NanoXplore Reports Record Results in Q4 and Full year 2023

MONTREAL, Sept. 11, 2023 -- NanoXplore Inc. (“NanoXplore” or “the Corporation”) (TSX: GRA and OTCQX: NNXPF), a world-leading graphene company, reported today financial results for the year ended June 30, 2023.

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

HIGHLIGHTS

- Higher total revenues of $33.3M in Q4-2023 compared to $28.3M in Q4-2022, representing an 18% increase, and total revenues of $123.9M in 2023 compared to $94.3M in 2022, representing a 31% increase;
- Gross margin on revenues from customers of 20.8% in Q4-2023 compared to 16.8% in Q4-2022 and of 17.4% during the year 2023 compared to 10.2% in 2022;
- Record adjusted EBITDA* of $1.1M for the advanced materials, plastics and composite products segment offset by -$0.6M for the battery cells segment (VoltaXplore initiative) for a net adjusted EBITDA in Q4-2023 of $0.5M compared to $0.1M in Q4-2022;
- Cash flows from operating activities were once again positive by $1.7M in Q4-2023 bringing our year 2023 to $2.4M, a significant improvement over 2022 and past years;
- Total liquidity of $46.5M as at June 30, 2023, including cash and cash equivalents of $36.2M;
- Total long-term debt of $7.9M as at June 30, 2023, down by $1.6M compared to 2022.

OVERVIEW

Pedro Azevedo, Chief Financial Officer, stated: “I am very pleased to have ended our fiscal year 2023 with our strongest quarter and strongest full year results in our history. Our record revenues and record adjusted EBITDA were the result of our focus on expanding volume of graphene-enhanced products and improving manufacturing efficiencies. Graphene’s benefits as an additive are real and compelling and more and more customers are recognizing this. We are still in a new material introduction phase, but the direction is clear and momentum is building.”

Soroush Nazarpour, President & Chief Financial Officer, said: “I am very proud of our team in delivering our strongest operating results to date both on a quarterly and full year basis. Despite a challenging macro environment, we were able to increase our revenues and gross margins and reached record adjusted EBITDA, while maintaining a strong balance sheet. In addition to the financial achievements, we achieved significant milestones during the year, including: converted one of our OEM clients to fully graphene-enhanced parts, increased our overall volume of graphene-enhanced products, put in place a pilot manufacturing facility for the anode materials initiative and graphene-enhanced Silicon additives for energy storage market, made significant progress in making the VoltaXplore gigafactory a reality, and have begun investments in the SMC materials initiative. I have to thank all the employees of NanoXplore, in each of our operating companies, for their hard work and for having helped us achieve these results.”

A. REPORTING SEGMENTS

Subsequent to NanoXplore’s acquisition of the non-controlling shares of VoltaXplore, the Corporation has determined that segmented reporting would be more appropriate for NanoXplore’s financial performance beginning in Q4-2023. As such, NanoXplore now reports its financials in two distinct segments: Advanced materials, plastics and composite products and Battery cells.

The Advanced materials, plastics and composite product segment provides standard and custom graphene-enhanced plastic and composite products to various customers in transportation, packaging, electronics, and other industrial sectors.

The Battery cells segment, which encompasses the VoltaXplore initiative, provides silicon-graphene-enhanced Li-ion batteries for the Electric Vehicle and grid storage markets.

	Q4-2023	Q4-2022		Variation	YTD 2023	YTD 2022		Variation
	$	$	$	%	$	$	$	%
From Advanced materials, plastics and composite products								
Revenues	**33,318,964**	28,280,476	5,038,488	18%	**123,857,171**	94,307,159	29,550,012	31%
Non-IFRS Measures:								
Adjusted EBITDA *	**1,130,962**	112,735	1,018,227	903%	**(234,795)**	(9,170,924)	8,936,129	97%
From Battery cells								
Revenues	**—**	—	—	0%	**—**	—	—	0%
Non-IFRS Measures:								
Adjusted EBITDA *	**(604,822)**	—	(604,822)	(100%)	**(623,092)**	—	(623,092)	(100%)

B. RESULTS OF OPERATIONS VARIANCE ANALYSIS - THREE-MONTH PERIODS

Revenues

	Q4-2023	Q4-2022	Variation		Q3-2023	Variation	
	$	$	$	%	$	$	%
Revenues from customers	**33,010,658**	28,080,085	4,930,573	18%	31,125,291	1,885,367	6%
Other income	**308,306**	200,391	107,915	54%	455,269	(146,963)	(32%)
Total revenues	**33,318,964**	28,280,476	5,038,488	18%	31,580,560	1,738,404	6%

All revenues are coming from the segment of advanced materials, plastics and composite products.

Revenues from customers increased from $31,125,291 in Q3-2023 to $33,010,658 in Q4-2023. This increase is mainly due to positive product mix including graphene enhanced products and higher volume.

Revenues from customers increased from $28,080,085 in Q4-2022 to $33,010,658 in Q4-2023. This increase is mainly due to a positive product mix including graphene enhanced products, higher volume, a positive FX impact and price increases partially offset by lower tooling revenues.

Other income decreased from $455,269 in Q3-2023 to $308,306 in Q4-2023 and increased from $200,391 in Q3-2022 to $308,306 in Q3-2023. The variations are due to grants received for R&D programs.

Adjusted EBITDA

1) From Advanced materials, plastics and composite products

The adjusted EBITDA improved from $112,735 in Q4-2022 to $1,130,962 in Q4-2023. The variation is explained as follows:

- Gross margin on revenues from customers increased by $2,147,592 compared to Q4-2022 due to higher sales as describe above, favourable product mix, improved productivity and cost control; and
- Partially offset by higher administrative expenses (SG&A and R&D) of $1,237,280 mainly due to additional headcounts and higher wages, including higher variable compensation.

2) From Battery cells

The adjusted EBITDA passed from nil in Q4-2022 to -$604,822 in Q4-2023. The variation is explained by the administrative expenses (G&A and R&D) of $604,822 from this new segment.

C. RESULTS OF OPERATIONS VARIANCE ANALYSIS – YEAR ENDED

Revenues

	YTD 2023	YTD 2022	Variation	
	$	$	$	%
Revenues from customers	**122,700,485**	92,333,826	30,366,659	33%
Other income	**1,156,686**	1,973,333	(816,647)	(41%)
Total revenues	**123,857,171**	94,307,159	29,550,012	31%

All revenues are coming from the segment of advanced materials, plastics and composite products.

Revenues from customers increased from $92,333,826 last year to $122,700,485 this year. This increase is mainly due to a positive product mix including graphene enhanced products, the acquisition of Canuck in December 2021, higher volume, a positive FX impact and price increases partially offset by lower tooling revenues.

Other income decreased from $1,973,333 last year to $1,156,686 this year. The decrease is mainly explained by the end of the CEWS program set up by the Canadian Federal government to help businesses deal with the COVID-19 pandemic. The Corporation received $ nil under this program this year compared to $840,249 last year as the program ended in October 2021.

Adjusted EBITDA

1) From advanced materials, plastics and composite products

The adjusted EBITDA improved from -$9,170,924 last year to -$234,795 this year. The variation is explained as follows:

- Gross margin on revenues from customers increased by $11,907,931 compared to last year due to higher sales as describe above, favourable product mix, improved productivity and cost control; and
- Partially offset by higher administrative expenses (SG&A and R&D) of $2,816,392 mainly due to additional headcounts

and higher wages, including higher variable compensation.

2) From battery cells

The adjusted EBITDA passed from nil last year to -$623,092 this year. The variation is explained by the administrative expenses (G&A and R&D) of $623,092 from this new segment.

D. OTHER

Additional information about the Corporation, including the Corporation's Management Discussion and Analysis for the years ended June 30, 2023 and 2022 ("MD&A") and the Corporation's consolidated financial statements for the for years ended June 30, 2023 and 2022 (the "financial statements") can be found at www.nanoxplore.ca.

*** Non-IFRS Measures**

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.

The financial statements and MD&A were 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".

WEBCAST

NanoXplore will hold a webcast tomorrow, September 12, 2023, at 8:30 am EDT to review its year ended June 30, 2023. Soroush Nazarpour, CEO and President of NanoXplore, and Pedro Azevedo, Chief Financial Officer, will host the event. To access the webcast please click on the link https://edge.media-server.com/mmc/p/49h82hdd or you can access through our website in the Investors section under Events and Presentations. A replay of this event can be accessed via the above link or on our website.

ABOUT NANOXPLORE

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. 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.sedarplus.ca, 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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