



**Nano One Materials Corp.**  
**Management's Discussion & Analysis**  
**For the three months ended**  
**March 31, 2026**

## 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 months ended March 31, 2026, should be read in conjunction with the condensed interim consolidated financial statements for the three months ended March 31, 2026, that were prepared under International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), and the audited annual consolidated financial statements for the year ended December 31, 2025, that were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") (the "financial statements"). The financial statements and this MD&A are presented in Canadian dollars. All quarterly financial information presented in this MD&A has been prepared in accordance with IAS 34, as issued by IASB.

The information contained in this MD&A is presented as at **May 14, 2026** (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.

Additional information relating to the Company, including the Company's Annual Information Form ("AIF") for the year ended December 31, 2025, is available on the Canadian Securities Administrators' SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca), and on the Company's website at [www.nanoone.ca](http://www.nanoone.ca).

### Abbreviations

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

### 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", "scheduled", "forecast", "intend" 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 and sources of capital; funds available; compliance with terms of loans and other financing arrangements; compliance with government programs relating to various government funding awards; 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 and strategies of the Company's technology and products; strategic

objectives and catalysts; facilities expansion and/or commercial production of CAM; entering into definitive agreements of any kind; the Company's pilot and demonstration lines, development projects, production trials, (pre-) feasibility studies, and innovation activities; plans for construction and operation of 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 and revenue streams from product sales, technology licensing, joint ventures, and royalty arrangements; expected timing of commercialization milestones, including product qualification, initial sales, capacity expansion, and development project timelines; 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 changing how the world makes cathode active materials for lithium-ion batteries. Applications include stationary energy storage systems (ESS), portable electronics, and electric vehicles (EVs). The Company's patented One-Pot™ process reduces costs, is easier-to-permit, lowers energy intensity, environmental footprint, and 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 in Candiac, Quebec, drawing on existing plant and decades of commercial lithium-iron phosphate (LFP) manufacturing experience. Strategic collaborations and partnerships with international companies like Sumitomo Metal Mining, Rio Tinto, and Worley are supporting a Design-One-Build-Many licensing growth strategy-delivering cost-competitive, easier-to-permit, and faster-to-market battery materials production solutions worldwide. Nano One has

received funding from the Government of Canada, the Government of the United States (U.S.), the Government of Québec, and the Government of British Columbia.

### **Technology and Intellectual Property**

#### *One-Pot Process and M2CAM® Technologies*

Nano One's patented One-Pot processing technology vertically integrates pCAM with CAM processing and is engineered to make cathode materials directly from non-sulfate forms of battery metals, reducing reliance on foreign controlled supply of metal sulphates and pCAM, while also eliminating wastewater discharge and by-products. This reduces operating and equipment costs, permitting risk, logistics, energy intensity, carbon footprint and enables the regionalization and diversification of raw material supply chains.

#### *Life Cycle Assessment (LCA)*

In 2023, Nano One announced the results of a third-party LCA report which showed that the One-Pot process could cut GHG emissions for NMC811 CAM, and LFP CAM, and significantly reduce water use for both CAMs. 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 (refer to Company news release dated December 6, 2023).

#### *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. The Company most recently provided an update on August 20, 2025, regarding the expansion of its patent portfolio, and the allowance and/or issuance of several new patents.

### **COMMERCIALIZATION STRATEGY**

Nano One aims to create shareholder value with a diversified portfolio of revenue streams, beginning with commercial sale of LFP produced at its Candiatic Facility, targeting customers with defence and energy-storage applications, whose qualification requirements, volumes and raw material sourcing strategies are aligned with Candiatic's capacity and supply chains. The Candiatic Facility also enables A, B, and C sample product qualification with large cell producers, as a pathway to higher volume production, project development and process technology licensing opportunities. In response to global shifts in demand, the Company's focus has shifted to LFP and away from prior initiatives on nickel, manganese and cobalt based CAM. As such the previously announced joint development agreements with BASF and Umicore on nickel-based chemistries have terminated. The Company continues to track market trends and explore opportunities with its current partners and collaborators on the full range of cathode active material chemistries.

### **Technology Solutions Licensing**

Nano One is pursuing a licensing growth strategy to address the emerging global need for supply chain and processing alternatives that enable diversified LFP ecosystems, localization and resilience. The Company's One-Pot process is being marketed directly for license to existing CAM producers in emerging markets around the world who are looking for LFP CAM production technology solutions that offer a cost-competitive, scalable, easier-to-permit and diversified alternative to existing supply chains. Further, the Company has a continuous improvement approach that will benefit its licensees with valuable process innovations that are differentiated, IP protected and supported with continual focus on its cost competitiveness, protecting its production know-how and training.

Nano One is also developing a more complete technology offering, through its partnership with Worley Chemetics and their colleagues at Worley Comprimo. Worley representatives joined Nano One in Candiatic in January 2026 to collaborate on 2026 strategic planning.

A comparative analysis in collaboration with Worley, (see December 4, 2024 news release), 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.

During 2025, the Strategic Alliance also completed a layout of the modular plant with operability and maintainability in mind and is presently accelerating engineering and qualification of vendor equipment to complete the LFP CAM Technology Package and support customer ambitions in this market during 2026 and beyond.

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).

### *Design-One-Build-Many*

On February 18, 2026, the Company reiterated the continual advancement of its partnership with Worley, including an initial commercial-ready One-Pot LFP CAM Package that is targeted for completion and marketing in H1 2026. This provides an ISBL offering, which is essentially the "guts" of a One-Pot LFP production line, engineered to a class 3 cost estimate. It also includes a preliminary process design package and qualified vendor quotes for key equipment, providing enough definition to promote this technology stack to a global target-customer base.

### **Production**

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.

Nano One's Pilot and Demonstration lines enable a staged approach that is deliberate, lean and optimized for productivity. It aligns capital spending with real demand and allows for demonstration of performance to customers, as well as potential strategic and financial partners. As stated in the Company's February 18, 2026, corporate update news release, Nano One is targeting initial commercial LFP supply agreements for defence and energy-storage applications by the end of 2026.

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".

### *Pilot Line - 200 tpa capacity*

The Pilot line has been operational since Q4 2023 having successfully de-risked the production of LFP with performance results consistent to lab scale. The Pilot Line is used for customer sampling, and continuous process and product improvement, with first commercial agreements targeted for end of 2026 (per February 18, 2026 news release). The Pilot Line is also used to inform FEL design studies and the LFP CAM package with Worley. See "Demonstration Line" below. Nano One had incurred expenses of approximately \$8,660,000 in building and commissioning the demo plant through to fiscal 2023.

### *Demonstration Line - ~800tpa (flexibility to reach 1,000+ tpa) and FEED Study*

A Front End Engineering and Design (FEED) study was completed in year ended December 31, 2025, for capacity expansion at the Candiatic facility, and resulted in pre-feasibility level costing and nameplate capacity estimation.

The Demonstration Line is currently being operated manually in a full-scale reactor, with automation improvements underway to enable ~800 tpa of commissioned capacity targeted in the first half of 2027. This line will be focused on producing LFP cathode materials, growing commercial sales and demonstrating full-scale One-Pot reactors fully automated and integrated with material drying, calcining and packaging processes. The Demonstration Line also supports the volumes required for A-, B-, and C sample product qualification with large cell producers looking to secure future supply through offtake agreements from large scale LFP facilities enabled by Nano One's One-Pot technology.

The Company has the ability to further expand the Demonstration Line by boosting capacity to 1,000+ tpa, to be achieved largely through further investment in automation and integration with improved existing equipment. The Company may invest in this phase of expansion as customer demand grows, and such expansion would align with the existing government funding programs that support both capital expenditures and operating expenditures through to end of Q2 2027.

### *Commercial Plant (Development Project) and FEL3 Study*

The Company is also advancing the high priority aspects of an FEL3 study (launched in Q1 2024) to be site agnostic and support its licensing, joint venture, and independent production initiatives. The FEL3 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 technology licensing strategy and the Strategic Alliance with Worley (see above). 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 technology solutions and licenses.

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.

With regards to site selection for a Development Project, Nano One is evaluating the evolving market needs in North America and Europe with key considerations including cell suppliers to AI and data centres, 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.

## STRATEGIC OBJECTIVES

The Company is entering 2026 having advanced the main catalysts set out in 2025 (see “2025 Catalysts” below) with the Candiatic Facility moving toward revenue, the CAM Package (Worley licensing) advancing towards a go-to market state, and Nano One’s financial position structured to support the next phase of execution.

### 2026 Strategic Objectives

- **Product Sales:** Advance customer qualifications at Candiatic toward initial commercial sales and multi-year purchase commitments, continue product and process improvements and report on scale-up and optimization of Candiatic production capabilities.
- **Technology Licensing:** Finalize and market the CAM Package as a ready-to-license One-Pot LFP ISBL design to strategic targets and continue customer engagements for technology license-only sales.

## KEY BUSINESS DEVELOPMENTS

On March 17, 2026, the Company provided a progress update on its Demonstration Line at the Candiatic Facility for an increased capacity of 800 tpa. Detailed engineering work had progressed and is targeted for completion by July 2026. Purchase orders have been initiated for major equipment with suppliers in France, Germany and other countries. Vendor selection has been completed for the balance of major equipment packages and the activities to date are important steps toward construction readiness. Completion of procurement, installation and commissioning of the expanded Demonstration Line is targeted in the first half of 2027 (see “Demonstration Line” within the “Production” discussion above).

## GOVERNMENT FUNDING

As at the MD&A Date, the Company had approximately \$24,000,000 in undrawn government funding available for use in pre-commercial activities pursuant to the underlying grant agreements and programs. The Company has active programs with NRCan, NGen, The U.S. Department of Defense (DoD), Government of Québec, and NRC IRAP (formerly SDTC).

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

	Jurisdiction	March 31, 2026 \$	December 31, 2025 \$	Received in 2026 \$
<b>Government grants:</b>				
Department of Defense (DoD)	USA	10,338,177	8,424,757	<b>1,913,420</b>
Investissement Québec (IQ)	Canada	10,629,304	7,503,313	<b>3,125,991</b>
Next Generation Manufacturing Canada (NGen)	Canada	1,078,102	1,078,102	-
Industrial Research Assistance Program (NRC-IRAP) including SDTC	Canada	16,950,536	16,950,536	-
Other Grants	Canada	2,188,843	2,177,293	<b>11,550</b>
Technoclimat	Canada	2,650,000	2,200,000	<b>450,000</b>
NRCan	Canada	2,350,621	-	<b>2,350,621</b>
<b>Refundable tax credits:</b>				
SR&ED and C3i	Canada	409,540	409,540	-
		<b>46,595,123</b>	38,743,541	<b>7,851,582</b>

### New Funding Announced in 2026

*NRCan Funding of \$9,310,000 to Support Capacity Expansion and Advance Commercialization (“NRCan Project”)*

Further to the Company’s October 29, 2025, funding announcement of \$5,000,000 in a non-repayable contribution from Natural Resources Canada (NRCan), the Company announced in Q1 2026 an additional \$4,310,000 award from NRCan (for a total of \$9,310,000). The funding provides support for an expanded project scope that includes two aspects of software integration for production and operations and advancing a feasibility study.

The funding supports the next phase of Nano One's scale-up at the Candiatic Facility from 200 tpa (Pilot Line) to a minimum of 800 tpa with the flexibility to reach 1,000+ tpa (Demonstration Line) 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 (U.S. DoD) 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.

On March 3, 2026, the Company announced a separate \$3,000,000 award from NRCan to support ongoing process optimization, supply chain diversification and enhanced commercial offerings for the One-Pot production of lithium iron phosphate (LFP) cathode active materials. Since October 2025, Nano One has secured \$12,310,000 in support from NRCan for work that enables the Company to advance capacity expansion at its Candiatic facility.

See "Capital Sources" for funding received subsequent to March 31, 2026, to the MD&A Date.

## **MARKET CONDITIONS AND BUSINESS ENVIRONMENT**

### **Market Conditions and Public Policy**

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. In 2026, France has taken over the G7 presidency and they continue the work Canada led in 2025, and Japan in 2024.

In 2025, China placed 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. These restrictions have been curtailed or paused as China and America discuss trade policy but could be reinstated later in 2026 negotiations falter.

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."

Governments in key jurisdictions for Nano One-including Canada, the United States, Europe and the Indo-Pacific region-have prioritized critical minerals and their derivatives, including battery materials for lithium-ion batteries. LFP cathode materials are increasingly showcased and reflected in government policy-making and funding decisions because of its importance for energy storage, defence and EVs. In 2025, EV sales slowed in the United States but reached record highs in the European Union, alongside strong demand from LFP battery applications in data centers. These market trends and emerging policies reinforce Nano One's engagement with key decision-makers, supported by on-shoring efforts and actions across multiple markets globally outside of Asia, which are all looking to grow local domestic, resilient and sustainable supply in each of their respective regions.

Policy measures, such as the 2025 U.S. National Defense Authorization Act (NDAA) prohibit batteries and battery components being procured from Prohibited Foreign Entities (PFEs) for the U.S. military starting in 2028, while the U.S. Congress has maintained the 45X manufacturing tax credit at \$35/kWh. Together, these incentives align with one of Nano One's key focus markets, the U.S, to develop localized production of LFP batteries and cathode material inputs. NATO defence-spending commitments and dual-purpose defence-civilian strategies support localized supply chain ambitions under the 2% and 5% commitments. In February 2026, Canada launched its Defence Industrial Strategy that recognizes the importance of critical minerals, dual use for military and civilian applications and prioritizing domestic suppliers. Also in February 2026, Prime Minister Carney announced an Auto Strategy that represents a recalibration of Canada's automotive sector, aiming to secure jobs, expand EV production, and position Canada as a global leader in clean vehicle technologies while navigating trade and market challenges. G7 actions on diversifying critical minerals through the Critical Minerals Production Alliance are also pushing supply chains toward allied jurisdictions and away from single-country dependence. Nano One's One-Pot technology solution is designed for this world: it is cost-competitive, simplifies supply chains, reduces waste and is supported by regionally sourced input materials.

## Business Environment and LFP Market 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.

Global battery demand continues to grow, with LFP chemistries capturing an increasing share of that growth, representing roughly half of global cell demand in all applications and also the dominant chemistry in the ESS market segment, accounting for over 90% (see February 18, 2026 news release for source) of installations. North America is emerging as a key growth region, where LFP is gaining share in grid storage, data-center and cost-sensitive EV applications. This shift is reflected in a rapidly expanding LFP project pipeline. In the United States, planned LFP capacity increased from *about 180 GWh to nearly 290 GWh in 2025*, driven by a mix of new projects and the retooling of existing NCM gigafactories (see February 18, 2026 news release for source) - this will require a supply of more than 600,000 tonnes per annum of LFP CAM. In Canada, the emerging lithium battery cell-manufacturing base is also moving towards LFP, creating domestic supply chain opportunities for One-Pot LFP cathode production. Investments in these projects span multiple markets globally where customers and governments are looking to establish regionalized domestically-secured supply chains.

The One-Pot process eliminates wastewater and dependence on iron sulphate and iron phosphate which is uniquely concentrated in China. This lays 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. Nano One continues to advance engagements with lithium battery cell manufacturers, automotive OEMs, raw-material suppliers, equipment vendors, engineering firms and government agencies, with counterparties at various stages of qualification and commercial discussions.

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 Company operates in a single operating segment being the research, piloting, and pre-production demonstration of a patented process to produce LFP CAM for lithium-ion battery applications. The Company's non-current assets are located in Canada with the exception of certain patents (intangible assets) issued from patent regulators in foreign jurisdictions.

### Q1 2026 compared to Q4 2025

Three months ended	March 31, 2026 \$	December 31, 2025 \$	Increase (decrease) \$
<b>Expenses</b>			
Amortization and depreciation	63,182	59,806	3,376
Business development and investor relations	115,674	91,114	24,560
Finance costs	468,885	378,641	90,244
General and administrative expenses, net	674,679	894,163	(219,484)
Professional and consulting	415,564	586,470	(170,906)
Research and operational expenses, net	966,869	1,631,711	(664,842)
Share-based payments	375,539	789,903	(414,364)
Wages, benefits and fees, net	4,008,425	3,042,758	965,667
Other expenses (income)	(16,883)	35,557	52,440
<b>Loss from operating expenses</b>	<b>(7,071,934)</b>	<b>(7,510,123)</b>	<b>(333,309)</b>
Government grant income	6,061,698	4,083,275	1,978,423
Interest income	128,967	97,544	31,423
<b>Loss and comprehensive loss</b>	<b>(881,269)</b>	<b>(3,329,304)</b>	<b>2,448,035</b>

- During Q1 2026, the Company recognized Technoclimat funding (\$500,000 from deferred income, and \$450,000 in cash received during the period) as a reduction to the related expenses within general and administrative, research and operational, and wages, benefits and fees.

- Research and operational expenses decreased not only due to the recovery of current period costs recognized in relation to the Technoclimat funding discussed above, but more project related work in connection with the Demonstration Line expansion was incurred in Q4 2025 compared to Q1 2026.
- Share-based payments decreased in Q1 2026 as there were no new grants of equity incentives, compared to Q4 2025 when the settlement of PSUs resulted in a one-time increase to share-based payments expense.
- Wages increased due to severance amounts paid on termination of certain employees, a greater accrual for short-term incentive (STI) compensation in Q1 2026 recognized compared to that accrued for Q4 2025, and annual salary adjustments which routinely take effect in Q1.
- Government grant income for Q1 2026 represents cash received from the U.S. DoD, IQ (the grant portion of the loan), NRCan, Technoclimat and other nominal amounts. Q4 2025 cash received primarily from the U.S. DoD, with additional amounts from NGen. The timing of cash flows and recognition for Government grants vary primarily due to the timing of eligible expenses incurred by the Company and subsequent submissions for reimbursements.

### Q1 2026 compared to Q1 2025

Three months ended	March 31, 2026 \$	March 31, 2025 \$	Increase (decrease) \$
<b>Expenses</b>			
Amortization and depreciation	63,182	61,215	1,967
Business development and investor relations	115,674	101,009	14,665
Finance costs	468,885	167,173	301,712
General and administrative expenses	674,679	603,516	71,163
Professional and consulting	415,564	424,014	(8,450)
Research and operational expenses, net	966,869	1,713,016	(746,147)
Share-based payments	375,539	1,374,054	(998,515)
Wages, benefits and fees, net	4,008,425	3,624,587	383,838
Other expenses (income)	(16,883)	15,012	31,895
<b>Loss from operating expenses</b>	<b>(7,071,934)</b>	<b>(8,083,596)</b>	<b>(947,872)</b>
Gain (loss) on disposal of property, plant and equipment	-	1,305,777	(1,305,777)
Government grant income	6,061,698	9,412,062	(3,350,364)
Interest income	128,967	38,677	90,290
<b>Income (loss) and comprehensive income (loss)</b>	<b>(881,269)</b>	<b>2,672,920</b>	<b>3,554,189</b>

Refer to the discussion above for the Q1 2026 compared to Q4 2025 variances as certain business drivers discussed above are also relevant to the Q1 2026 to Q1 2025 comparison. Additional factors unique to the year-over-year comparison are as follows:

- Finance costs increased with the new lease liability recognized in March 2025 relating to the leaseback of the Candiac Facility building as well as accretion expense recognized on the IQ loan (which loan is greater in Q1 2026 compared to Q1 2025) to unwind the discount initially recognized associated with the below-market interest rate.
- Research and operational expenses decreased due to the recovery of current period costs recognized in relation to the Technoclimat funding discussed above, as well a routine variances in the level of contractor work being performed depending on specific projects being undertaken. Moreover, equipment depreciation amounts recognized in Q1 2025 outweighed amounts in Q1 2026.
- Share-based payments in Q1 2025 include the impact of equity incentives granted during such period whereas no equity incentives were granted during Q1 2026.
- Wages fluctuate depending on estimates relating to STI accruals and reflect annual adjustments in Q1 of each year.
- Government grant income for Q1 2026 as described above is entirely cash received from various sources compared to Q1 2025 which also entirely represents cash received from various sources including the grant portion (approximately \$4,800,000) of the IQ proceeds received in Q1 2025.

## REVIEW OF FINANCIAL CONDITION

### Summary Financial Position and Key Metrics

	March 31, 2026 \$	December 31, 2025 \$	December 31, 2024 \$	2026 to 2025 Change \$	2025 to 2024 Change \$
Cash and cash equivalents	22,959,918	23,597,749	7,160,529	(637,831)	16,437,220
Current assets (all others)	3,577,942	3,311,937	1,692,612	266,005	1,619,325
Non-current assets	18,499,079	17,565,360	16,814,120	933,719	751,240
<b>Total assets</b>	<b>45,036,939</b>	<b>44,475,046</b>	<b>25,667,261</b>	<b>561,893</b>	<b>18,807,785</b>
Current liabilities	4,199,341	4,575,756	3,344,367	(376,415)	1,231,389
Non-current liabilities (lease liabilities)	18,688,205	17,409,055	894,261	1,279,150	16,514,794
<b>Total liabilities</b>	<b>22,887,546</b>	<b>21,984,811</b>	<b>4,238,628</b>	<b>902,735</b>	<b>17,746,183</b>
<b>Total shareholders' equity</b>	<b>22,149,393</b>	<b>22,490,235</b>	<b>21,428,633</b>	<b>(340,842)</b>	<b>1,061,602</b>
<b>Key Financial Metrics:</b>					
<b>Working capital<sup>1</sup></b>	<b>22,338,519</b>	<b>22,333,930</b>	<b>5,508,774</b>	<b>4,589</b>	<b>16,825,156</b>
<b>Liquid working capital<sup>2</sup></b>	<b>20,825,283</b>	<b>21,127,462</b>	<b>4,218,656</b>	<b>(302,179)</b>	<b>16,908,806</b>

<sup>1</sup> See "Cautionary Statement Regarding Non-GAAP Performance Measures" below for the components and reconciliation of Working capital.

<sup>2</sup> See "Cautionary Statement Regarding Non-GAAP Performance Measures" below for the components and reconciliation of Liquid working capital.

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:

As at March 31, 2026 compared to December 31, 2025, total assets were primarily impacted by capitalized PP&E relating to costs incurred on commercial reactor optimization efforts. Other components of assets fluctuated within the normal course of operations with increases in prepaid expenses and deposits, and decreases in cash and cash equivalents, sales tax recoverable, and inventory.

#### Total liabilities:

As at March 31, 2026 compared to December 31, 2025, total liabilities increased due to the receipt of additional IQ loan funds during Q1 2026. Partially offsetting this was the application of deferred income (relating to Technoclimat funds received in 2025) as an offset to certain components of operating expenses as the underlying costs relating to the grant funds were incurred during Q1 2026.

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 \$3,000,000 at Q3 2025 within non-current liabilities inclusive of accretion over time.

## Summary of Cash Flows

Q1 2026 compared to Q4 2025

	March 31, 2026	December 31, 2025	Increase (decrease)
Three months ended	\$	\$	\$
<b>Operating activities</b>			
Loss for the period	(881,269)	(3,329,304)	(2,448,035)
Adjustments for non-cash items	(493,983)	1,339,363	(1,833,346)
Interest income (reclassified to investing activities below)	(128,967)	(97,544)	31,423
Net change in non-cash working capital items	(1,214,973)	(104,968)	1,110,005
Interest paid on lease liabilities	(387,275)	(301,445)	85,830
	<b>(3,106,467)</b>	<b>(2,493,898)</b>	<b>612,569</b>
<b>Investing activities</b>			
Interest income	128,967	97,544	31,423
Capital expenditures, net <sup>1</sup>	(655,547)	(515,354)	140,193
	<b>(526,580)</b>	<b>(417,810)</b>	<b>108,770</b>
<b>Financing activities</b>			
Issuance of common shares for cash, net of share issue costs	(22,708)	8,905,719	(8,928,427)
Payments of equipment finance liability and principal on lease liabilities	(108,067)	(190,916)	(82,849)
Proceeds from government loan	3,125,991	-	3,125,991
	<b>2,995,216</b>	<b>8,714,803</b>	<b>(5,719,587)</b>
<b>Change in cash and cash equivalents</b>	<b>(637,831)</b>	<b>5,803,095</b>	
<b>Cash and cash equivalents, beginning</b>	<b>23,597,749</b>	<b>17,794,654</b>	
<b>Cash and cash equivalents, ending</b>	<b>22,959,918</b>	<b>23,597,749</b>	<b>(637,831)</b>

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

	March 31, 2026	December 31, 2025
Three months ended	\$	\$
<b>Allocation of cash inflows from government grants and loans</b>		
Operating activities	4,725,591	4,083,275
Financing activities	3,125,991	-
	<b>7,851,582</b>	<b>4,083,275</b>

Significant variance in working capital fluctuations is a key cause of the increase in cash used in operating activities given the net cash outflow position during Q1 2026 with respect to working capital items whereas net operating expenditures are comparable to the previous quarter when giving consideration to the government grants recognized through operating activities and removing the impact of the net changes in non-cash working capital items.

Refer to discussions within "Commercialization Strategy" above for business drivers affecting investing activities involving capital expenditures.

In Q1 2026, the payment of share issue costs that were payable as at December 31, 2025, exceeded the proceeds raised through the at-the-market (ATM) equity financing during Q1 2026. Cash received from financing activities during Q4 2025 include ATM proceeds raised in addition to approximately \$7,000,000 raised through the overnight marketed equity offering in December 2025.

Q1 2026 compared to Q1 2025

	March 31, 2026	December 31, 2025	Increase (decrease)
Three months ended	\$	\$	\$
<b>Operating activities</b>			
Loss for the period	(881,269)	(3,329,304)	(2,448,035)
Adjustments for non-cash items	(493,983)	1,339,363	(1,833,346)
Interest income (reclassified to investing activities below)	(128,967)	(97,544)	31,423
Net change in non-cash working capital items	(1,214,973)	(104,968)	1,110,005
Interest paid on lease liabilities	(387,275)	(301,445)	85,830
	<b>(3,106,467)</b>	<b>(2,493,898)</b>	<b>612,569</b>
<b>Investing activities</b>			
Interest income	128,967	97,544	31,423
Capital expenditures, net <sup>1</sup>	(655,547)	(515,354)	140,193
	<b>(526,580)</b>	<b>(417,810)</b>	<b>108,770</b>
<b>Financing activities</b>			
Issuance of common shares for cash, net of share issue costs	(22,708)	8,905,719	(8,928,427)
Payments of equipment finance liability and principal on lease liabilities	(108,067)	(190,916)	(82,849)
Proceeds from government loan	3,125,991	-	3,125,991
	<b>2,995,216</b>	<b>8,714,803</b>	<b>(5,719,587)</b>
<b>Change in cash and cash equivalents</b>	<b>(637,831)</b>	<b>5,803,095</b>	
<b>Cash and cash equivalents, beginning</b>	<b>23,597,749</b>	<b>17,794,654</b>	
<b>Cash and cash equivalents, ending</b>	<b>22,959,918</b>	<b>23,597,749</b>	<b>(637,831)</b>

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

	March 31, 2026	December 31, 2025
Three months ended	\$	\$
<b>Allocation of cash inflows from government grants and loans</b>		
Operating activities	4,725,591	4,083,275
Financing activities	3,125,991	-
	<b>7,851,582</b>	<b>4,083,275</b>

The variance in cash used within operating activities is primarily due to the variation in cash used or provided through changes in working capital items as well as increased payments on lease liabilities given greater lease commitments in Q1 2026 compared to Q1 2025, namely the Candiatic Facility which only accounts for the month of March during Q1 2025 compared to the entirety of Q1 2026. Notably, net operating expenditures are comparable to the previous quarter when giving consideration to the government grants recognized through operating activities and removing the impact of the net changes in non-cash working capital items.

Q1 2025 proceeds from sale and leaseback included a payment of \$15,000,000 less closing costs (real estate commission, and legal fees) and a six month security deposit.

The net outflow of share issue costs is discussed in the Q1 2026 to Q4 2025 comparison.

## Contractual Obligations

As at March 31, 2026	Carrying amount \$	Contractual cash flows \$	Under 1 year \$	1-5 years \$	More than 5 years \$
Accounts payable and accrued liabilities	3,343,259	3,343,259	3,343,259	-	-
Equipment finance liability	97,546	108,899	50,261	58,638	-
Lease liabilities	15,014,897	24,535,073	1,966,507	6,803,428	15,765,138
Government loan	4,431,844	10,629,304	-	-	10,629,304
<b>Total</b>	<b>22,887,546</b>	<b>38,616,535</b>	<b>5,360,027</b>	<b>6,862,066</b>	<b>26,394,442</b>

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:

	2026	2025				2024		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	-	-	-	-	-	-	-	-
Loss from operating expenses	(7,071,934)	(7,510,123)	(7,881,367)	(8,404,301)	(8,068,584)	(6,373,235)	(8,320,807)	(8,617,897)
Cash used in operating activities	(3,106,467)	(2,493,898)	(5,292,611)	(4,147,872)	(181,930)	(5,903,166)	(6,828,633)	(7,038,387)
Cash provided by (used in) investing activities	(526,580)	(417,810)	25,201	(139,052)	13,589,330	(253,406)	5,301,042	(781,142)
Cash (used in) provided by financing activities	2,995,216	8,714,803	18,480	(481,623)	7,244,202	(149,910)	(148,241)	(130,961)
Change in cash and cash equivalents	(637,831)	5,803,095	(5,248,930)	(4,768,547)	20,651,602	(6,306,482)	(1,675,832)	(7,950,490)
Cash from government grants and loans <sup>1</sup>	7,851,582	4,083,275	120,957	3,685,385	12,757,422	-	338,903	38,125
Cash and cash equivalents	22,959,918	23,597,749	17,794,654	23,043,584	27,812,131	7,160,529	13,467,011	15,142,843
Working capital	22,338,519	22,333,930	16,620,042	22,846,022	24,848,404	5,508,774	10,857,360	13,229,972

<sup>1</sup> 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 financings, exercises of equity incentives (options and warrants), 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.

Cash from government grants and loans are subject to variation from quarter to quarter depending on the timing of awards, claims, approvals, and reimbursements. Fluctuations are expected to continue for future fiscal quarters 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:

	March 31, 2026 \$	December 31, 2025 \$	September 30, 2025 \$	June 30, 2025 \$
<b>Adjusted operating expenses Three months ended</b>				
Operating expenses	(7,071,934)	(7,510,123)	(7,881,367)	(8,404,301)
Amortization and depreciation	446,830	627,108	509,122	415,274
Share-based payments	375,539	789,903	897,224	538,263
<b>Adjusted operating expenses</b>	<b>(6,249,565)</b>	<b>(6,093,112)</b>	<b>(6,475,021)</b>	<b>(7,450,764)</b>

### Operating Expenses – Q1 2026

Operating expenses were substantially comparable Q1 2026 compared to Q4 2025 on an overall basis. Contributing to decreases in general and administrative and research and operational was \$950,000 in Technoclimat grant amounts matched against the underlying expenses to which the grants were intended to compensate. Of this amount \$500,000 was applied from deferred income capitalized as a liability as at December 31, 2025.

### Cash flows

For the quarters presented, variations in operating cash flows are due to fluctuating budgets and the timing and amount of grants from government programs that are recognized as a reduction to operating expenses or as government grant income.

Investing activities for the quarters presented fluctuate based on the plans and timing of capital expenditure activities with an outlier for Q1 2025 representing an inflow for the sale and leaseback transaction. Other sources of cash through investing activities are interest income earned on investing excess treasury, and the sale of land in Q3 2024.

Financing activities include payments of lease liabilities and present as negative cash outflows in periods where there is financing from other sources to offset such payments. Outliers include Q1 2025 and Q1 2026 receipts of loan proceeds (IQ), proceeds from the ATM Program in every quarter from Q3 2025 onwards, and the overnight marketed deal financing in Q4 2025.

### CAPITAL MANAGEMENT AND LIQUIDITY RISK

As at March 31, 2026, the Company had working capital of \$22,338,519 (December 31, 2025 - \$22,333,930), which is calculated as current assets minus current liabilities. The Company has not historically generated revenue. The Company's operations to date have been financed by the issuance of common shares/units, government grants and loans, and disposals of property, plant and equipment including amongst other disposals the sale of land, and the sale and leaseback of land and building (February 2025).

The Company's long-term plans and activities are dependent upon its ability to continue receiving grants and loans from contracted and future government programs, raise financing from capital markets, maintain sufficient working capital, and generate future revenue and operating cash flows from licensing its technology and/or production by executing customer offtakes. As at March 31, 2026, management has assessed that the Company will be able to realize its assets and discharge its liabilities for at least the next twelve months from the balance sheet date. The Company continues to seek additional financing alternatives to support its future plans, however, in the event additional funding is not secured, certain planned expenditures could be curtailed or postponed in order for the Company to sufficiently cover all non-discretionary expenditures over the next twelve months.

### CAPITAL SOURCES

Primary sources of capital received by the Company during 2026, 2025, and 2024 are as follows:

	Three months ended	Year ended	Year ended
	March 31, 2026	December 31, 2025	December 31, 2024
	\$	\$	\$
Government grants and loans	7,851,582	20,647,039	425,654
Equity financing, gross	185,396	9,907,614	-
Sale and leaseback, net	-	13,699,122	-
Sale of land, net	-	-	4,834,550
<b>Total</b>	<b>8,036,978</b>	<b>44,253,775</b>	<b>5,260,204</b>

The Company also receives recurring amounts from interest on excess treasury invested in GICs.

Over \$63,000,000 of non-dilutive capital has been secured since the beginning of 2024. In April 2026, \$1,323,990 was received from NRC-IRAP (formerly SDTC) in relation to the Milestone 3 payment of its active project.

In the Company's Prospectus Supplement dated December 8, 2025, the intended use of proceeds was disclosed as presented below. The Company also presents the actual use of proceeds on an accrual basis through to March 31, 2026, as follows:

	Intended use	Actual use to March 31, 2026 (accrual basis) \$
Expansion of the Company's Candiac Facility	2,055,500	1,413,043
Research & business development activities	984,000	984,000
General corporate expenses	2,198,000	2,198,000
Other working capital items	581,900	581,900
<b>Total</b>	<b>5,819,400</b>	<b>5,176,943</b>

**ATM Program:** The at-the-market equity issuance program ("ATM Program") has been used modestly since launch (September 2025) and represents a low-cost source of funding and a small portion of overall trading volume. The ATM program was launched through entering into an equity distribution agreement ("Distribution Agreement") with Canaccord Genuity Corp., and Roth Canada, Inc. (together the "Agents") whereby the Company may distribute up to \$15,000,000 of its common shares from time to time through the Agents (see news release dated September 5, 2025). The Distribution Agreement concluded on April 26, 2026. The net proceeds from the ATM Program are being used to fund ongoing operations.

During Q1 2026, the ATM Program generated gross proceeds of approximately \$185,000 through the issuance of common shares at an average price of \$1.12 per share. During 2025, the ATM Program generated gross proceeds of approximately \$2,949,000 through the issuance of common shares at an average price of \$1.56 per share.

The ATM Program has raised an aggregate total of approximately \$3,134,000 in gross proceeds since September 2025.

**Government funding:** The Company received proceeds from various government programs during the three months ended March 31, 2026 and March 31, 2025 as follows:

	March 31, 2026 \$	March 31, 2025 \$
Department of Defense (DoD)	1,913,000	1,222,000
Investissement Québec (IQ)	3,126,000	7,503,000
Next Generation Manufacturing Canada (NGen)	-	378,000
Industrial Research Assistance Program (NRC-IRAP) including SDTC	-	1,454,000
Other Grants	12,000	-
Scientific Research and Experimental Development (SR&ED)	-	-
Technoclimat	450,000	2,200,000
NRCan	2,351,000	-
	<b>7,852,000</b>	<b>12,757,000</b>

**Base Shelf Prospectus:** On May 4, 2026, the Company filed a preliminary short form base shelf prospectus for the issuance of up to \$75,000,000 in various financial securities. The Company also has an active base shelf prospectus which was filed in April 2024, permitting it to offer various financial securities up to an aggregate total of \$175,000,000, which has been partially drawn down through the ATM program and is valid until May 26, 2026.

As described in "Commercialization Strategy" 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.

## CAPITAL STRUCTURE

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:

<b>As at the MD&amp;A Date</b>		
	#	Weighted average exercise price \$
Common shares issued and outstanding	119,781,399	n/a
Stock options outstanding	5,384,139	1.26
Warrants outstanding	2,780,480	1.75
RSUs/DSUs outstanding	2,242,596	n/a
PSUs outstanding	3,063,859	n/a
<b>Fully diluted</b>	<b>133,252,473</b>	

### Equity Awards:

The following movement within equity award totals has occurred during 2026:

<b>From January 1, 2026 to the MD&amp;A Date</b>			
	Granted #	Exercised #	Forfeited / Expired / Cancelled #
Stock options	1,590,572	-	(452,656)
RSUs/DSUs	-	(867,172)	(127,167)
PSUs	1,704,788	-	-
Warrants	-	-	-
<b>Total</b>	<b>3,295,360</b>	<b>(867,172)</b>	<b>(579,823)</b>

## TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES

The following transactions involved key management:

	<b>Transactions three months ended March 31, 2026 \$</b>	Transactions three months ended March 31, 2025 \$	<b>Balances outstanding March 31, 2026 \$</b>	Balances outstanding December 31, 2025 \$
Directors' fees (amounts within wages, benefits and fees)	67,500	97,070	-	-
Expense reimbursements (officers)	-	-	3,470	2,320
Wages, benefits and fees (officers) <sup>(1)</sup>	586,483	673,750	334,837	390,011
Share-based payments (directors and officers)	346,695	856,785	-	-
PFS (professional and consulting; and intangible assets)	59,949	116,369	-	15,734
	<b>1,060,627</b>	<b>1,743,974</b>	<b>338,307</b>	<b>408,065</b>

<sup>(1)</sup> As at March 31, 2026, \$162,329 was accrued as short-term incentive (STI) compensation to key management relating to 2026 performance (December 31, 2025 - \$390,011 relating to 2025 performance).

During the three months ended March 31, 2026 and March 31, 2025, stock options were granted to key management (as disclosed in (c) below) in lieu of cash in settling STI compensation accrued during the years ended December 31, 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 three months ended March 31, 2026 and the year ended December 31, 2025:

- Dan Blondal, CEO; Stephen Campbell, CTO (retired June 30, 2025); Alex Holmes, COO (title change effective February 17, 2026 to President and Chief Strategy Officer); Carlo Valente, CFO; Denis Geoffroy, Chief Commercialization Officer (CCO) (title change effective February 17, 2026 to COO); Adam Johnson, Senior Vice-

President of External Affairs; Kelli Forster, Senior Vice-President of People & Culture; Leanne Swanson, Corporate Secretary (resigned on October 1, 2025, at which time Carlo Valente assumed the role in addition to being Company CFO); Joseph Guy (Patent Filing Specialists Inc.); Non-executive directors: Anthony Tse, Carla Matheson, Gord Kukec (until May 23, 2025), Joseph Guy, Lisa Skakun, and Lyle Brown (until May 23, 2025).

Refer to “Capital” above for grants of equity incentives to which certain grants involved Company related parties.

## **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, 2025, 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**

#### *Fair value of equity incentives (stock options, RSUs, DSUs, PSUs) 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 including, but not limited to, the below have been issued by the International Accounting Standards Board (“IASB”) that were effective for the Company’s accounting period beginning on January 1, 2026. The adoption of these standards has not had a material impact on disclosures or amounts reported in these financial statements.

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.

## **IFRS S1 and IFRS S2**

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. 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.

### **Standards issued but not yet effective**

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 with retrospective application required to comparative information.

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

## **CHANGE IN EXECUTIVE OFFICERS AND DIRECTORS**

Effective February 17, 2026, changes to role titles for Alex Holmes, President and Chief Strategy Officer (formerly COO), and Denis Geoffroy, COO (formerly CCO) were completed.

There were no changes to the individuals serving as Company Executive Officers and Directors during the three months ended March 31, 2026, and through 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, 2025, 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 three months ended March 31, 2026 and the year ended December 31, 2025, 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”.

As at March 31, 2026	Working capital \$	Liquid working capital \$	As at December 31, 2025	Working capital \$	Liquid working capital \$
Current assets	26,537,860	26,537,860	Current assets	26,909,686	26,909,686
Current liabilities	(4,199,341)	(4,199,341)	Current liabilities	(4,575,756)	(4,575,756)
Prepaid expenses	n/a	(1,081,374)	Prepaid expenses	n/a	(721,777)
Inventory	n/a	(431,862)	Inventory	n/a	(484,691)
<b>Total</b>	<b>22,338,519</b>	<b>20,825,283</b>	<b>Total</b>	<b>22,333,930</b>	<b>21,127,462</b>

  

As at December 31, 2024	Working capital \$	Liquid working capital \$
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)
<b>Total</b>	<b>5,508,774</b>	<b>4,218,656</b>

## 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.