



Nano One Materials Corp.
Management's Discussion & Analysis
For the three and nine months ended
September 30, 2025

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

The following Management's Discussion & Analysis ("MD&A") of Nano One® Materials Corp. ("Nano One", "we", "our", the "Company") for the three and nine months ended September 30, 2025, should be read in conjunction with the condensed interim consolidated financial statements for the nine months ended September 30, 2025, and the audited annual consolidated financial statements for the year ended December 31, 2024 and related notes thereto. The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and the audited annual financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the IASB. All monetary amounts in this MD&A are expressed in Canadian dollars, unless otherwise indicated. The information contained herein is presented as at **November 10, 2025** (the "MD&A Date"), unless otherwise indicated.

For the purposes of preparing this MD&A, Management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of its common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. The Board of Directors has approved the disclosure contained in this MD&A.

Continuous disclosure documents including the Company's most recent Annual Information Form ("AIF"), annual MD&A, and audited annual consolidated financial statements, are filed with Canadian securities regulatory authorities on SEDAR+ (www.sedarplus.ca) and on its website at www.nanoone.ca.

Abbreviations

AI	Artificial Intelligence	LNMO	Lithium Nickel Manganese Oxide
BESS	Battery Energy Storage Systems	M	Million or millions
CAM	Cathode Active Material	M2CAM	Metal to Cathode Active Material
ESS	Stationary Energy Storage Systems	NMC	Lithium Nickel Manganese Cobalt
EV	Electric Vehicle	OEM	Original Equipment Manufacturer
FEL	Front-End Loading	pCAM	Precursor Cathode Active Material
GHG	Greenhouse Gas Emissions	tpa	Tonnes Per Annum
ICFR	Internal Controls over Financial Reporting		
LFP	Lithium Iron Phosphate		

Forward-Looking Statements

This MD&A contains certain "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements"), within the meaning of applicable Canadian securities laws, which are based upon the Company's current internal expectations, estimates, projections, assumptions, and beliefs. All information, other than statements of historical facts, included in this MD&A that addresses activities, events or developments that the Company expects or anticipates will or may occur in the future is forward-looking information. Such statements can be identified using forward-looking terminology such as "believe", "expect", "plan", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", or "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may", "should" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, goals, or other statements that are not statements of fact. Such forward-looking statements are made as of the date of this MD&A and, except as required by law, the Company is under no obligation to update or alter any forward-looking information.

Forward-looking statements in this MD&A may include, but are not limited to, statements with respect to: the performance of the Company's business and operations; shareholder value; the Company's ability to raise sufficient financing to continue its operations, and the related cost of capital; estimated future working capital; funds available; use of funds; future capital expenditures and other expenses; receipt of the total amounts of announced anticipated government funding; the intention to grow the business; OEM collaboration and strategies; operations and potential activities of the Company; access to land and utilities; the anticipated acceleration and demand of the industry and market acceptance of the Company's technology and products; the functions and intended benefits of the Company's technology and products; the commercial development of the Company's technology and products; facilities expansion and/or commercial production of CAM; entering into definitive agreements of any kind; the Company's piloting, demonstration, development projects, production trials, (pre-) feasibility studies, and innovation activities; plans for construction and operation of cathode production facilities for acceptance of the Company's product and licensing packages; potential bundling of One-Pot with pre-qualified feedstocks and those related

benefits to potential partners, licensees and customers; collaboration with materials producers; de-risking product supply chains for prospective licensees; general and global economic and regulatory changes; the competitive conditions of the industry and the Company's competitive position in the industry; intellectual property protection; anticipated joint development programs; the Company's short- and long-term business objectives and milestones, and the events that must occur to accomplish them; prospective partnerships and the anticipated benefits of those partnerships; the Company's marketing efforts and potential licensing, supply chain, and royalty arrangements; the purpose for expanding the Company's facilities and scalability of developed technology; and the anticipated future sales, revenues; the imposition of tariffs, trade sanctions, quotas or other protectionist measures or the breakdown of trade relations; production and government tax incentives; collaboration with municipalities; the impact of public health crises; and profit margins of the Company's operations.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, levels of activity, performance, or achievements. There are risks, uncertainties, and other factors, some of which are beyond the Company's control, which could cause actual results, performance, or achievements of the Company, as applicable, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements contained in this MD&A and those factors identified in the section "Risks and Uncertainties" in this MD&A and in the section titled "Risk Factors" in the Company's most recently filed AIF on SEDAR+.

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BUSINESS OVERVIEW

Nano One's head office is located at Unit 101B, 8575 Government Street, Burnaby, British Columbia V3N 4V1, and the registered and records office is located at 2900 - 550 Burrard Street, Vancouver, British Columbia V6C 0A3. The Company's common shares trade on the Toronto Stock Exchange (the "TSX") under the symbol "NANO" and commenced trading on the U.S. OTCQB under the symbol "NNOMF" on July 14, 2025.

Nano One is a technology company specializing in cathode active materials for lithium-ion batteries. Applications include ESS, AI data centers, defense, portable electronics, and electric vehicles. Nano One's patented One-Pot™ process reduces costs, is easier to permit, lowers energy intensity and environmental footprint, and reduces reliance on problematic supply chains. The Company is supporting the drive towards energy security, supply chain resilience, industrial competitiveness, and increased performance through process innovation. Production is being piloted and demonstrated at Nano One's LFP production facility in Québec ("Candiac Facility") drawing on the existing plant and decades of commercial LFP manufacturing experience. Strategic collaborations and partnerships with international companies Sumitomo Metal Mining ("SMM"), Rio Tinto, and Worley Chemetics ("Worley") (a wholly owned Canadian subsidiary of Worley Limited) are supporting a design-one-build-many licensing growth strategy delivering modular, cost-competitive, easier-to-permit and faster-to-market battery materials production solutions world-wide.

Nano One aims to create shareholder value by diversifying future revenue streams that include production plant licensing fees, equipment procurement and sales from its Candiatic Facility. Nano One is focusing on LFP to leverage a global shift towards this battery chemistry and is investing in the capacity expansion of its demo plant and its engineering plans for licensing, while streamlining its operations for first commercial revenues. As such, its current focus has shifted mostly away from prior initiatives on other CAM chemistry formulations, such as NMC and LNMO.

Nano One's 200 tpa One-Pot LFP pilot line ("demo plant" or "pilot line") began operating at its Candiatic Facility in Q4 2023 and has successfully de-risked the production of LFP with performance results consistent to lab scale. This advancement has enabled commercial scale LFP samples to be sent to qualified customers for evaluation, and validation with a goal to enter into binding offtake agreements. As the market has evolved, so have LFP product specifications and as such, Nano One continues to work with its potential customers in a collaborative feedback loop to improve and qualify its LFP materials, for sale and for licensing opportunities in larger market sectors.

Nano One has also de-risked production and quality in larger full-scale reactors at its Candiatic Facility and is now investing in the automation and integration of these reactors with its full-scale dryers and kiln, to expand capacity and demonstrate commercial production for sales. The Company is also advancing the high priority aspects of an FEL3 study to be site agnostic and support its licensing, joint venture, and independent production initiatives (see "Licensing and Production Updates" below).

Nano One remains steadfast in its licensing strategy, together with its alliance partner Worley (see below), and a design-one-build-many growth strategy that is cost competitive, capital light, and globally significant. Nano One's LFP know-how, demo plant and scale-up expertise in Candiatic are key differentiators that stand it apart from the competition. Further, the Company has a continuous improvement approach that will benefit its licensees with valuable process innovations that are cost competitive, differentiated, IP protected and supported with continual focus on its cost competitiveness, protecting its production know-how and training.

Technology and Intellectual Property

One-Pot Process and M2CAM® Technologies

Nano One's patented One-Pot processing technology vertically integrates pCAM and CAM processing, and is engineered to make cathode materials directly from non-sulfate forms of battery metals. This reduces operating and equipment costs, waste, logistics, energy intensity, carbon footprint and trade uncertainty in the lithium-ion battery supply chain.

The One-Pot technology is an aqueous process, using carbon neutral chemistry, that operates at room-temperature and atmospheric pressures. Reactants first nucleate in the One-Pot reactor to form an intermediate salt that readily fires in high efficiency kilns to form coated nanocrystal cathode powders. Its benefits for LFP are mainly attributed to the vertical integration of pCAM and CAM processes, high efficiency thermal processing, and the elimination of sodium/ammonium sulfate wastewater. This has the additional benefit of making One-Pot enabled CAM production facilities easier to site, permit, construct, and operate while breaking dependency on foreign controlled supply of iron sulphate and iron phosphate. Furthermore, the process uses lithium feedstock in the form of carbonate rather than hydroxide (even in the case of high-nickel CAM) to further reduce cost, handling, logistics and safety issues.

Life Cycle Assessment (LCA)

In December 2023, Nano One announced the results of a third-party LCA report which showed that the One-Pot process could cut GHG emissions by up to 60% for NMC811 CAM, and up to 50% for LFP CAM, and significantly reduce water use for both CAMs when benchmarked against the complexity and energy intensity of conventional pCAM and CAM processes operating in various jurisdictions. These environmental improvements are augmented by the other benefits of the One-Pot process including reduced cost, complexity, and dependency on foreign supply chains of concern.

Intellectual Property

Nano One's intellectual property (IP) was developed and is wholly owned by Nano One. The Company continues to expand patent coverage of its proprietary technology and has various patents which have been granted or approved across the globe. There are also many pending patent applications throughout the world. Announcements were made by the Company in 2024 and on August 20, 2025, regarding the expansion of its patent portfolio, and the allowance and/or issuance of several new patents.

Patents, trade secrets, flowsheets, knowhow, plant design and people are at the core of what Nano One's partners, shareholders, and prospective customers value. Not only are these intellectual property assets critical to Nano One's leadership position, but they have also enabled the Company to pilot LFP using its technology and demonstrate at scales that are relevant to the automotive industry. When bundled with detailed engineering plans, innovative supply chains, and performance targets, Nano One believes that its technology could be widely licensed for a new generation of sustainable

and cost-effective CAM production that is cleaner, more easily permitted and securely established in North America, Europe, and the Indo-Pacific region.

2025 Catalysts

- **Finance** - drawing down \$40 million in government funding to accelerate capacity expansion, production, scaling, and commercial LFP sales (approximately \$16,600,000 has been received in 2025 to September 30, 2025, of which approximately \$121,000 was received during Q3 2025).
- **Increase Non-Dilutive Funding** - Add further working capital from government programs and other sources (NRCan funding of \$5,000,000 announced subsequent to Q3 2025).
- **Capacity Expansion** - Complete Candiatic engineering and launch capacity expansion project to reach a minimum of 800 tpa to meet customer demand (former minimum of 1,000 tpa).
- **LFP sales** - Sampling and sales of initial Candiatic production volumes to support advancement towards multi-year contracts.
- **CAM Package** - Finalize 25,000 tpa LFP CAM plant engineering design with Worley for licensing/joint venture.
- **Partners** - Advance Partnerships with SMM, Rio Tinto and Worley.
- **Licensing** - Market LFP pre-sales and a detailed CAM Package to secure agreements for future revenue.
- **One-Pot Equipment** - Design reactor and kiln components with Worley and develop partnerships with other equipment providers.
- **Supply Chain** - Diversify region-specific raw materials supply base to support licensee growth.
- **Innovation** - Advancing M2CAM across all chemistries with partners while expanding our IP patent portfolio, production know-how, and product specification.
- **Policy** - Engage on public policy and related matters that impact supply chain and trade development in key markets including America, Canada, European Union and the Indo-Pacific region.

Nano One has the goal of licensing its One-Pot LFP CAM packages, globally, to chemicals, materials and energy companies looking to produce CAM for battery applications for the EV and ESS markets. Shareholder value will be created with increased market penetration through the Company's partnership channels, low cost of capital from its licensees, and by diversifying revenue exposure via the Worley alliance to include equipment procurement, further to licensing fees and revenues from its Candiatic Facility.

Key Business Developments

NRCan Funding of \$5,000,000 to Support Capacity Expansion and Advance Commercialization

On October 29, 2025, the Company announced it has been awarded a \$5,000,000 non-repayable contribution from Natural Resources Canada (NRCan) under the Energy Innovation Program to expansion of the Candiatic Facility, scale production of One-Pot LFP CAM, advance commercialization, and promote diversification and regionalization of battery supply chains, in line with G7 priorities. The funding supports Nano One's ongoing work at its Candiatic, Québec and Burnaby, British Columbia facilities through to March 31, 2027. It will enable the Company to continue developing different product grades of One-Pot LFP to meet performance requirements across various applications. Sumitomo Metal Mining (SMM) is a project partner under this NRCan award and will contribute technical expertise as in-kind support.

The funding supports the next phase of Nano One's scale-up at its Candiatic facility from 200 tpa to a minimum of 800 tpa with the flexibility to reach 1,000+ tpa to meet customer demand, complementing funding from the Government of Québec announced on December 9, 2024, and DPA Title III funding from the US Department of Defense announced on September 26, 2024. This latest tranche of government support marks continued progress toward commercializing One-Pot LFP production and building localized capacity in line with government priorities for industrial resilience and supply-chain independence. The contribution covers eligible operating and capital expenditures for scale-up, product-development, and commercialization activities at both facilities. The announcement came as part of the G7 Energy and Environment Ministers meeting where measures were put in place to strengthen supply chains, reduce dependencies and ensure access to the resources essential for clean energy, advanced manufacturing and defense.

Update on Collaboration with Rio Tinto

On October 6, 2025, the Company provided an update on its ongoing collaboration with Rio Tinto (together, the "Parties") specific to the pre-qualification of high-volume battery-grade raw material inputs for Nano One's One-Pot LFP CAM production process. Nano One is adding value to its technology and license offering by pre-qualifying feedstock that is critical to the production of LFP. This assists Nano One's prospective licensee partners manage supply chain risks and

accelerate time to market for future One-Pot commercial plants. Nano One believes that its One-Pot processing technology can be bundled with pre-qualified input feedstocks from premier producers such as Rio Tinto, to help partners, licensees, and customers achieve their objectives.

Collaboration and pre-qualification of Rio Tinto's critical minerals and raw materials inputs include lithium carbonate and pre-commercial lithium carbonate samples from Rio Tinto sites in Argentina. Nano One conducts qualification of *battery-grade* raw materials through a rigorous, staged testing protocol at increasing scales from A-sample (kilograms) through C-sample (1-10 tonnes) prior to D-samples in a commercial plant setting. By pre-qualifying raw material inputs, Nano One aims to accelerate customer acceptance of its LFP product and LFP CAM licensing packages. This will also de-risk supply chains for prospective licensees and fast-track A thru C sample qualification programs by as much as one year. The strategic collaboration between the Parties aligns with Nano One's technology licensing and growth strategy while supporting regional LFP supply chain development opportunities.

Advanced Collaboration with Sumitomo Metal Mining (SMM) on LFP Commercialization

On September 20, 2025, the Company reported on its latest progress with SMM which confirmed Nano One as a key technology partner in advancing its growth strategy for LFP cathodes. Results from development work and trials, economic modeling and IP review have been positive, thus giving SMM a high degree of confidence in Nano One's proprietary One-Pot LFP technology. Nano One and SMM are expanding their collaboration to pursue LFP production opportunities with target strategic customers. SMM is also providing support and collaboration on the NRCan project announced on October 29, 2025, above. In September 2023, SMM invested \$16,900,000 in Nano One and entered into a strategic collaboration agreement with the objective of commercialization Nano One's One-Pot LFP technology.

Commissioning of Proprietary Agitator Equipment

On August 20, 2025, the Company announced that it has successfully installed and commissioned a custom-designed and proprietary agitator in its commercial-sized 20,000-litre One-Pot reactor at the Candiatic Facility, further improving its cost performance, in addition to supporting production scale-up and continued product commercialization, as well as optimizing plant design for the Company's future licensing business.

The newly installed, high-efficiency agitator has been engineered to enhance mixing dynamics, thermal transfer and reaction time and is estimated to increase the throughput capacity of the reactor by approximately 50%. It will also improve the consistency and quality of CAM output, while yielding reduced operating expenses (OPEX). The upgrade followed extensive piloting, data collection and modelling conducted on smaller 2,000-litre One-Pot pilot reactors, which were commissioned in October 2023. This achievement marks an important milestone in the further optimization of the operations at the Candiatic Facility and underscores the scalability of the One-Pot process.

Selection to Join U.S. ALTA (Arkansas Lithium Technology Accelerator)

On July 15, 2025, the Company announced it had been selected to join ALTA, America's first lithium and battery supply chain accelerator. Participating in ALTA positions Nano One as a strategic contributor to lithium-ion battery supply chain independence and reinforces Nano One's position as a national strategic asset in lithium-ion battery production - fortifying a secure, localized supply chain for defense and commercial markets. It also highlights Nano One's continued relevance to energy growth and national security.

Arkansas' supply chain goals align with Nano One's multi-jurisdictional strategy, leveraging the Candiatic Facility as a hub, accelerator and launchpad for validation, commercialization, and large-scale growth in the U.S., Canada and beyond.

Nano One is one of only three companies selected for ALTA's inaugural cohort, alongside innovators in lithium processing and geothermal deployment. The accelerator is backed by Standard Lithium, the Walton Family Foundation, and a network of Arkansas-based producers, academic institutions, and government partners. Participation in ALTA creates opportunities for partnerships and strategic visibility in the U.S., while enabling shared learnings with other innovative North American supply chain leaders and established players looking to support localization of the lithium-ion battery supply chain.

Sale and leaseback transaction

On February 28, 2025, the Company closed a transaction to sell and leaseback its Candiatic building and surrounding property at 280 Liberté Avenue, Candiatic, Québec ("Property"), which is the location of the Company's Candiatic Facility to Candiatic Industrial Properties (I) L.P. ("Purchaser"). This transaction ensures long-term operational stability in the province of Québec through a 15-year lease agreement with renewal provisions for up to an additional 15 years.

The net proceeds received by the Company at closing were \$13,699,122, plus a \$2,000,000 loan receivable (deferred payment). The loan receivable is secured by an immovable hypothec, safeguarding Nano One's interests. The loan receivable bears interest at 4% per annum and is due \$1,000,000 plus interest in February 2028, and \$1,000,000 plus interest in February 2031.

Additionally, Nano One entered into a lease agreement for the Property for an initial term of 15 years, with three optional 5-year renewal periods. In addition, the Company has the right of first offer should the Purchaser decide to sell in the future. This arrangement provides long-term stability for the Candiatic operations.

LICENSING AND PRODUCTION UPDATES

LFP production is being piloted and demonstrated at the Candiatic Facility drawing on an existing plant that has been retrofitted with the Company's One-Pot processing technology, and a team with decades of commercial LFP manufacturing experience. The Candiatic Facility is currently operating with a piloting capacity of 200 tpa which is used for validation with potential customers in the defense and BESS sectors and this is enough capacity to support preliminary commercial sales.

Concurrently, Nano One has successfully demonstrated LFP made with the One-Pot technology in existing full commercial scale reactors, at the Candiatic Facility, in a series of manually fed production runs. Results were announced on August 20, 2025, regarding the successful installation and commissioning of a custom-designed and proprietary agitator for the Company's existing and commercial-sized 20,000 litre One-Pot reactor. The new agitators demonstrated improved cost performance at scale for the purposes of commercialization production and its technology license offerings.

Results from these operations have led to decisions and plans that are now in motion, to add automation, expand production capacity at the Candiatic Facility and address projected increases in customer demand. These plans are described below under "Expansion and FEED Study".

As market confidence grows in Nano One's LFP product and process technology, it also compliments sample validation programs that are running in parallel with larger suppliers to BESS, automotive, and AI data center markets. These are large commercial targets that could drive high volume offtake, financial decisions to build much larger production facilities and growth through licensing and joint-venture.

Alliance with Worley Chemetics

On December 4, 2024, the Company provided a progress update on its Worley – Nano One Strategic Alliance ("Alliance"), including a jointly conducted cost comparison confirming the economic advantages of Nano One's One-Pot process for LFP. In addition, the preliminary design and full-scale layout of the modular design-one-build-many plants is complete and being marketed with the cost comparison study to prospective clients.

The comparative analysis showed that the One-Pot process could enable at least 30% lower costs in total invested capital and up to 30% lower operational costs, using up to 80% less energy than the incumbent method. The One-Pot process also eliminates sodium sulfate wastewater and could use up to 80% less process water and reduce GHG emissions by up to 50% depending on energy sources and jurisdiction.

The Strategic Alliance has also completed a layout of the modular plant with operability and maintainability in mind and is accelerating engineering and qualification of vendor equipment to complete the LFP CAM Technology Package and support customer ambitions in this market.

The analysis estimated and compared the cost of two 25,000 tpa North American CAM production facilities that convert iron, phosphate and lithium sources into LFP, one enabled with One-Pot technology from Nano One, and the other using incumbent high-volume production technology from China. The operating and capital cost estimates of the incumbent technology were done to a Class 5 level in accordance with the Association for the Advancement of Cost Engineering (AACE) and included the treatment of sodium sulfate wastewater in North America. Nano One and Worley are confident with the cost estimates which are based on equipment quotes from various major vendors, installation factors, indirect costs, and best practices in engineering, procurement and construction management (EPCM).

Demo Plant - 200 tpa capacity

The Company commissioned its 200 tpa One-Pot LFP pilot line in Q4 2023 which is being used to facilitate demonstration, technology validation, sampling and evaluation while also informing FEL design studies and the LFP CAM package with Worley. See "Expansion" below. Nano One had incurred approximately \$8,660,000 in building and commissioning the demo plant through to fiscal 2023.

Expansion and FEED Study – minimum 800 tpa (flexibility to reach 1,000+ tpa)

The Candiatic Facility remains the launch pad for Nano One's growth strategy and a clear path to first revenue and larger offtakes. The Candiatic Facility is equipped with commercial scale equipment that enable Nano One to demonstrate its technology and to complete the customer material validation process that requires production scale batches for sampling for OEM customers. The Candiatic Facility will support small scale offtakes and production for first revenues and large scale offtakes for licensees and a potential future 25,000 tpa Development Project (see below), and even larger scale offtakes for the technology licensing business in alliance with Worley.

Through to September 30, 2025, Nano One has incurred approximately \$1,420,000 (\$890,000 incurred in 2025) in engineering and planning costs related to this expansion effort

A Front End Engineering and Design (FEED) study was completed in Q3 2025 for capacity expansion at the Candiach facility, and resulted in pre-feasibility level costing and nameplate capacity estimation.

The Company identified two stages of capacity expansion — the first stage enables full demonstration of the technology at commercial scale by integrating and automating some of the site's existing commercial scale equipment and expanding capacity to a minimum of 800 tpa. The second stage supports anticipated customer ramp-up and future sales by boosting capacity to 1,000+ tpa, and is achieved largely through investment in feedstock handling, automation and integration with existing equipment. The Company has made the financial investment decision ("FID") to proceed with the first phase of capacity expansion and will invest in the second phase as customer demand grows. The FID is to proceed with detailed engineering and procurement activities over Q4 2025 and Q1 2026. This will be followed by additional procurement, installation and commissioning activities commencing in Q2 2026 with a target to complete commissioning in H1 2027.

This expansion plan aligns with the existing government funding programs that support both capital expenditures and operating expenditures through to end of Q2 2027. It marks continued progress toward commercializing One-Pot LFP production and building localized capacity in line with government priorities for industrial resilience and supply-chain independence.

Commercial Plant (Development Project)

The Company's FEL2 pre-feasibility study, as reported in Q4 2023, modelled a 25,000 tpa LFP plant on the unused portion of its land in Candiach, Québec (which land was sold in September 2024). In Q1 2024, a FEL3 feasibility study was launched with consideration being given to lower-cost alternative sites that would better accommodate growth, utility requirements and future market needs. The Company reported that its FEL3 study was showing lower capital costs and operating expenses than its earlier FEL2 study. This further enhances the One-Pot value proposition and supports the Strategic Alliance with Worley. Currently, the Company is focused on advancing the high priority aspects of the feasibility level engineering work for a One-Pot technology LFP production line, that is site agnostic, and will support its licensing strategy and a potential future Development Project. The FEL3 study will also support the design-one-build-many growth strategy to develop, market and sell CAM packages globally in partnership with Worley.

For the abovementioned FEL3 study, \$1,900,000 had been incurred through to September 30, 2025 (\$10,000 incurred in 2025), in relation to the 25,000 tpa Development Project. A financial decision to apply significant resources to the Development Project will require further progress on agreements for customer offtake, feedstock supply, and government support, as well as final site selection.

Nano One continues to consider its Development Project and various paths forward as part of its licensing strategy into a joint venture and would include the project becoming a separate stand-alone operating company, which would reduce Nano One's capital requirements on the project, potentially lead to license and development fees in the form of cash or equity in the operating company.

With regards to site selection for development projects, Nano One is evaluating the evolving market needs in North America and Europe with key considerations including cell suppliers to AI and data centers, automotive OEM timing, their LFP battery manufacturing and procurement strategies, government tariffs and production tax credit incentives, government incentives in the form of grants and forgivable loans, municipal collaboration, and access to low-cost land, sufficient utilities (power, water, natural gas), footprint for expansion to align with longer-term objectives and location preferences from collaborating stakeholders.

Market Conditions and Business Environment

Market Conditions

Bloomberg New Energy Finance (BNEF) in their 2024 CAM market report project global CAM demand to reach 5.9 TWh by 2035. LFP CAM is expected to capture 52% of market share—a threefold increase over BNEF's 2021 projections. Although China currently holds ~95% of global LFP production capacity, demand in the Rest of World (RoW) is expected to more than double that of China by 2035. RoW demand for LFP is projected to grow fivefold, driven primarily by EV and BESS. At the same time, governments are streamlining policies to incentivize localization of supply chains and investment in critical mineral refining and processing to meet projected growth. According to Rho Motion, the U.S. and EU have emerged as the second fastest-growing markets for ESS, supported by expanding grid infrastructure. (Refer to Company news release on July 8, 2025 for sources). BESS deployments increased by 51% 2025 YTD with LFP chemistry representing ~90% of the chemistry. Total represents roughly 325GWhr of capacity.

Under Canada's 2025 G7 presidency, leaders adopted the *Global Critical Minerals Action Plan*, pledging to "catalyze public and private investment in minerals, including through innovation and licensing" and to build "responsible critical mineral processing" capacity across jurisdictions. The plan also emphasized "defense, clean energy, and digital technologies" as

key sectors shaping demand and strategic priorities. At the 2025 Canada-EU Summit, both parties signed joint commitments to co-invest in critical mineral infrastructure, with an emphasis on defense and AI infrastructure localization to enhance resilience and reduce strategic dependencies. (Refer to Company news release on July 8, 2025 for sources).

In October 2025, China placed further export restrictions on its processing technologies for lithium, iron-phosphate pCAM and LFP CAM production, equipment, technology and LFP product to protect its LFP leadership position, competitive advantage, and control of LFP supply chain and its iron sulphate inputs.

The International Energy Agency's (IEA) Global Critical Minerals Outlook 2025 also highlighted that "iron sulphate is a by-product of titanium dioxide production where China is the leading producer." As a result, key material inputs are available in China at very low cost, which is difficult to replicate in other parts of the world. China supplies 95% of high-purity manganese sulphate and 75% of battery-grade PPA (purified phosphoric acid) and securing these materials from alternative sources is currently challenging and often comes at a higher cost. These cost premiums will remain unless there are significant efforts to build diversified supply sources for these materials.

The IEA Outlook 2025 named Nano One among a select group of companies developing "alternative methods of producing LFP" to "reduce dependency on Chinese supply chains."

Business Environment and Opportunities

Nano One views a tremendous market opportunity in LFP, and its patented One-Pot process is designed to simplify production and address market issues relating to cost, supply chain bottlenecks, permitting, localization, and scale, so to enable secure sources of raw material inputs, and accelerate the adoption of LFP for stationary ESS, defense, AI data center and EV applications in North America and other jurisdictions.

The One-Pot process eliminates wastewater and dependence on China's iron sulphate, laying a sustainable foundation for easy-to-permit LFP plants that could unlock industrial growth potential in the West. Nano One has vertically integrated precursor and cathode production to position it competitively on the world stage and Nano One's, design-one-build-many licensing strategy is intended to drive widescale adoption, economies of scale, and much needed supply chain diversification. This positions Nano One favorably, with an easier-permit and competitively differentiated production process, to meet the emerging demand for LFP in North America, Europe, and the Indo-Pacific region. NMC remains important for applications in long range, energy dense batteries and Nano One will keep modest efforts on its One-Pot process NMC program to support collaborators and stakeholders in developing sustainable process solutions for the future.

With a diverse set of emerging clients that serve Europe, the Indo-Pacific, and the U.S., Nano One can elect where it sells its LFP and licenses its technology, enabling the Company to navigate emerging markets, and trade uncertainty with agility. This flexibility is bolstered by strong government support, strategic partners, and clearly defined near-, mid-, and long-term revenue pathways through production and licensing.

REVIEW OF FINANCIAL RESULTS

The financial statements include disclosure based on the Company's two operating segments. The CAM manufacturing business is organized into two operating segments: a research and innovation operation; and a demonstration and pre-commercialization operation. Segment performance is evaluated based on various measures including assets and liabilities, operating expenses, and cash flows. Refer to Note 17 to the financial statements for details.

The Company restructured during Q3 2024 reducing its workforce by approximately 20% which is expected to result in a reduction to cash personnel costs for fiscal 2025 (not including long-term incentive (LTI) amounts within share-based payments expense) of approximately \$2,100,000 to \$2,500,000, before considering cash-based short-term incentive bonuses which are subject to variability.

Q3 2025 compared to Q2 2025

Three months ended	September 30, 2025 \$	June 30, 2025 \$	Increase (decrease) \$
Expenses			
Amortization	1,161	1,217	(56)
Business development and investor relations	111,154	118,142	(6,988)
Depreciation	62,650	58,382	4,268
Finance costs	160,892	558,799	(397,907)
General and administrative expenses	830,776	748,226	82,550
Professional and consulting	587,901	332,111	255,790
Research and operational expenses, net	1,246,266	1,702,190	(455,924)
Share-based payments	897,224	538,263	358,961
Wages, benefits and fees	3,638,061	4,274,403	(636,342)
Loss from operating expenses	(7,536,085)	(8,331,733)	(795,648)
Gain on disposal of property, plant and equipment	-	18,470	(18,470)
Government grant income	120,957	5,602,418	(5,481,461)
Impairment of equipment	(381,633)	-	(381,633)
Interest income	70,469	43,631	26,838
Other income (expense)	36,351	(126,304)	(162,655)
Loss and comprehensive loss	(7,689,941)	(2,793,518)	(4,896,423)

- Finance costs decreased as the interest expense accrual on the default provision relating to the IQ loan which was recognized in Q1 and Q2 was reversed during Q3 as there are no matters to suggest non-compliance or default with the loan.
- Professional and consulting fees increased due to activity relating to the ATM financing and related assurance engagements, government funding claims and development, and organizational process optimization projects which are either new or expanded activities in Q3 2025 over the preceding quarter.
- Research and operational expenses decreased primarily due to an additional \$300,000 incurred in Q2 2025 relating to an engineering FEED study performed at the Candiac Plant.
- Share-based payments increased in Q3 2025 due to the grant of additional RSUs, DSUs, and PSUs during the quarter.
- Wages decreased due to the net decrease in personnel head count and the related reversal of short-term incentive (STI) accruals year to date for personnel no longer with the Company. Moreover, the Q3 2025 STI accrual was lower than in Q2 2025.
- Impairment of equipment related to the decommissioning of certain items upon the determination that there would be no future economic benefits through their use.
- Government grant income for Q2 2025 included approximately \$1,848,000 in accrued refundable tax credits further to additional funding from the DoD (\$3,230,000) and NGen (\$468,000). The timing of cash flows for Government grants vary primarily due to the timing of eligible expenses incurred by the Company and subsequent submissions for reimbursements.

Q3 2025 compared to Q3 2024

Three months ended	September 30, 2025 \$	September 30, 2024 \$	Increase (decrease) \$
Expenses			
Amortization	1,161	1,126	35
Business development and investor relations	111,154	85,102	26,052
Depreciation	62,650	69,180	(6,530)
Finance costs	160,892	45,235	115,657
General and administrative expenses	830,776	645,717	185,059
Professional and consulting	587,901	410,145	177,756
Research and operational expenses, net	1,246,266	1,667,433	(421,167)
Share-based payments	897,224	763,134	134,090
Wages, benefits and fees, net	3,638,061	4,633,735	(995,674)
Loss from operating expenses	(7,536,085)	(8,320,807)	(784,722)
Gain (loss) on disposal of property, plant and equipment	-	3,581,393	(3,581,393)
Government grant income	120,957	17,410	103,547
Impairment of equipment	(381,633)	-	(381,633)
Interest income	70,469	111,466	(40,997)
Other income (expense)	36,351	-	(36,351)
Loss and comprehensive loss	(7,689,941)	(4,610,538)	3,079,403

Refer to the discussion above for the Q3 2025 compared to Q2 2025 variances as certain business drivers discussed above are also relevant to the Q3 2025 compared to Q3 2024. Additional factors unique to the year over year comparison are as follows:

- Finance costs increased with the new lease liability recognized in Q1 2025 relating to the leaseback of the Candiac Facility building.
- Professional and consulting fees increased primarily due to the reasons that were specific to new operational activities commencing or ramping up in Q3 2025 as described above in the Q3 2025 comparison to Q2 2025.
- Research and operational expenses decreased due to costs incurred during Q3 2024 for engineering and related studies including the FEL3 feasibility study on the 25,000 tpa Development Project at the Candiac Facility
- Wages decreased in Q3 2025 compared to Q3 2024 namely due to the restructuring during August 2024 which resulted in the recognition of severance expenses during Q3 2024 amounting to approximately \$600,000. A reduced personnel head count, and lower STI accruals in Q3 2025 compared to Q3 2024 are further contributors to the decreased expense.
- Gain on disposal of property, plant and equipment in the comparative period was from the sale of a vacant lot on its land in Candiac, Québec for gross proceeds of \$5,000,000 in September 2024.
- Impairment of equipment is described above.

Nine months ended 2025 compared to 2024

Nine months ended	September 30, 2025 \$	September 30, 2024 \$	Increase (decrease) \$
Expenses			
Amortization	3,374	2,853	521
Business development and investor relations	330,305	420,998	(90,693)
Depreciation	181,251	203,234	(21,983)
Finance costs	886,864	143,271	743,593
General and administrative expenses	2,182,518	1,984,200	198,318
Professional and consulting	1,344,026	1,597,341	(253,315)
Research and operational expenses, net	4,661,472	6,734,245	(2,072,773)
Share-based payments	2,809,541	2,431,940	377,601
Wages, benefits and fees, net	11,537,051	13,809,629	(2,272,578)
Loss from operating expenses	(23,936,402)	(27,327,711)	(3,391,309)
Gain (loss) on disposal of property, plant and equipment	1,324,247	3,555,790	2,231,543
Government grant income	15,066,689	94,399	14,972,290
Impairment of equipment	(381,633)	-	(381,633)
Interest income	152,777	671,214	(518,437)
Other expense	(36,217)	-	36,217
Loss and comprehensive loss	(7,810,539)	(23,006,308)	(15,195,769)

The direction of the variances for the nine months ended September 30, 2025 compared to 2024, relative to the variances for the three months ended September 30, 2025 compared to 2024, are largely aligned which is due to the same key business drivers contributing to fluctuations in the results of operations for the respective periods.

Government grant income for the year to date period ended September 30, 2025, was driven by new grants and funding opportunities during late 2024 and in Q1 2025 relating to IQ, Technoclimat, NGen and DoD.

Other notable changes include:

- Professional and consulting fees decreased as a significant external information technology contract was paused alongside a significant reduction in advisory and market fee costs as the Company reduced the level of contractor engagements as a cost reduction effort or as part of a strategy to in-house some services. Moreover, audit and accounting fees were higher given variances in the timing and amount of accruals. Legal and patent filing fees also significantly decreased due to reduced non-routine transaction matters.
- Research and operational expenses has decreased as a result of restructured activities at the Company's innovation hub in Burnaby as engineering and related studies/engagements were reduced to focus on LFP. An outlier for comparative 2024 period was engineering and related studies including the FEL3 feasibility study on the 25,000 tpa Development Project at the Candiac Facility. Moreover, costs related to the Company's piloting activities were higher in 2024 which is now completed.
- Wages decreased due to the restructuring which occurred in Q3 2024. Accordingly, the Company's headcount and wage expense are lower in the current 2025 period relative to the 2024 comparative, and STI accruals are also lower further to a net reversal of prior year STI amounts accrued during 2024 compared to actual amounts paid in 2025.

REVIEW OF FINANCIAL CONDITION

Summary Financial Position and Key Metrics

	September 30, 2025 \$	December 31, 2024 \$	December 31, 2023 \$	2025 to 2024 Change \$	2024 to 2023 Change \$
Cash and cash equivalents	17,794,654	7,160,529	31,868,882	10,634,125	(24,708,353)
Restricted cash	-	-	575,000	-	(575,000)
Current assets (all others)	3,114,840	1,692,612	1,835,321	1,422,228	(142,709)
Non-current assets	17,064,033	16,814,120	18,695,565	249,913	(1,881,445)
Total assets	37,973,527	25,667,261	52,974,768	12,306,266	(27,307,507)
Current liabilities	4,289,452	3,344,367	4,143,968	945,085	(799,601)
Non-current liabilities (lease liabilities)	17,173,851	894,261	1,344,144	16,279,590	(449,883)
Total liabilities	21,463,303	4,238,628	5,488,112	17,224,675	(1,249,484)
Total shareholders' equity	16,510,224	21,428,633	47,486,656	(4,918,409)	(26,058,023)
Key Financial Metrics:					
Working capital¹	16,620,042	5,508,774	30,135,235	11,111,268	(24,626,461)
Liquid working capital²	15,533,238	4,218,656	28,691,624	11,314,582	(24,472,968)

¹ Represents current assets (including cash and cash equivalents and restricted cash) minus current liabilities.

² Represents working capital minus prepaid expenses and inventory.

For all periods presented, total assets are substantially comprised of cash and cash equivalents, and property, plant and equipment ("PP&E").

Refer to "Cautionary Statement Regarding Non-GAAP Performance Measures" for a reconciliation of working capital and liquid working capital for the periods presented above.

Total assets:

In 2025 compared to 2024, other components of current assets increased mainly as a result of the accrual of refundable tax credits in 2025 amounting to approximately \$1,800,000. The remaining net increase is driven by routine fluctuations in prepaid expenses, sales tax recoverable, and inventory (particularly packaging materials). Additionally, PP&E decreased due to the net effect of transferring control of the land and building as part of the sale and leaseback transaction (Q1 2025) and the subsequent recognition of a right of use asset representing the leaseback of the land and building. This alone resulted in a net reduction of approximately \$1,200,000 in PP&E. Further, there were modest capital expenditures on PP&E which in addition to the recognition of the extension of lease facilities in Q3 2025, partially offset by depreciation recognized during 2025. Deposits and other assets increased as the Company has a six month security deposit of approximately \$632,000 in relation to the leaseback of its land and building. The sale and leaseback transaction also involved a deferred payment component from the vendor recognized as a loan receivable which contributed to the increase in non-current assets by approximately \$2,000,000 in 2025.

In 2024 compared to 2023, the reduction of all components of current assets in addition to the net reduction in the carrying value of PP&E were drivers of the decrease in total assets further to the use of cash and cash equivalents which were used in operating activities including technology innovation and advancements, inventory levels were reduced as raw materials were consumed in production trials and not replenished to the same previous extent. PP&E had decreased due to the disposal of land and unused machinery, coupled with depreciation which exceeded capital expenditures in 2024.

Total liabilities:

In 2025 compared to 2024, payables increased due to normal course timing of payments and operating fluctuations. Deferred liabilities of \$500,000 (initially recognized in Q1 2025) represents a deferred portion of the Technoclimat government grant pursuant to future planned capital expenditures on the Candiac capacity expansion. Moreover, having sold and subsequently leased back its land and building, the Company's current and non-current portions of lease liabilities increased. The initial recognition of the land and building leaseback was approximately \$13,800,000. Further, the Company recognized current and non-current portions of an equipment finance liability (Q2 2025) in relation to partially financing the acquisition of equipment, and increased its lease liabilities through the extension of certain leased facilities in Q3 2025.

Lastly, the Company received government funding in the form of a loan from Investissement Québec (IQ) of approximately \$7,500,000 (Q1 2025) to which approximately \$4,700,000 was measured on initial recognition as a grant representing the below-market rate of interest (interest-free) component of the loan and recognized in government grants and other income, leaving approximately \$3,300,000 at Q3 2025 within non-current liabilities inclusive of accretion over time.

Review of Cash Inflows

	Three months ended September 30, 2025 \$	Three months ended June 30, 2025 \$	Nine months ended September 30, 2025 \$	Nine months ended September 30, 2024 \$
(Amounts are rounded)				
Primary sources of cash and cash equivalents:				
Government grants and loans (operating and financing activities)	121,000	3,686,000	16,564,000	426,000
Interest income (investing activities)	71,000	44,000	153,000	671,000
Proceeds from sale and leaseback, net (investing activities)	-	-	13,699,000	-
Disposal of land (investing activities)	-	-	-	4,835,000
ATM financing (financing activities)	215,000	-	215,000	-
	407,000	3,730,000	30,631,000	5,932,000

Government grants and loans

The Company received proceeds from various government programs during the nine months ended September 30, 2025 and September 30, 2024 as follows:

	September 30, 2025 \$	September 30, 2024 \$
Department of Defense (DoD)	4,452,595	-
Investissement Québec (IQ)	7,503,313	-
Next Generation Manufacturing Canada (NGen)	953,965	13,024
Industrial Research Assistance Program (NRC-IRAP) including SDTC	1,453,891	18,334
Other Grants	-	83,417
Scientific Research and Experimental Development (SR&ED)	-	310,879
Technoclimat	2,200,000	-
	16,563,764	425,654

Summary of Cash Flows

Q3 2025 compared to Q2 2025

	September 30, 2025 \$	June 30, 2025 \$	Increase (decrease) \$
Three months ended			
Operating activities			
Loss for the period	(7,689,941)	(2,793,518)	4,896,423
Adjustments for non-cash items	1,951,181	1,512,935	438,246
Interest income (reclassified to investing activities below)	(70,469)	(43,631)	26,838
Net change in non-cash working capital items	816,707	(2,823,658)	(3,640,365)
Interest paid on lease liabilities	(300,089)	(301,660)	(1,571)
	(5,292,611)	(4,449,532)	843,079
Investing activities			
Interest income	70,469	43,631	26,838
Capital expenditures, net ¹	(45,268)	(182,683)	(137,415)
	25,201	(139,052)	(110,577)
Financing activities			
Issuance of common shares for cash, net of share issue costs	208,627	-	208,627
Payments of equipment finance liability and principal on lease liabilities	(190,147)	(179,963)	10,184
	18,480	(179,963)	218,811
Change in cash and cash equivalents	(5,248,930)	(4,768,547)	
Cash and cash equivalents, beginning	23,043,584	27,812,131	
Cash and cash equivalents, ending	17,794,654	23,043,584	(5,248,930)

¹ Capital expenditures, net includes equipment purchases, deposits, payments for intangible assets, and proceeds from disposals.

	September 30, 2025 \$	June 30, 2025 \$
Allocation of cash inflows from government grants and loans		
Nine months ended		
Operating activities	120,957	3,685,385
Financing activities	-	-
	120,957	3,685,385

Government funding recognized within operating activities as an offset to cash used during the quarter was greater in Q2 2025 compared to Q3 2025. As noted previously, the timing and amount of cash flows quarter to quarter from Government grants and funding programs may vary due to various factors.

Capital expenditures continue to be modest and primarily in relation to capacity expansion which is further to engineering and related services which are recognized within expenses, as well as purchases of equipment for innovation in Burnaby.

The ATM financing activated commenced in September 2025, which represents the issuance of common shares for cash.

Nine months ended 2025 compared to 2024

	September 30, 2025	September 30, 2024	Increase (decrease)
Nine months ended	\$	\$	\$
Operating activities			
Loss for the period	(7,810,539)	(23,006,308)	(15,195,769)
Adjustments for non-cash items	(475,112)	368,287	(843,399)
Interest income (to investing activities)	(152,777)	(671,214)	(518,437)
Net change in non-cash working capital items	(883,896)	888,494	(1,772,390)
Interest paid on lease liabilities	(729,655)	(143,270)	(586,385)
	(10,051,979)	(22,564,011)	(12,512,032)
Investing activities			
Interest income	152,777	671,214	(518,437)
Capital expenditures, net ¹	(376,420)	(1,652,117)	(1,275,697)
Proceeds from sale and leaseback, net	13,699,122	-	13,699,122
Disposal of land, net	-	4,834,550	(4,834,550)
Standby letter of credit (restricted cash)	-	575,000	(575,000)
	13,475,479	4,428,647	(9,046,832)
Financing activities			
Issuance of common shares for cash, net	208,627	-	208,627
Payments of equipment finance liability and principal on lease liabilities	(501,315)	(266,507)	234,808
Proceeds from government loan	7,503,313	-	7,503,313
	7,210,625	(266,507)	(7,477,132)
Change in cash and cash equivalents	10,634,125	(18,401,871)	
Cash and cash equivalents, beginning	7,160,529	31,868,882	
Cash and cash equivalents, ending	17,794,654	13,467,011	4,327,643

¹ Capital expenditures, net includes equipment purchases, deposits, payments for intangible assets, and proceeds from disposals.

	September 30, 2025	September 30, 2024
Allocation of cash inflows from government grants and loans	\$	\$
Nine months ended		
Operating activities	9,060,451	425,654
Financing activities	7,503,313	-
	16,563,764	425,654

Government funding received during the nine months ended Q3 2025, significantly outweighed that received during the nine months ended Q3 2024, which is the key driver of the variance in cash used in operating activities. When removing the impact of the government grants in operating activities the use of cash for the year-to-date 2025 period has decreased (to approximately \$19,100,000) relative to the comparative 2024 period (of approximately \$23,000,000) given the effect of ongoing cost containment and efficiency measures and is also reflective of the corporate restructuring which occurred in August 2024 of the comparative period.

Payments of financial and lease liabilities increased due to the recognition and first time payments towards an equipment finance liability in Q2 2025 which relates to the partial financing of equipment acquired, further to the increased payments on leased facilities driven by the sale and leaseback transaction which also generated net proceeds of \$13,699,122 (Q1 2025). The Investissement Québec (IQ) loan of approximately \$7,500,000 represents the government loan proceeds received in Q1 2025.

Issuance of common shares for cash represents the amounts raised from the ATM financing which commenced in September 2025.

Capital management

The Company considers its capital structure to consist of its components of shareholders' equity. When managing capital, the Company's objective is to ensure that it continues as a going concern, to ensure it has sufficient capital to deploy on new and existing projects including its commercialization objectives, as well as generating returns on excess funds while maintaining liquidity/accessibility to such funds. To facilitate the management of its capital requirements, the Company prepares annual operating and capital expenditure budgets that are monitored for variances and updated regularly depending on various factors, including but not limited to: business development and commercial arrangements, capital deployment, personnel planning, service contracts with vendors, access to financing, government program applications, and general capital market or industry conditions. The Board of Directors relies on the expertise of the Company's management to sustain future development of the business towards production and licensing. Management reviews and adjusts its capital structure on an ongoing basis.

The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management during the nine months ended September 30, 2025.

Capital Sources

Nano One continues to dialogue with government agencies in Canada and Québec who are aligned with growing a domestic, environmentally focused, and economically viable battery ecosystem, and with project finance lenders and strategic partners to secure funding for growth activities, the Development Project (see "Licensing and Production Updates" above), and ongoing innovations. The Company continues to evaluate funding programs, structures, and government incentives to bolster and complement its treasury and continue advancing the commercialization of its LFP One-Pot process and CAM product.

ATM Program: On September 8, 2025, the Company launched an at-the-market equity issuance program ("ATM Program") through entering into an equity distribution agreement ("Distribution Agreement") with Canaccord Genuity Corp., and Roth Canada, Inc. (together the "Agents") whereby the Company may distribution up to \$15,000,000 of common shares in the capital of the Company from time to time through the Agents. Refer to news release dated September 5, 2025, for additional details. The net proceeds from the ATM Program are being used to fund ongoing operations.

Through to the MD&A Date, the ATM Program has generated gross proceeds of \$2,578,522 through the issuance of 1,622,700 common shares, of which \$215,078 through the issuance of 203,900 common shares was completed by September 30, 2025.

Sale and leaseback: The sale and leaseback transaction which closed in Q1 2025, for the Company's Cadiac Facility generated net proceeds of \$13,699,122 (plus a \$2,000,000 loan receivable).

Sale of land: The Company also sold land in Q3 2024 generating net proceeds of approximately \$4,800,000

Government funding: The Company announced in 2024 milestone funding arrangements with various programs that are set to provide funding over several years. During 2025, the Company has received approximately \$16,600,000 in funding from these programs through to September 30, 2025 (see "Review of Cash Inflows" above).

The cumulative amounts of government assistance received by the Company since 2014 are as follows:

	Jurisdiction	September 30, 2025 \$	December 31, 2024 \$
Government grants:			
Department of Defense (DoD) ⁽¹⁾	USA	4,452,595	-
Investissement Québec (IQ)	Canada	7,503,313	-
Next Generation Manufacturing Canada (NGen)	Canada	966,989	13,024
Industrial Research Assistance Program (NRC-IRAP) including SDTC	Canada	16,950,536	15,496,645
Other Grants	Canada	2,177,293	2,177,293
Technoclimat	Canada	2,200,000	-
Refundable tax credits:			
SR&ED	Canada	409,540	409,540
		34,660,266	18,096,502

⁽¹⁾ US\$3,196,236 received.

Base Shelf Prospectus (no financing yet): In April 2024, Nano One filed a short form base shelf prospectus (“Shelf Prospectus”) which permits it to make offerings of various financial securities, up to an aggregate total of \$175,000,000 (to which approximately \$200,000 was drawn down as at September 30, 2025) at its discretion, at any time during the 25-month period (to May 2026 (Q2 2026)) that the Shelf Prospectus remains valid.

During the 25-month period that the Shelf Prospectus remains valid, the nature, size and timing of any financings would be dependent on Nano One’s assessment of requirements for funding and general market conditions. At the time any securities covered by the Shelf Prospectus are offered for sale, a prospectus supplement containing specific information regarding the terms of the securities being offered would be provided.

As described in “Licensing and Production Updates” above, the Development Project in support of the Company’s licensing and joint venture strategy will require significantly less capital than previously anticipated when Nano One was planning to fund the development and construction of the 25,000 tpa LFP Development Project as the sole shareholder. Accordingly, the capital requirements of Nano One are significantly less than those permitted under the Shelf Prospectus.

Shareholders’ Equity

The authorized share capital of the Company consists of unlimited common shares without par value. All issued common shares are fully paid. All stock options, and RSUs/DSUs outstanding are each convertible into one common share of the Company. As at the MD&A Date, the Company’s capital structure was as follows:

As at the MD&A Date		
	#	Weighted average exercise price \$
Common shares issued and outstanding	113,158,776	n/a
Stock options outstanding	4,255,195	1.74
RSUs/DSUs outstanding	3,346,955	n/a
PSUs outstanding	1,720,339	n/a
Fully diluted	122,481,265	

Equity Awards:

During 2025 through to the MD&A Date, the following grants, exercises, and forfeitures/expiries/cancellations of equity awards occurred:

From January 1, 2025 to the MD&A Date			
	Granted #	Exercised #	Forfeited / Expired / Cancelled #
Stock options	2,379,977	-	15,660
RSUs/DSUs	1,714,441	99,055	156,867
PSUs	1,760,470	-	40,131
Total	5,854,888	99,055	212,658

Issuance of common shares:

The exercise of RSUs illustrated in the table above resulted in the same number of common shares being issued by the Company for \$nil proceeds.

CONTRACTUAL OBLIGATIONS

As at September 30, 2025	Carrying amount \$	Contractual cash flows \$	Under 1 year \$	1-5 years \$	More than 5 years \$
Accounts payable and accrued liabilities	3,079,797	3,079,797	3,079,797	-	-
Equipment finance liability	117,941	134,853	50,570	84,283	-
Lease liabilities	14,826,955	24,968,152	1,830,529	6,609,137	16,528,486
Government loan	2,938,610	7,503,313	-	-	7,503,313
Total	20,963,303	35,686,115	4,960,896	6,693,420	24,031,799

The Government loan is from Investissement Québec (IQ) whereby a portion of the Loan, up to a maximum amount equal to the lesser of (i) \$10,000,000, and (ii) 66.67% of the amount disbursed, may be forgivable provided that the conditions of forgiveness set for the Loan are met to IQ's full satisfaction. However, until such time the Company executes a definitive agreement to construct a One-Pot Commercial Plant in Québec the Company considers the loan repayable in full.

SUMMARY OF QUARTERLY RESULTS

The following table shows the results for the last eight fiscal quarters as prepared in accordance with IFRS and presented in Canadian dollars, the functional currency of Nano One and its subsidiaries:

	2025			2024				2023
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	-	-	-	-	-	-	-	-
Operating expenses	(7,689,941)	(8,331,733)	(8,068,584)	(6,373,235)	(8,320,807)	(8,617,897)	(10,389,007)	(9,013,580)
Cash used in operating activities	(5,292,611)	(4,147,872)	(181,930)	(5,903,166)	(6,828,633)	(7,038,387)	(8,553,721)	(9,036,487)
Cash provided by (used in) investing activities	25,201	(139,052)	13,589,330	(253,406)	5,301,042	(781,142)	(91,253)	(1,919,234)
Cash (used in) provided by financing activities	18,480	(481,623)	7,244,202	(149,910)	(148,241)	(130,961)	(130,575)	16,822,700
Change in cash and cash equivalents	(5,248,930)	(4,768,547)	20,651,602	(6,306,482)	(1,675,832)	(7,950,490)	(8,775,549)	5,866,979
Cash from government grants and loans ¹	120,957	3,685,385	12,757,422	-	338,903	38,125	48,626	13,666
Cash and cash equivalents	17,794,654	23,043,584	27,812,131	7,160,529	13,467,011	15,142,843	23,093,333	31,868,882
Working capital	16,620,042	22,846,022	24,848,404	5,508,774	10,857,360	13,229,972	21,218,588	30,135,235

¹ Cash from government grants and loans is allocated between operating, investing, and financing activities within the financial statements.

There are no significant seasonal variations in quarterly results as Nano One is not subject to significant seasonality in its operations. Historically, its cash and working capital positions have been supported by private placements, equity exercises, and government grants and loans. Specific drivers for the variances presented above and discussed below are detailed within the "Review of Financial Results" section above.

For Q3 2025 and prior quarters, proceeds from government grants and loans are a contributing factor to quarter over quarter fluctuations in operating expenses as a portion of the proceeds are recognized as a credit towards certain expenses. Fluctuations are expected to continue for future fiscal quarters through 2027 relating to government funding from NRCan, NGen, The U.S. Department of Defense (DoD), Government of Québec, and NRC IRAP (formerly SDTC).

Adjusted operating expenses:

Refer to "Cautionary Statement Regarding Non-GAAP Performance Measures" as adjusted operating expenses is considered a financial performance measure that is not recognized or defined under IFRS. Adjusted operating expenses equates to operating expenses less amortization, depreciation (inclusive of amounts within research and operational), and share-based payments expense and is presented for the four most recent fiscal quarters as follows:

	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Adjusted operating expenses				
Three months ended	\$	\$	\$	\$
Operating expenses	(7,536,085)	(8,331,733)	(8,068,584)	(6,373,235)
Amortization	1,161	1,217	996	1,130
Depreciation - corporate and research and operational	507,961	414,057	542,084	462,039
Share-based payments	897,224	538,263	1,374,054	730,059
Total	(6,129,739)	(7,378,196)	(6,151,450)	(5,180,007)

Operating Expenses - Fiscal 2025

Operating expenses decreased in Q3 2025 compared to Q2 2025 driven by the decrease in research and operational expenses upon the conclusion of a FEED study completed in Q2 2025, further to a net decrease in headcount of the quarter and a less STI accruals recognized than the preceding quarter. Offsetting these reductions were increases in share-based payments expense due to the grant of additional equity awards to directors and officers, further to increased professional fees related to ATM financing activity and related assurance engagements, and process optimization projects.

Operating expenses increased in Q2 2025 compared to Q1 2025 despite the reduction in share-based payments expense as 2025 equity awards were granted in Q1 2025 which inflated the expense during that quarter. A key contributor was the increase in finance costs given Q2 2025 was the first full fiscal quarter with lease payments (inclusive of finance interest) on the leased Candiatic Facility. There were no government grant amounts recognized as reductions to any components of operating expenses during 2025 as all amounts are presented as standalone within government grant income or on the statement of financial position.

Operating expenses increased in Q1 2025 compared to Q4 2024 due to the Q1 2025 grant of equity awards, and increased research and operational expenses.

Operating Expenses - Fiscal 2024

Operating expenses decreased quarter over quarter for both Q4 2024 from Q3 2024 and from Q2 2024, as business development, professional and consulting, and research and operational expenses decreased, which were partially offset by an increase in personnel costs during Q3 2024 and Q2 2024. Conversely, the reduction in operating expenses from Q4 2024 is reflective of reduced personnel costs going forward demonstrating the effect of the organizational restructuring from August 2024 (mid-Q3 2024).

Operating expenses decreased in Q2 2024 compared to Q1 2024 as share-based payments expense in Q1 2024 included a one-time \$678,000 amount relating to stock options granted that had immediately vested. Despite increases in business development and investor relations, and professional and consulting, these were more than offset by the decreases in share-based payments expense, research and operational expenses, and personnel costs.

Increased operating expenses in Q1 2024 compared to Q4 2023 are attributable to the normal course increasing overheads as well as the commencement of the FEL3 study during Q1 2024 which costs are captured as operating expenses. Notably, a grant of stock options in Q1 2024 which vested immediately increased share-based payments expense and consequently operating expenses but from a non-cash perspective.

Cash flows:

Variations occur in operating cash flows due to the amounts and timing of grants from government programs that are recognized through operating (burn rate) and/or investing activities.

Fiscal 2025

A non-routine item specific to Q3 2025, was the commencement of the ATM financing which began in the month of September 2025 and generated approximately \$200,000 in net proceeds. Government grant amounts for Q3 2025 were lower than in previous quarters in fiscal 2025, due to the routine variation in timing of cash flows that are subject to occur due to the timing of eligible expenditures and the submission and processing of reimbursement requests.

In Q1 2025, investing activities generated cash flows from the sale and leaseback transaction of approximately \$13,700,000. This, and the Q1 2025 government loan from IQ (financing activity, discussed below), were the primary contributing factors to the positive net cash flows for 2025 year to date. Government grants received in Q2 2025 were recognized entirely within operating activities and amounted to approximately \$3,700,000.

Q1 2025 cash flows from financing activities represented the government loan from IQ with a partial offset for lease payments. There were no cash inflows for financing activities in Q2 2025 with the Company only making payments towards financial and lease liabilities during the quarter.

Fiscal 2024 and 2023

The burn rate trended lower in each fiscal quarter for 2024 which is reflective of cost containment efforts during 2024. This trend continued in Q1 2025 after adjusting for government funding within operating activities as discussed in "Summary of Cash Flows" above.

The most notable cash flow during Q3 2024 was the proceeds received on the disposal of land (approximately \$4,800,000, net within investing activities). Otherwise investing activities are presented as capital expenditures on the Candiatic Facility conversion and expansion, the purchase of equipment, machinery, leasehold improvements, informational technology, and patent issuance costs (intangible assets), partially offset by interest income. Notably, engineering costs and studies including FEL2 and FEL3 costs are presented as a component of operating cash flows as amounts are expensed through

research and operational expenses. Capital expenditures fluctuated during 2024 between \$300,000 to \$1,000,000 for any given quarter. Reductions of 2023 payables during 2024 largely account for relatively higher spend particularly in Q2 2024. Capital expenditures are subject to fluctuation based on various timing and planning factors.

Q4 2023 was particularly characterized by the conversion and commissioning of Nano One's 200 tpa LFP demo plant within investing activities.

In Q4 2023, proceeds were received from a private placement with Sumitomo Metal Mining (SMM), and stock option exercises throughout 2023. No proceeds were received in 2024 from the issuance or exercise of equity securities. The SMM equity financing in Q4 2023 largely accounts for the variance in the change in cash and cash equivalents between Q1 2024 and Q4 2023 given the proceeds from the SMM financing of approximately \$17,000,000.

TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES

The following transactions involved key management (gross amounts):

	Transactions nine months ended September 30, 2025	Transactions nine months ended September 30, 2024	Balances outstanding September 30, 2025	Balances outstanding December 31, 2024
	\$	\$	\$	\$
Bedrock Capital	-	112,500	-	-
DBM CPA	-	7,500	-	-
Directors' fees	260,820	240,000	-	-
Management and directors' fees (within wages, benefits and fees)	260,820	360,000	-	-
Expense reimbursements (officers)	-	-	2,121	428
Wages, benefits and fees (officers) ⁽¹⁾	1,745,375	2,006,698	323,275	359,350
Share-based payments (directors and officers)	1,854,711	1,850,143	-	-
PFS (professional and consulting; and intangible assets)	225,082	240,251	18,929	11,528
	4,085,988	4,457,092	344,325	371,306

⁽¹⁾ As at September 30, 2025, \$323,275 was accrued as short-term incentive compensation to key management relating to 2025 performance (December 31, 2024 - \$359,350 relating to 2024 performance). Short-term incentive compensation is payable in cash or equity annually.

During the nine months ended September 30, 2025, no short-term incentive amounts were paid to key management in relation to the year ended December 31, 2024. No amounts were paid for short-term incentive compensation in relation to 2023 during the nine months ended September 30, 2024.

Refer to the financial statements for specifics on transactions with related parties. The Company transacted with the following individuals or entities considered to be related parties to the Company at any point during 2025 and 2024:

- Dan Blondal, CEO;
- Stephen Campbell, CTO (retired June 30, 2025);
- Alex Holmes, COO;
- Carlo Valente, CFO (from January 15, 2024);
- Denis Geoffroy, Chief Commercialization Officer (CCO);
- Adam Johnson, Senior Vice-President of External Affairs;
- Kelli Forster, Senior Vice-President of People & Culture;
- Leanne Swanson, Corporate Secretary (until resigning on October 1, 2025);
- Pamela Kinsman, former Corporate Secretary (until January 15, 2024);
- Paul Matysek, former Executive Chairman and a Director of the Company (controls Bedrock Capital Corp.) until Mr. Matysek's resignation effective October 1, 2024;
- Dan Martino, former CFO (until January 15, 2024) (has significant influence over Donaldson Brohman Martin, CPA Inc.)
- Patent Filing Specialists Inc. ("PFS"), controlled by Company Director, Joseph Guy;
- Non-executive directors: Anthony Tse, Carla Matheson, Gord Kukec, Joseph Guy, Lisa Skakun, and Lyle Brown,

Refer to “Shareholders’ Equity” above for grants of stock options, RSUs, DSUs, and PSUs, to which certain grants were made to related parties of the Company.

ACCOUNTING ESTIMATES, JUDGMENTS AND STANDARDS

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of income and expenses during each reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Of the accounting policies included within the material accounting policy information detailed in Note 2 to the financial statements for the year ended December 31, 2024, the Company considers the following policies to be the most critical to the reader’s full understanding and evaluation of the Company’s reported financial position and operating results.

Key Estimates and Judgments

Determination of the sale requirements being met under a sale and leaseback transaction

The Company assesses whether the transfer of its assets under a sale and leaseback transaction should be accounted for as a sale of those assets, applying relevant guidance of IFRS 16 *Leases* (“IFRS 16”) and IFRS 15 *Contracts with Customers* (“IFRS 15”). This involves the determination of when a performance obligation is satisfied in IFRS 15 to determine whether the transfer of an asset has occurred. The Company distinguishes the right to control an asset (as conveyed in a lease agreement subsequent to a sale and leaseback transaction) from the transfer of control of an asset, and considers any rights to repurchase the assets, the lease term in relation to the economic life of the assets, the transfer of physical possession (legal title), and the ability to obtain substantially all the remaining benefits from the asset amongst other applicable factors specific to the transaction.

The Company has made the judgment that the requirements for a sale under IFRS 15 were met in relation to the sale and leaseback transaction involving its land and building.

Fair value of equity incentives (stock options, restricted share units, deferred share units, performance share units) and compensatory warrants

Determining the fair value of stock options, and compensatory warrants for services or in relation to financings, requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the fair value of the Company’s common shares, the expected forfeiture rate, and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company’s future operating results or on other components of shareholders’ equity.

Research and operational expenses

The determination of whether expenditures on research and development activities meet the criteria for capitalization as internally generated intangible assets is subject to estimation and uncertainty. The Company has determined that until such time that it has a plant in the condition and location necessary to commence commercial production, or until such time that it has jointly developed with Worley, and licensed a process engineering design package for the production of CAM materials, that it will remain in a pre-commercial phase and accordingly expenditures will be expensed within the Company’s results of operations.

The Company has determined that its pre-commercial and development activities do not meet the criteria within IAS 38 *Intangible Assets* as development phase costs which would otherwise require capitalization of certain costs to the statements of financial position. Accordingly, the Company recognizes and presents such costs as research and operational expenses on the statements of loss and comprehensive loss.

New accounting policies

Certain pronouncements have been issued by the IASB that are effective for the Company’s accounting period beginning on January 1, 2025. The Company has reviewed all other updates and determined that many of these updates are not applicable or consequential to the Company.

Except as described below, the accounting policies, estimates and critical judgments, methods of computation and presentation applied in the financial statements are consistent with those of the most recent audited annual consolidated financial statements and are those the Company expects to adopt in its audited annual consolidated financial statements for the year ended December 31, 2025.

The Company has added the following to its material accounting policies:

Sale and leaseback

The Company accounts for sale and leaseback transactions in accordance with IFRS 16. If the transfer of the asset or group of assets qualify as a sale under IFRS 15, the Company derecognizes the asset or group of assets and recognizes a right-of-use (ROU) asset and a lease liability. The ROU asset is measured at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. Any gain or loss is limited to the rights transferred to the buyer-lessor and is recognized in profit or loss during the period in which the sale occurred.

Government assistance

Government grants

Government assistance from grant programs ("grants") are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Grants are recognized upon the receipt of funds and accounted for based on the nature and conditions attached to the specific grant amount, as follows:

- Amounts relating to expenditures planned for future periods (advance payments) are recognized within deferred liabilities on the statement of financial position and subsequently deducted against either the related expense or the related asset, as incurred, to match the amount on a systematic basis to the costs that it is intended to compensate, when received.
- Amounts relating to reimbursements of expenses or asset costs incurred in prior periods are recorded as government grant income when received.
- Amounts specific to reimbursements for wages or other, are accrued and/or recognized as a deduction against the applicable accounts within operating expenses when received.

Refundable tax credits

Government assistance in the form of refundable tax credits due from the Government of Canada or Revenu Québec relating to reimbursements of costs incurred in prior fiscal periods are accrued and recorded as government grant income upon filing of the Company's annual corporate income tax return and related schedules.

Accounting standards issued but not yet effective

In June 2023, the International Sustainability Standards Board ("ISSB") issued the following IFRS Sustainability Disclosure Standards: *General Requirements for Disclosure of Sustainability-related Information* ("IFRS S1"); and *Climate-related Disclosure* ("IFRS S2"), which are effective for accounting periods beginning on or after January 1, 2024 but are not currently mandated in Canada.

IFRS S1 sets out general reporting requirements for disclosing sustainability-related financial information. IFRS S2 requires an entity to disclose information about climate-related risks and opportunities and the impact on an entity's financial position, performance, cash flows, strategy, and business model.

The Canadian Sustainability Standards Board ("CSSB") was established to set and maintain sustainability disclosure standards for Canadian entities. The CSSB has developed the Exposure Drafts, "Proposed Canadian Sustainability Disclosure Standard (CSDS) 1, *General Requirements for Disclosure of Sustainability-related Financial Information*." And "Proposed Canadian Sustainability Disclosure Standard (CSDS) 2, *Climate-related Disclosures*."

CSDS 1 and CSDS 2 became effective for annual periods beginning on or after January 1, 2025.

The Company will monitor the continued development of mandating these standards and the requisite disclosure requirements. The CSSB's standards are expected to be finalized and issued in December 2024. Upon release, the CSDSs will be voluntary initially as the CSSB continues its dialogue with governments and regulatory bodies on mandating the CSSB's standards in Canada.

IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which will replace IAS 1 *Presentation of Financial Statements* aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 *Statement of Cash Flows*. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

In May 2024, the IASB issued amendments to the classification and measurement of financial instruments to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9, *Financial Instruments* ("IFRS 9") and IFRS 7, *Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial

assets that have environmental, social and corporate governance-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for reporting periods beginning on or after January 1, 2026.

Management is currently assessing the impact of these amendments on its financial statements.

CHANGE IN EXECUTIVE OFFICERS AND DIRECTORS

Effective October 1, 2025, Carlo Valente, CFO was appointed as Corporate Secretary to replace Leanne Swanson, who resigned. There were no other changes to the Company's Executive Officers and Directors during the nine months ended September 30, 2025, and to the MD&A Date.

RISKS AND UNCERTAINTIES

Risk is inherent in all business activities and cannot be entirely eliminated. An investment in Nano One's common shares involves risk.

Investors should carefully consider the risks and uncertainties described in the Company's AIF for a comprehensive list of risk factors for the fiscal year ended December 31, 2024, some of which are listed below. Additional risks and uncertainties, including those unknown by Nano One at this time, or are currently considered immaterial, may exist, and other risks may apply.

Government Grants

The Company has received various government grants, and it may seek to obtain government grants and subsidies in the future. Any of the Company's existing grants or new grants that may be obtained may be terminated, modified or recovered by the granting governmental body under certain conditions. The Company may also be subject to audits by government agencies as part of routine audits of its activities funded by government grants. As part of an audit, these agencies may review the Company's performance, cost structures and compliance with applicable laws, regulations and standards. Funds available under grants must be applied by the Company toward the research and development programs specified by the granting agencies, rather than for the Company's programs generally. If any of the Company's costs are found to be allocated improperly, the costs may not be reimbursed, and any costs already reimbursed may have to be refunded. Accordingly, an audit could result in an adjustment to the Company's results of operations.

Funding and Global Economy Risk

The volatility of global capital markets has generally made the raising of capital by equity or debt financing more difficult. While the Company is successfully accessing strategic pools of capital with government programs and industrial interests, it may also become dependent upon capital markets to raise additional financing in the future. As such, the Company is subject to liquidity risks in meeting its operating expenditure requirements and future development cost requirements in instances where adequate cash positions are unable to be maintained, or appropriate financing is unavailable. The Company seeks to manage its liquidity risk through a rigorous planning, budgeting and forecasting process to help determine the funding requirements to support its current operations, development and expansion plans. However, the factors described above may impact the ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company and its management. If these levels of volatility persist or if there is a further economic slowdown, the Company's operations, the Company's ability to raise capital and the trading price of the Company's securities could be adversely impacted. As the Company's operations expand and reliance on global supply chains increases, the impact of tariffs and other trade barriers, pandemics (such as COVID-19), significant geopolitical risk and conflict globally may have a sizeable and unpredictable impact on the Company's business, financial condition and operations. The United States recently introduced broad tariffs against Canada, Mexico and China and has threatened to do so against other countries, resulting in retaliatory tariffs or the threat of retaliatory tariffs. Further, support for protectionism and rising anti-globalization sentiment in Canada, the United States and other countries may slow global growth. In particular, a protracted and wide-ranging trade conflict between the United States and various other countries, including Canada, Mexico and China, could adversely affect global economic growth. The ongoing conflicts between Russia and Ukraine and in the Middle East, including the global response to such conflicts as it relates to sanctions, trade embargos, export controls, military support and any restrictive actions in response thereto, have resulted in significant uncertainty as well as economic and supply chain disruptions, changes in commodity prices and implications in the financial markets. Should another significant variant of COVID-19 develop or the conflicts between Russia and Ukraine or in the Middle East go on for an extended period of time or expand territorially, or should other geopolitical disputes and conflicts emerge in other regions, this could result in material adverse effects to the Company.

Risk Management

The ability to advance Nano One's strategic objectives depends on its ability to understand and appropriately respond to the uncertainties or business risks that may prevent it from achieving its objectives. To achieve this, the Company maintains a framework that permits it to manage risk effectively and integrate a process for managing risk into all of its important

decision-making processes so that it can reduce the effect of uncertainty on achieving its objectives and maintain the oversight of relevant committees of the Board of Directors on the effectiveness of its risk management processes.

Climate Change Legislation

Global governments are increasingly addressing climate change by focusing on reducing greenhouse gases (“GHGs”). Climate change policies are rapidly developing at various levels, and political and economic developments could significantly influence these measures. The implementation of GHG reduction strategies by governments, either to meet international targets or other objectives, may materially affect the operations and finances the Company. The evolving regulatory landscape regarding climate change and GHG emissions presents uncertainties for the Company’s operational and financial planning, especially in capital raising. Moreover, the potential adoption of climate change legislation could introduce operating restrictions or additional compliance costs, directly influencing the Company’s production processes and market strategies.

DISCLOSURE CONTROLS AND PROCEDURES AND ICFR

In accordance with National Instrument 52-109 of the Canadian Securities Administrators (CSA), the Company has filed certificates signed by the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) that report on the design and effectiveness of disclosure controls and procedures (“DC&P”) and the design and effectiveness of internal controls over financial reporting.

The Company’s DC&P are designed to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO, particularly during the period in which the interim filings are being prepared, and information required to be disclosed by the Company in its annual and interim filings under Canadian securities legislation is recorded, processed, summarized, and reported within the time periods specified in securities legislation.

Additionally, the Company has designed internal controls over financial reporting or caused it to be designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the nine months ended September 30, 2025 and the year ended December 31, 2024, there were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

CAUTIONARY STATEMENT REGARDING NON-GAAP PERFORMANCE MEASURES

This MD&A contains certain financial performance measures that are not recognized or defined under IFRS (termed “Non-GAAP Measures”). As a result, this data may not be comparable to data presented by other companies. For an explanation of these measures to related comparable financial information presented in the financial statements prepared in accordance with IFRS, refer to the discussion below. The Company believes that these Non-GAAP Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operational performance of the Company.

These Non-GAAP Measures include but are not limited to working capital, and liquid working capital from the section “Summary Financial Position and Key Metrics” as presented in the table below. Additionally, adjusted operating expenses is used within the section “Summary of Quarterly Results”.

	Working capital	Liquid working capital
As at September 30, 2025	\$	\$
Current assets	20,909,494	20,909,494
Current liabilities	(4,289,452)	(4,289,452)
Prepaid expenses	n/a	(610,393)
Inventory	n/a	(476,411)
Total	16,620,042	15,533,238

	Working capital	Liquid working capital
As at December 31, 2024	\$	\$
Current assets	8,853,141	8,853,141
Current liabilities	(3,344,367)	(3,344,367)
Prepaid expenses	n/a	(951,866)
Inventory	n/a	(338,252)
Total	5,508,774	4,218,656

	Working capital	Liquid working capital
As at December 31, 2023	\$	\$
Current assets	34,279,203	34,279,203
Current liabilities	(4,143,968)	(4,143,968)
Prepaid expenses	n/a	(738,333)
Inventory	n/a	(705,278)
Total	30,135,235	28,691,624

RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this MD&A and the financial statements is the responsibility of management. In the preparation of the financial statements, estimates and judgments are sometimes necessary to determine the carrying value for certain assets or liabilities, the recognition of items within profit or loss or within shareholders' equity, or in respect of the accounting treatment for non-routine transactions. Management believes the estimates and judgments made within the financial statements have been based on careful considerations and are properly reflected in the financial statements. Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Nano One does not utilize off-balance sheet arrangements. There are no proposed transactions as at the MD&A Date.