 in Q3-2021 as the program ended in October 2021.

Adjusted EBITDA

The Adjusted EBITDA improved from -$3,113,136 in the previous quarter (Q2-2022) to -$2,195,119 in the current quarter (Q3-2022). The improvement is mainly coming from a positive product mix and sale price increases which impacted positively the gross margin on total revenues.

B. NINE-MONTH PERIODS

Revenues

	YTD 2022	YTD 2021	Variation	
	$	$	$	%
Revenues from customers	**64,253,741**	47,045,864	17,207,877	37%
Other income	**1,772,942**	4,416,370	(2,643,428)	(60%)
Total revenues	**66,026,683**	51,462,234	14,564,449	28%

Revenues from customers increased from $47,045,864 in the last year period (YTD 2021) to $64,253,741 in the current period (YTD 2022). This increase is mainly explained as follows:

- Positive product mix including graphene enhanced products
- The impact of revenues from Canuck as the acquisition was completed on December 15, 2021;
- The full impact of revenues from the Continental Structural Plastics-Newton plant (“CSP Newton Plant”) as the acquisition was completed on September 11, 2020;
- Fluctuating tooling revenues were higher in the current period compared to the last year period;
- The revenues from customers volume were negatively impacted as some of our major customers had to slow down their production cadence due to supply issues (semiconductors among others) while other customers have still not regained their pre-pandemic levels (coach buses and industrial sectors). This volume decrease has been offset by price increase and new sales program; and
- The FX (USD/CAD) negatively impacted the revenues during the current period.

Other income decreased from $4,416,370 in the last year period (YTD 2021) to $1,772,942 in the current period (YTD 2022). The decrease is explained by the CEWS program set up by the Canadian Federal government to help businesses deal with the COVID-19 pandemic. The Company received $840,249 under this program during the current period compared to $3,718,114 in the last year period as the program ended in October 2021.

Additional information about the Company, including the Company’s Interim Management Discussion and Analysis for the three and nine-month periods ended March 31, 2022 and 2021 (“MD&A”) and the Company’s condensed interim consolidated financial statements for the three and nine-month periods ended March 31, 2022 and 2021 (the “interim financial statements”) can be found at www.nanoxplore.ca.

*** Non-IFRS Measures**

The condensed interim consolidated financial statements were prepared using results and financial information determined under IFRS. However, the Company considers certain non-IFRS financial measures as useful additional information in measuring the financial performance and condition of the Company. These measures, which the Company believes are widely used by investors, securities analysts and other interested parties in evaluating the Company’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”.

CONFERENCE CALL

NanoXplore will hold a conference call tomorrow, May 17, 2022, at 8:30 am EST to review its third quarter results for fiscal 2022. Soroush Nazarpour, CEO and President of NanoXplore, and Luc Veilleux, Chief Financial Officer, will host the event. The dial-in number for the call is 1-866-696-5894 or 416-340-2217, while the passcode is 4177433#. A replay of this event can be accessed by calling 1-800-408-3053 and entering the passcode 1955519# on your phone. This recording will be available until 11:59 PM on May 23, 2022.

ABOUT NANOXPLORE

NanoXplore is a graphene company, a manufacturer and supplier of high-volume graphene powder for use in industrial markets. The Company provides standard and custom graphene-enhanced plastic and composite products to various customers in transportation, packaging, electronics, and other industrial sectors. NanoXplore is headquartered in Montreal, Quebec with manufacturing facilities in Canada, the United States and Europe.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements and forward-looking information (together, “forward-looking statements”) within the meaning of applicable securities laws. All statements, other than statements of historical facts, are forward-looking statements, and subject to risks and uncertainties. All forward-looking statements are based on our beliefs as well as assumptions based on information available at the time the assumption was made and on management’s experience and perception of historical trends, current conditions and expected future developments, as well as other factors deemed appropriate in the circumstances. No assurance can be given that these assumptions and expectations will prove to be correct. Forward-looking statements are not facts, but only predications and can generally be identified by the use of statements that include phrases such as “anticipate”, “believe”, “continue”, “could”, “estimate”, “foresee”, “grow”, “expect”, “plan”, “intend”, “forecast”, “future”, “guidance”, “may”, “predict”, “project”, “should”, “strategy”, “target”, “will” or similar expressions suggesting future outcomes.

Forward-looking information is not a guarantee of future performance and involves a number of risks and uncertainties. Such forward-looking information necessarily involves known and unknown risks and uncertainties, including the relevant assumptions and risks factors set out in NanoXplore’s most recent annual management discussion and analysis filed on SEDAR at www.sedar.com, which may cause NanoXplore’s actual results to differ materially from any projections of future results expressed or implied by such forward-looking information. These risks, uncertainties and other factors include, among others, the uncertain and unpredictable condition of global economy, notably as a consequence of the Covid-19 pandemic. Any forward-looking information is made as of the date hereof and, except as required by law, NanoXplore does not undertake any obligation to update or revise any forward–looking statement as a result of new information, subsequent events or otherwise.

Forward-looking statements reflect management's current beliefs, expectations and assumptions and are based on information currently available to management. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the future circumstances, outcomes or results anticipated or implied by such forward-looking statements will occur or that plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve known and unknown risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated by such statements.

No securities regulatory authority has either approved or disapproved the contents of this press release.

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